ANNUAL REPORT

2021

CARNEGIE HOLDING AB

Contents

This is Carnegie's annual report for the 2021 financial year. The formal annual report comprises pages 41-81. The annual report also comprises Carnegie's sustainability report for 2021 as required under the Swedish Annual Accounts Act, ch 6 s 10, (1995:1554)

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We executed a record number of transactions while delivering high-quality services and maintaining our strong market position, according to independent surveys.

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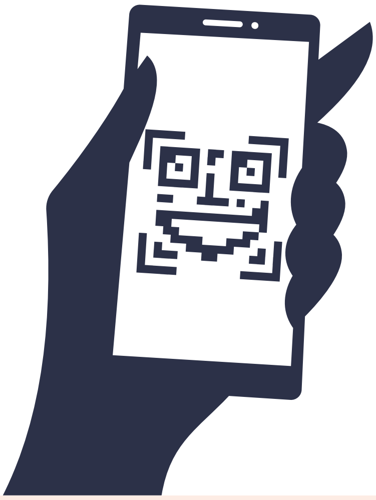
Our offering is based on knowledge, research and advisory. With expanded digitalisation, we can create the conditions for increased client satisfaction, higher efficiency and new future business opportunities



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Carnegie acted as joint global co-ordinator and joint bookrunner in the Trifork IPO on Nasdaq Copenhagen

CARNEGIE IN 5 MINUTES

Carnegie is the foremost financial adviser in the Nordics. We bring investors, entrepreneurs and companies together to enable clients, owners and society to grow sustainably.

OUR MISSION

We enable companies, capital and communities to grow sustainably.

OUR CLIENTS

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

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 several services within research, brokerage and sales trading and equity capital market transactions (ECM). 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.

KEY DATA

The year in brief

Carnegie's leading position in the Nordic market combined with high market activity generated income growth of 59 percent. We are reporting good financial performance for the entire business, with the strongest development in the ECM market. Carnegie also entrenched its position as a market leader in all main business areas according to independent client surveys and rankings.

Operating income 2021
Total operating income SEK 5,228m (3,284) +59%

5,228

Profit before tax 2021
SEK 1,722 million (836) +106%

1,722

Responsible advisory
Percentage of listed companies for which the ESG perspective is included in equity analysis.

100%

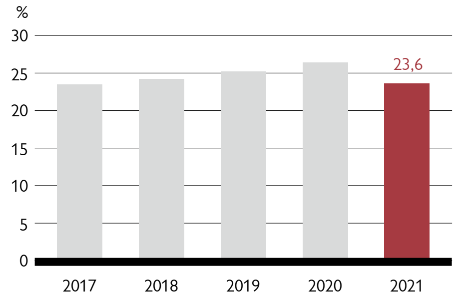
Responsible advisory
Percentage of discretionary management covered by ESG screening.

100%

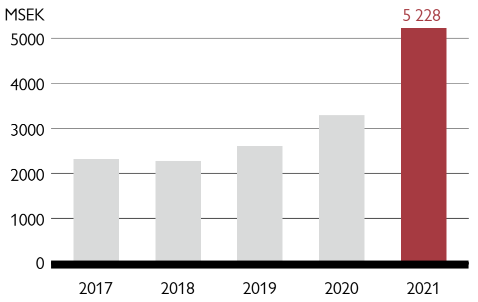
Responsible employer
Percentage of employees who expressed high engagement with their jobs.

96% (+1%)

Common equity Tier 1 capital ratio



Operating income



Carnegie #1
Carnegie Investment Bank received several top rankings and awards in 2021:

Kantar Sifo Prospera
#1 Domestic Equity Sweden, Finland & Nordic
#1 Corporate Finance ECM Nordic & Sweden
#1 Corporate Finance M&A Adviser Sweden
#1 Private Banking Sweden & Nordic
#1 Back-Office Equity Nordic & Sweden

Financial Hearings named Carnegie the best research house in Sweden (Financial Hearings, June 2021)

Carnegie was named the Best Wealth Management Provider in Sweden by World Finance (World Finance, January 2021)

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High employee engagement is critical to Carnegie’s success.

Gender distribution, women/men

Of around 675 employees in six countries, 26 percent are women and 74 percent are men.

Companies covered

The number of listed companies covered by Carnegie and their combined share of total market capitalisation in the Nordic countries.

400 (95%)

Assets under management

Carnegie’s total assets under management and growth in 2021, SEKbn.

271 bn (+63%)

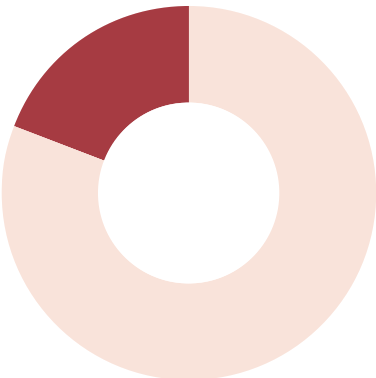
Initial Public Offerings

Number of IPOs executed on the Nordic market and increase (%) in 2021

51 (69%)

Income

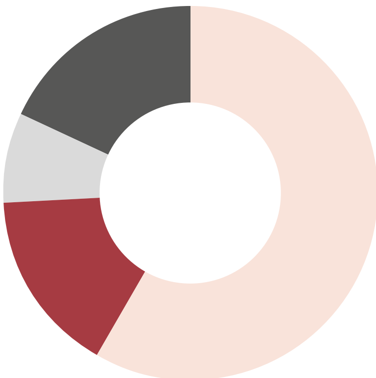
by business area



- Investment Banking & Securities 81%
- Private Banking 19%

Geographical distribution

of income



- Sweden 59%
- Norway 16%
- Denmark 8%
- Rest of the world 18%

Employees

per unit

- Securities 24%
- Investment Banking 37%
- Business Support 23%
- Private Banking 16%

CEO'S MESSAGE

Focus on the client

Carnegie delivered strong financial performance for the full year 2021 with a positive contribution from all countries and products. Client satisfaction further increased and Carnegie strengthened its market positions in all main business areas and geographies. But the optimism that swept the world as we saw the end of the pandemic has been profoundly shaken by recent events in Ukraine.

As I write these lines to sum up the past year, we are in the midst of one of the worst foreign policy crises to hit Europe in many years. The brutal invasion of Ukraine is a disaster for the people of Ukraine above all, but also affects the entire world and it is impossible to predict how it will affect our society in the future. In the light of this, I realise that it could be perceived as somewhat out of place to talk about the optimism that characterised the world in 2021. While we cannot ignore the purpose of the CEO's message in an annual report, to summarise the past year, our thoughts are with the people suffering in the war.

The past year

The world economy was shaped by optimism in 2021, even though the pandemic was still lingering. A favourable economy generated good corporate profits. Low interest rates whetted a high risk appetite and investors were eager to invest in both listed and unlisted companies. Carnegie delivered strong financial performance for the full year 2021 with a positive contribution from all geographical markets and products. Client satisfaction further increased and Carnegie strengthened its market positions in all main business areas and geographies. Income grew by 59 percent compared to 2020, which was itself a record-setting year.

A uniquely high number of IPOs

Activity was high in the equity market during the year and Carnegie participated in 51 initial public offerings, up from 16 in 2020. Delivering 51 IPOs in a single year is a historic record and a performance that cuts across the entire organisation, where everyone is involved and does their part. In so doing, Carnegie further strengthened its position in the Nordic market and remained the foremost adviser in equity capital market transactions.

"Our ambition is to be the leader in the areas in which we do business and it is there that we must focus on delivering the best advisory and products to our clients.

We saw higher interest in investing in the Nordic equity market among international investors and on the strength of Carnegie's robust research capacity, global reach and Nordic focus, we were in prime position to respond to the more intense interest in investing in Nordic companies. We experienced record-high client acquisition in Private Banking as a result of numerous unique investment offerings and strong performance in wealth management.

Employee engagement leads to client satisfaction

Year after year, Carnegie earns top rankings from clients in independent surveys in all business areas. Continuing to deliver the high level of quality we do is utterly dependent on ensuring that our employees are happy and want to stay with us. Our actions towards that end include putting strong focus on employee surveys to ensure that we have an attractive work environment, which is also the foundation of our capacity to recruit the best of the best in the market. The 2021 employee survey showed that 96 percent of our employees feel strong engagement in their work and a full 94 percent would recommend Carnegie as an employer.

Modernising our infrastructure

Carnegie has been working with an IT transformation in recent years aimed at modernising our infrastructure. In so doing, we are creating new conditions for responding to clients and meeting their needs in new ways. A major system switch was carried out during the year, which affected functionality in some applications, something we have focused on addressing since then. With a modern IT architecture in place, we now have excellent opportunities to design and create new tools to enhance the client experience while streamlining internal processes.

Sustainability is still a top priority

The transition to a more sustainable world affects us and our clients. ESG remains a top priority in all product areas. Carnegie was early to include ESG in its research and ESG is now critical to how company value is reflected among investors. For Carnegie, this means that we are continuing to build our ESG skills through new recruitments and

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Client trust combined with employee engagement are critical to Carnegie’s strong profit trend

training. Through our knowledge, we can be involved and help our clients make wise decisions that lead to long-term, sustainable investments.

Our role also serves a social purpose

Our strong market position is the result of the initiatives we launched several years ago to firmly establish Carnegie as the most competent provider in Nordic equities, research, investment banking and wealth management advisory. Our strategy is straightforward – we are the place where capital and ideas meet. Carnegie also serves an important social purpose by ensuring that capital reaches those who need it to grow their businesses. Our work thus contributes to creating new jobs, increasing purchasing power, advancing social development and promoting prosperity, in no small part through managing and creating growth in our collective pension capital.

Sincere thanks for a successful year

As 2021 ends, we have closed the books on yet another intense year. We executed a record number of transactions while delivering high-quality services and maintaining our strong market position, according to independent surveys. Private individuals, institutions and companies in the Nordic market rank Carnegie as the top financial adviser in all categories in which we operate. I can thus say with confidence that Carnegie’s performance is outstanding even when the company is running on all cylinders. My sincere thanks to all of our clients for the trust you show in us, year after year. My thanks as well to our employees for your invaluable contributions during the year. Client trust combined with employee engagement are critical to Carnegie’s strong profit trend.

The invasion of Ukraine has created a security policy situation that is very serious indeed and the prevailing uncertainty is having profound impact on the financial market. We cannot control what happens in the market or in the world, but we at Carnegie can remain on hand as advisers to our clients whatever the future may bring.

Björn Jansson
President and CEO

MARKET POSITION

Client trust is the foundation of our business

Carnegie's large share of business mandates in the market and the steady inflow of new clients are a clear indication of the strong trust that the bank enjoys among Nordic investors.

Through its long-term strategy and goal-oriented investments, Carnegie has built up a knowledge-intensive company whose main strength is the efficient client flows through the organisation made possible by the unique expertise and offerings of three separate business areas. Clients benefit from the close cooperation among the business areas and Carnegie advisory is highly sought after in the market as a result.

For several years running, Carnegie has achieved top rankings in client and market surveys conducted by the foremost market research firms, and once again defended its positions this year. Kantar Sifo Prospera (Prospera) is a tone-setting and independent client survey that measures client satisfaction in all areas in which Carnegie operates. Prospera's results show that private investors, institutions and companies rank Carnegie as the top financial adviser, year after year.

In addition to awards and top rankings, Carnegie's large share of business mandates in the market and a steady inflow of new clients during the year are a clear indication of the strong trust that the bank enjoys among Nordic investors.

Leading ECM adviser

Carnegie remains the leading adviser in ECM transactions in the Nordic market. Carnegie acted as the adviser in 51 IPOs in the Nordic market in 2021, which is a historic record. Carnegie participated in all Nordic IPOs worth in excess of SEK 2 billion. Carnegie was also one of the financial advisers that executed the most ECM transactions in all of Europe, with a total of 111. For the sixth consecutive year, Carnegie received the highest score as a Corporate Finance adviser from clients in the Nordics and also topped the rankings in ECM, M&A and Corporate Finance according to Prospera.

Highest institutional trust

Carnegie continues to maintain its position as the foremost Nordic research and brokerage house according to Prospera's survey of institutional investors. The qualities clients value most highly in Carnegie are the personal interaction and capacity to generate liquidity. Carnegie ranks in the top three in almost all research sectors and received the highest client score for its knowledge in a total of 11 sectors. Carnegie has also maintained its top position among international institutional investors according to the 2021 Institutional Investors survey. Financial Hearings also recognised Carnegie as the best research house in Sweden for the eighth consecutive year. The same survey named Carnegie's own Kristoffer Liljeberg and Erik Hultgård the best individual analysts in Sweden.

Top-ranked in Private Banking

Carnegie also topped the ranking for client satisfaction in private wealth management advisory for the sixth year running. Prospera's annual client survey regarding Swedish Private Banking providers shows that Carnegie won 10 out of 13 categories and has defended its position against other industry providers.

The survey, which was published in October, shows that clients assign high value to factors including Carnegie's personal interaction, service, availability and tailored solutions. Carnegie also receives top placements in other areas including ongoing advisory, expertise in investment advice, track record, news and market information and reporting.

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Client trust in Carnegie as an adviser remains strong and all business areas persistently top the rankings in independent client surveys. It is this that has given Carnegie its position as the leading financial adviser in the Nordics.

111 ECM transactions
Carnegie participated in more equity capital market transactions than any other investment bank in Europe.

ECM

111

Carnegie participated in 51 IPOs in the Nordic market.

100%

Carnegie was involved in all Nordic IPOs above SEK 2bn

Prospera's results show that private investors, institutions and companies rank Carnegie as the top financial adviser, year after year.

STRATEGIC FRAMEWORK

Where knowledge and capital meet

Our business principles and focus areas combined with the trust of our clients are the foundation of our success. Our vision, to be the leading financial adviser in the Nordics, is governed by our mission: working together to create the conditions that enable companies, capital and communities to grow sustainably.

Client focus
- We do our utmost to ensure products and services of the highest quality.
- Every meeting with Carnegie shall provide new knowledge to our clients.
- We guide our clients twoards sustainable investments.

Commitment
- Earning our stakeholders' trust is a joint effort.
- Our professionalism goes all the way down to the last detail.
- We nurture a culture of high integrity, moral principles, diversity and respect.

Competence
- We employ, develop and retain the best employees.
- We balance various perspectives to find the optimal solutions for our clients.
- We work together and utilise all resources of the firm to find the best solutions.

Responsible advisory
In all business units, Carnegie advisory aims to supply knowledge to companies working towards a sustainable world.

Responsible business
Via its business and advisory, Carnegie works actively to provide small companies and entrepreneurs access to the financing, advice and knowledge they need to grow and develop.

Responsible employer
Carnegie's business is based on knowledge, trust and client relationships, which makes our employees our most important asset. Ensuring a high level of engagement among everyone who works at Carnegie is a particular priority.

VISION

To be the most skilled and respected
financial adviser in the Nordics.

MISSION

We enable companies, capital
and communities to grow sustainably.

BUSINESS PRINCIPLES

Our business principles inform our corporate culture and promote the development of a sustainable financial market and economic growth. The interaction between our guiding business principles is therefore the foundation of our business in all markets.

- Client focus
- Competence
- Commitment

FOCUS AREAS

Our focus areas secure competitiveness and further develop the strong trust we enjoy among clients, employees, the market, owners and society.

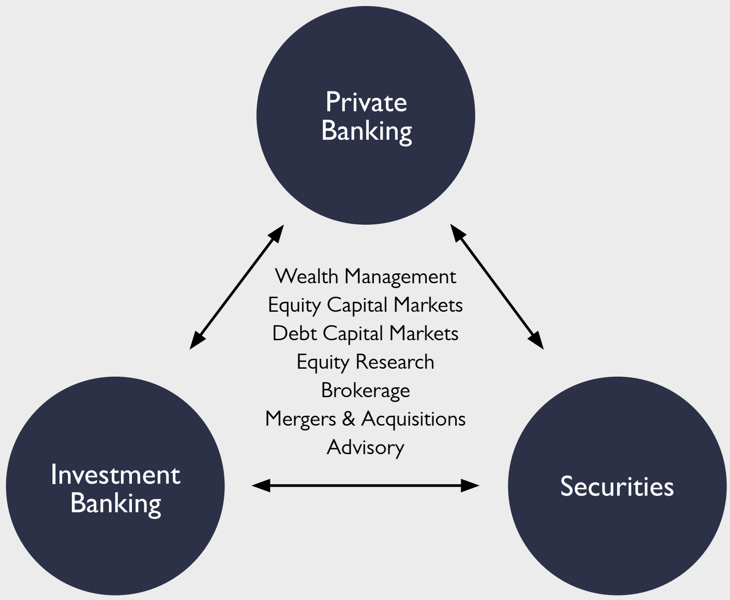
- Responsible advisory
- Responsible business
- Responsible employer

BUSINESS MODEL

Business model

KNOWLEDGE
Knowledge of Nordic enterprise, markets and business environment.

ADVISORY



VALUE CREATION AND SUSTAINABLE GROWTH

For clients
Advisory and products of the highest quality to generate optimal returns and outcomes for clients.

For shareholders
Sustainable and long-term returns at low risk.

For employees
An engaging, secure and rewarding workplace. Attractive employment conditions and substantial opportunities for career development.

For society
Companies and capital that unleash purchasing power, increase prosperity and drive the economy.

Carnegie's business model is based on the capacity to translate our expertise into relevant advisory and economic growth for our clients. In addition, we aim to guide our clients towards decisions that are sustainable for companies and society. We bring together people, companies, ideas and capital through advisory that creates value.

With its unique platform where capital and investors can meet companies and markets, Carnegie is the leading financial advisor in the Nordics. Our knowledge, experience and professional advisory, along with high operational capacity, help ensure that capital ends up where it can do the most good and generate the best returns. Efficiently, transparently and sustainably.

Carnegie's business rests on three pillars: Investment Banking, Securities and Private Banking. Professional advisory, unique expertise and networks are the common denominators among them. We are the market leader in all areas and are proud of having the most satisfied clients.

Carnegie functions as a large financial ecosystem in which there is potential for synergies and joint value creation for all stakeholders. Our large base of private and institutional investors is valuable to both small, unlisted companies in need of financing and larger companies seeking a market listing.

We bring high net-worth individuals and institutions together with unlisted companies that need capital to grow, while private clients are looking for private placements - attractive investment opportunities outside the public markets.

Likewise, we help companies that want to issue bonds or carry out an IPO, for example, find the right investors and approach. Our international network of investors and leading research capacity are crucial in this context.

Business synergies

For companies and owners, we act as advisers for corporate deals, successions and major transactions in the public market, where in-depth knowledge of the market is critical.

Likewise, we work with institutional investors and Private Banking clients, where our leading research ensures that investment decisions can be made on the best possible basis.

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> **Carnegie's business model has generated steady growth and good profits over the years, while being streamlined in the process. Revenues from Carnegie's three business areas are well-balanced, which reduces the risk of impact from negative external factors.**

Carnegie's analysis of Nordic companies is the broadest in the market and ranked the highest by professional investors and institutions. The research is an invaluable tool for investors all over the world who are looking for Nordic equities. It is also a critical competitive factor for Carnegie in relation to evaluating and executing corporate transactions with the optimal outcome.

In other words, Carnegie works in the intersection between investors and companies or owners. We consider our activities a vital part of a company's life cycle and growth journey, where Carnegie can assist with advisory, capital and expertise at several stages along the way.

Effective and transparent capital allocation is also crucial to competitive and successful business and enterprise while ensuring persistent and attractive returns to investors, regardless of size.

Carnegie also has a critical role to play in the transition to a more sustainable society. We can contribute knowledge and advisory to guide our clients towards sustainable and long-term decisions. We are also supporting innovative capacity and our entrepreneurs with knowledge and networks in order to be involved and contribute to making a better society.

Balanced revenues

Carnegie has operations and presence in all four Nordic markets, which assures local networks and local expertise. At the same time, there is considerable international interest in Carnegie's offering and the offices in New York and London play a key role in capturing, channelling and addressing this demand.

Carnegie enjoys a strong position in the Nordic market as well as the international transactions market, which is important to our business.

Carnegie's business model has generated steady growth and good profits over the years, while being streamlined in the process. Revenues from Carnegie's three business areas are well-balanced, which reduces the risk of impact from negative external factors. Carnegie has a strong financial position and sound risk culture with good control, underpinned by active corporate governance.

We expect long-term growth in the future and see further potential for efficiency improvements. This is laying the foundation for a sustainable and profitable future - for Carnegie as well as our clients and other stakeholders.

BUSINESS OBJECTIVES

Long-term governance secures our position

Carnegie has clear long-term and short term business objectives, both financial and non-financial. The objectives are meant to secure Carnegie's leading position in the financial market by maintaining and strengthening the trust of clients, employees, the market and society.

Carnegie's long-term strategy to secure competitiveness and further develop the strong trust in us from our clients, employees, the market, owners and society, is based on several long-term business objectives.

Carnegie's core skill, assisting clients with sustainable financial advisory, and being responsible stewards of Carnegie's role in the financial ecosystem, are central.

Through being an effective meeting place for capital and companies, Carnegie can contribute to the sustainable development of business and infrastructure, driven by innovation and focus on sustainable investments.

Through advisory in connection with investments and corporate transactions, we can be an active and positive force by implementing sustainable methods and integrating sustainability disclosures in reporting. That also applies to how companies can help fight climate change and improve their resilience against and adaptability to climate-related risks.

Our focus on small and medium-sized companies and active role in supplying capital to growing, unlisted companies is contributing to economic growth, diversified and innovative business and industry, new technology and new business models.

A prerequisite for this is that we are on a solid financial footing ourselves, with healthy and sustainable growth and profitability. The entire business must be run responsibly, with a sound and prudent risk culture.

We must create the optimal conditions for enhancing employee engagement and work to achieve greater diversity and equal opportunity.

The objectives are in harmony with the UN global Sustainable Development Goals (SDGs) with focus on sustainable economic development and Agenda 2030. Carnegie has identified six of the 17 SDGs as particularly relevant to our business.

Long-term business objectives

Responsible advisory

Description	Target	Outcome 2020	Outcome 2021	Remarks
Proportion of listed companies for which the ESG perspective is included in equity research	100%	100%	100%	Carnegie covered 400 listed Nordic companies during the year, all of which were analysed with sustainability metrics taken into account.
Proportion of discretionary management covered by ESG screening.	100%	100%	100%	Clear investment policies ensure that environment-related, ethical and social aspects are carefully considered.
Top-ranked advisory in core markets	1-3	✓	✓	Carnegie receives top scores from private clients, companies and institutions according to independent client surveys.
Next Generation Academy training sessions	Qualitative	✓	✓	Carnegie is continuing to educate the children and other relatives of its clients in areas pertaining to responsibility and management of the family's long-term wealth and ownership.

Responsible business

Description	Target	Outcome 2020	Outcome 2021	Remarks
CET 1 capital ratio	>18%	26.4%	23.6%	Carnegie has secured a strong financial position and exceeds regulatory capital adequacy requirements by a wide margin.
Profit margin	20%	25%	33%	The improved profit margin is a result of a faster rate of income growth compared to cost increases.
KPI for internal risk culture measurement	>70	85	84	Carnegie performs an annual risk culture measurement among employees that shows persistently high risk awareness.
Support entrepreneurship through Junior Achievement Sweden, Entrepreneurs of Tomorrow, Social Initiative	Qualitative	✓	✓	Carnegie is continuing to broaden its social engagement to stimulate the growth of new businesses.

Responsible employer

Description	Target	Outcome 2020	Outcome 2021	Remarks
Employee engagement	>85	95%	96%	Engagement among Carnegie employees remains very strong according to the annual employee survey.
Employee turnover	<15%	10%	10%	Carnegie's long-term target should reflect prudent employee turnover over time. Carnegie reached the target once again in 2021.
Gender distribution, women/men	50/50	27/73	27/73	The long-term gender-balance target has still not been met and Carnegie intends to implement additional measures up to 2022 aimed at creating better balance.
Perception of equal opportunity among women/men	>70	70/89	69/90	There was a slight decline in women's perceptions of equal opportunity and we did not quite achieve our target of >70 %. In response, we are considering what more we can do to ensure that the trend moves in the right direction.

We are working with the global Sustainable Development Goals

As a responsible company and part of the financial industry and business community, contributing to sustainable development and transition to a climate-neutral economy is a priority for Carnegie. Supported by the company's collective expertise in analysis, management and entrepreneurship, Carnegie's employees are working with Agenda 2030 and the 17 UN SDGs. We consider six of these goals particularly important and relevant to our business. We are contributing in various ways to attaining the selected goals that harmonise with our own business objectives. The main contribution is made through assisting clients with sustainable advisory, as well as collaborating with others in the industry and in society at large.

SDG 5: Gender Equality

Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Carnegie:
Carnegie is acting to ensure an inclusive work environment with equal conditions for all. We ensure that everyone has equal opportunities for development by striving for gender balance in nominations for managerial training, further training and succession planning. We also make every effort to ensure that both genders are represented on the candidate shortlist in recruitment contexts and we work actively to market Carnegie to women as an attractive employer. We also participate in industry-wide activities aimed at promoting gender equality. When we recommend directors, we always endeavour to recommend both women and men.

SDG 12: Responsible Consumption and Production

Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Carnegie:
All companies covered are analysed from a sustainability perspective within the framework of equity research at Carnegie. This is key decision input for retail and institutional investors. We also published a report in 2021 covering the EU Taxonomy and its impact on business. Ahead of IPOs, we are involved from the outset and include sustainability risks and opportunities in the investment case. After IPOs, we monitor and analyse the companies and ensure that investors are provided information and data about corporate sustainability work.

SDG 8: Decent Work and Economic Growth

Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro- small- and medium-sized enterprises, including through access to financial services.

Carnegie:
Carnegie has been working actively for several years to highlight and stimulate the growth of new companies in the market. This is being accomplished by Carnegie's own initiatives aimed at entrepreneurs in early phases as well as ongoing commitment and financial support to Junior Achievement Sweden and social entrepreneurs around the world. 82 percent of Carnegie employees believe the company is actively working to support entrepreneurs.

SDG 13: Climate Action

Target 13.2 Integrate climate change measures into national policies, strategies and planning

Carnegie:
Carnegie integrates ESG perspectives, including environmental impact, into its investment process within asset management, as we believe it contributes to attaining the objective of generating good risk-adjusted returns. This applies to all discretionary management.

SDG 9: Industry, Innovation and Infrastructure

Target 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Carnegie:
The Entrepreneurs of Tomorrow competition was arranged in 2021 for the eighth consecutive year in partnership with Svenska Dagbladet. The initiative is aimed at facilitating the development of companies in early phases that are seeking capital. We also presented the Svenska Dagbladet Business Achievement Award that recognises outstanding entrepreneurs.

SDG 17: Partnerships for the Goals

Target 17.3 Mobilise additional financial resources for developing countries from multiple sources.

Carnegie:
Carnegie and its employees have been donating to social enterprises around the world for the past fifteen years. The support is given to social enterprises in India and Uganda aiming to make positive change in the community by improving living conditions for children and young people.

INVESTMENT BANKING

Record year for IPOs

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 advisory, M&A and various forms of financing.

With experience, long-term client relationships, in-depth knowledge of complex transactions and an unsurpassed investor network, Carnegie further strengthened its market position in 2021. The bank executed more equity capital market (ECM) transactions than any other investment bank in Europe and was the most frequently engaged financial adviser in corporate transactions and M&A in the Nordics.

Carnegie's leading market position combined with high market activity led to income growth for Investment Banking and all four Nordic offices demonstrated positive growth.

Performance varied slightly among the four Nordic offices based on the characteristics of the different markets, but Carnegie generally experienced strong demand for advisory during the year.

Sweden, the largest unit in the business area, nearly doubled its sales. Apart from strong growth in ECM and M&A, advisory progressed in the credit business and a syndicated property transactions team was recruited. Carnegie acted as the global coordinator in several of the larger and more high-profile transactions in the Nordics, including the IPO of AutoStore, the largest IPO in Norway for several years. The Danish market was characterised mainly by private M&A transactions. As the ECM market is taking off, Carnegie sees an opportunity here and reinforced the ECM unit in Denmark in 2021. A record number of IPOs were executed in Finland and Carnegie acted as the global coordinator in several.

Market growth

The Nordic markets were defined by high activity in corporate transactions in both the private and public markets. Transactions were executed widely across all sectors in Sweden in a strong, high-growth market. For the past several years, there has been intense focus in the Norwegian market on the transition of the energy sector from fossil energy to renewables. The Danish market was softer in 2020, much due to the pandemic, but recovered well in 2021 and delivered strong performance.

The most IPOs in Europe and a growing DCM market

Carnegie has its highest market share ever in ECM transactions and the team was reinforced during the year to further solidify the market position. The prevailing low interest rates and a stock market that is highly valued

Trust factors among companies

The chart illustrates clients' scores of Carnegie's performance in relation to the five factors they value most highly in advisers. Source: Kantar Sifo Prospera

from a historical perspective increases the interest for IPOs. Carnegie broke the record in the Nordic market with 51 IPOs this year, compared with 16 last year. Through the IPOs, Investment Banking is also building its future client base in M&A and various financing arrangements, such as ECM and DCM or private credits.

Interest in Private Placements, financing through the issue of unlisted shares in the private market, grew during the year, especially in Sweden. In pace with rising trust in the market, some institutions were also emboldened to take the step from more traditional equity transactions to pre-IPO investment. Combined with Carnegie's strong distribution capacity to retail clients through Private Banking, this makes it possible to execute transactions for such clients within Investment Banking.

Acquisition capacity is highly valued on the stock exchange, which leads to increased M&A activity among listed companies. This has resulted in a strong transaction flow, contributing to high income levels for Investment Banking.

As the banks take on lower shares of all types of financing, Investment Banking's credit operations are also growing. Carnegie is active in listed bonds and within Direct Credit/Debt Advisory, a growing product segment in which Carnegie acts as an independent debt adviser and arranges financing from individual counterparties, such as debt funds and other institutions.

ESG – an integrated component of advisory

Demand for ESG advisory is rising in pace with changing regulatory requirements and greater awareness among investors. As a proactive measure, Carnegie has focused on remaining a step ahead with knowledge about how the EU Taxonomy and other ESG-related regulations are affecting demand in the market, which has proven to be much appreciated by clients and investors. The IPO of IT service provider Trifork is one example. As urged by Carnegie, Trifork produced its own ESG report alongside the annual report.

High client trust

Trust in Carnegie remains strong, as confirmed by high scores in independent client evaluations and top placements on ranking lists. With many years of transaction experience and the widest network of decision-makers, Carnegie is an expected discussion partner in every IPO.

ULF VUCETIC
Head of Investment Banking

How did the pandemic affect you in 2021?

"We executed more transactions than ever and increased our income substantially in a market where employees were not even able to be in the office. One of the explanations is that we have considerable experience working flexibly and remotely in major projects, often along with numerous professional roles from different geographies, something that the spread of digital tools like Teams and Zoom actually only made easier. The digital approach provides substantial efficiency gains for us and we will be further developing our digital solutions in the future."

How important are the synergy effects among Carnegie business areas?

"The joint offering is one of Carnegie's main strengths. Synergy effects among the business areas strengthen Carnegie's business through access to full-coverage distribution channels, including Securities' international institutions and Private Banking's wide network of transaction-intensive retail investors across the board, from smaller retail clients, family offices and foundations to large international institutions. In return, the business areas can offer their clients attractive investment opportunities in unlisted companies.

SECURITIES

Keener interest in the Nordic equity market

The stock market year in 2021 was characterised by strong share price performance and keener interest in the Nordic market among international investors. 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.

Generally speaking, 2021 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. Good market conditions led to high interest in taking companies to the stock market, an area in which Carnegie has a leading position as the largest financial institution in ECM transactions in Europe. The development of fixed income trading during the year was characterised by lower volatility and slightly fewer transactions than expected.

International interest in the Nordic equity market has risen steadily, in large part because the plethora of IPOs this year focused the attention of more international market participants on the Nordic market, which is characterised by digital skills, entrepreneurialism and a good infrastructure for IT development.

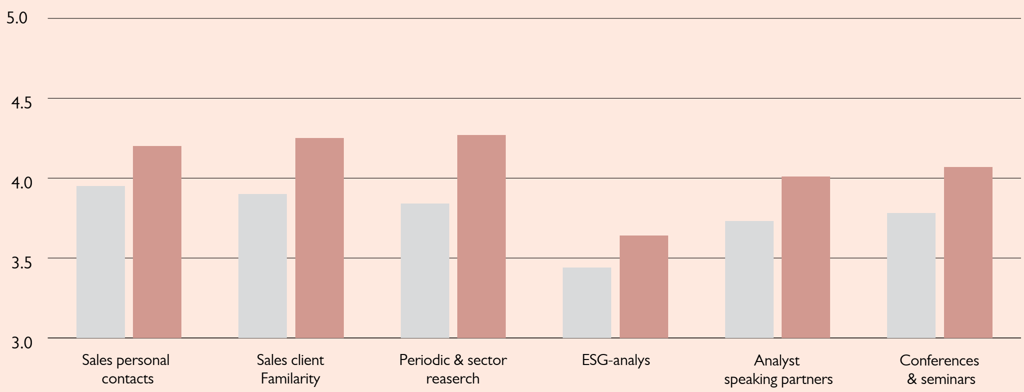
With its large network of global institutional investors, Carnegie's equity sales successfully created share liquidity in companies on the small- and mid-cap lists, where turnover is normally a bit more challenging than it is for large caps. The high market activity combined with the advances in Securities' market positions in both primary and secondary trading contributed to good profitability in all regions and resulted in income growth with limited cost expansion. For the sixth consecutive year, Carnegie was number one in Prospera's annual ranking by investors, who named Carnegie the foremost financial adviser in the Nordics. Carnegie also topped 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. The same survey named Carnegie's own Kristoffer Liljeberg and Erik Hultgård the best individual analysts in Sweden.

Securities continued the digitalisation of the business area during the year and developed its own digital tools to improve communications with solutions that have proven to be highly effective.

Expanded company coverage

The capacity to offer high-quality and relevant research requires breadth in the number of companies covered as well as skilled analysis with in-depth industry and company knowledge. As a natural evolution of the large number of companies that

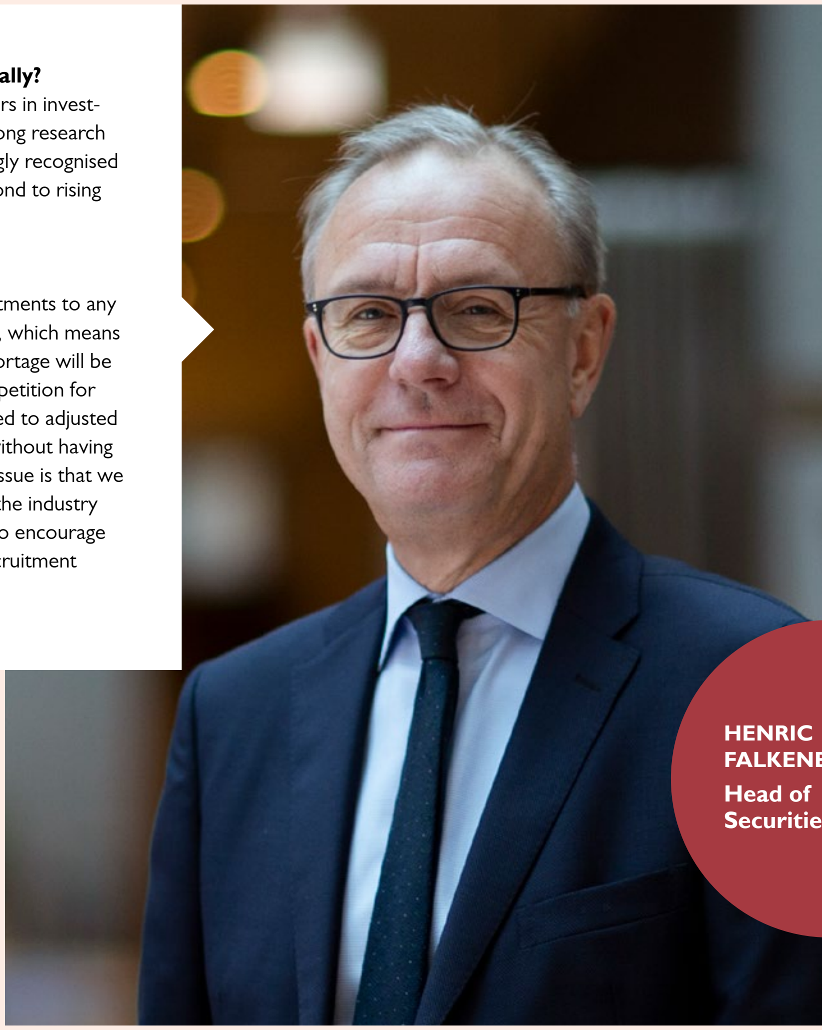
Trust factors among institutions
The chart illustrates institutional investors' rankings of Carnegie's performance in relation to the seven factors they value most highly in advisers. Source: Kantar Sifo Prospera



Industry mean
Carnegie

How does the Nordic market stack up internationally?
"We are seeing higher interest among international investors in investing in the Nordic equity market. As a result, Carnegie's strong research capacity, global reach and Nordic focus are being increasingly recognised in the global markets and we are in prime position to respond to rising global interest.

Do you see any challenges ahead?
"For a long time, the industry did not engage in new recruitments to any great extent and the capital market is now wider than ever, which means that more and larger companies need people. The staff shortage will be a huge challenge going forward and there may be stiff competition for resources. For example, stock exchange opening hours need to adjusted to give parents the opportunity to work as stockbrokers without having to miss out on precious time with their children. Another issue is that we want to interest more women in the industry. At present, the industry is male-dominated, which is itself a black mark. We hope to encourage more women to take a look at us by being active in the recruitment market and telling them about the industry-



HENRIC FALKENBERG
Head of Securities

Investment Banking has taken to the market, Securities increased the number of covered companies to more than 400 during the year. That accomplished, Securities now has by far the widest research coverage of Nordic companies that is entirely internally financed and excludes sponsored research, meaning research ordered and paid for by the covered companies. To manage the wider research range, Securities has increased staff capacity and believes the number of companies covered will expand again in 2022.

Sharper focus on ESG

The increased focus on ESG continued in the research field in 2021 and ESG is now a central and integrated component of all research. Carnegie's former head of research Lena Österberg was appointed Head of Sustainability Research & Strategy during the year. She will focus on establishing ESG as a separate area of research.

In a major collaboration among the Nordic research departments, Securities also produced a unique ESG guide during the year that covers all covered companies. Research findings include that because the EU Taxonomy rewards new investments in green transition, companies with extensive and forward-looking ESG programmes often receive higher scores in ESG contexts than before, even though they may currently account for a large share of overall environmental impact.

1000

Securities expanded its international customer base during the year, which now comprises about 1,000 institutional investors.

400 companies

Securities increased the number of covered companies from 360 to more than 400 during the year. That corresponds to about 95 percent of total market cap.

PRIVATE BANKING

Client satisfaction is the benchmark

On the strength of our unique investment offering and efficient organisation, Carnegie increased its share of the Swedish and Danish wealth management advisory market in 2021 while Private Banking is once again reporting good performance.

The stock market year in 2021 was generally characterised by optimism and began on a strong note 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 with low interest rates and reasonable inflation led to high activity in the equity market, both from the client side and for Carnegie. Income in Private Banking rose to SEK 1,000 million (SEK 653m), up by 53 percent compared to 2020. Assets under management increased by 63 percent to SEK 217 billion, partly as a function of strong market development.

The total market for Private Banking in Sweden has expanded in recent years, much due to IPOs of numerous fast-growing startups. Carnegie's Private Banking business experienced high client acquisition and there was an increase in new clients in 2021 compared to the preceding year thanks to high attractiveness in the market and unique investment offerings. For example, Carnegie clients were invited during the year to invest in the private debt fund Ture Invest and the unlisted property company Green Yield, which acquires brown properties and converts them to green.

Client satisfaction is the benchmark at Private Banking and Carnegie was named Best Private Bank in Sweden in 2021 by market research company Kantar Sifo Prospera for the sixth year running. Carnegie won an impressive 10 out of 13 categories and once again earned the highest total measured score.

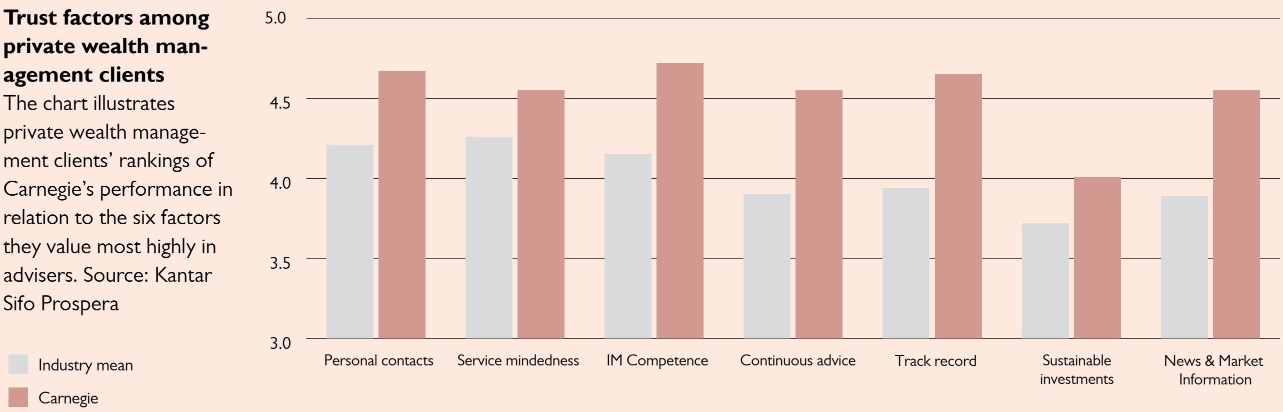
Employee satisfaction is a prerequisite for attracting and retaining satisfied customers. Private Banking's annual employee survey showed high job satisfaction among employees with a score of 92 out of 100, where Carnegie clearly outperforms the industry average. The business continued to grow along with its role and its clients and a total of 18 new members of staff were recruited during the year.

Synergies are a key to success

Among Carnegie's main strengths are the efficient client flows through the organisation, which is made possible by the expertise and offerings of three separate business areas. Collaboration between Private Banking and Investment Banking gives Carnegie's retail clients access to attractive investments in unlisted companies, while contributing unique provision capacity for clients of Investment Banking. Alongside this, Securities' wide-ranging and leading equity research is an important tool used in Private Banking operations.

Trust factors among private wealth management clients

The chart illustrates private wealth management clients' rankings of Carnegie's performance in relation to the six factors they value most highly in advisers. Source: Kantar Sifo Prospera



How do you think the view on ESG will evolve over the next few years?
We are only at the beginning of a major shift in which the importance of sustainability and ESG will continue growing. The sustainable transition is still a relatively immature phenomenon and I think we are going to see quite a lot of development in the future in relation to things like the criteria for determining how green a company is by looking more closely at the entire chain, from sourcing of raw materials to finished product or service. The perspective on corporate social responsibility is likely to be more rigorous in the future as well.

You have high scores in employee surveys. Why do you think that is?
We cannot control how the market goes, but we can control how things go for our employees, their job satisfaction and thus their performance. The good results of our employee surveys are definitely down to leadership – our managers are very good at engaging with every individual member of staff. This builds a long-term approach, a sense of security and happiness among the staff and this in turn affects how our clients perceive us as a business partner. If employees and clients stay happy with us, it does not matter whether the stock market goes up or down and we will continue growing regardless.

JONAS PREDIKAKA
Head of Private Banking

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We are only at the beginning of a major shift in which the importance of sustainability and ESG will continue growing

Demand for sustainable investments

The financial market is playing a key role in the journey towards sustainability and ESG is a high priority in Private Banking, where development has accelerated in recent years, mainly within three areas: energy transformation, green transport and future foods. Carnegie hired several employees in 2021 whose work is dedicated to ESG.

Private Banking launched an ESG-screened Nordic fund during the year that is attracting wider groups of stakeholders such as institutions, churches and foundations with high ethical standards, as well as an ESG-classed investment grade portfolio on the fixed income side. The holdings included in a recently launched global ESG stock-picking portfolio are green across the entire chain. A structured offering of alternative investments that are reducing carbon emissions and contributing to energy transition was launched towards the end of the year. Carnegie's themed ESG-screened portfolios are being enthusiastically received by both discretionary and advisory clients and are a great success in terms of profit. Private Banking also supports the UN Principles for Responsible Investments initiative (UN-PRI) for greater transparency. This entails, among else, that sectors including weapons, gambling, pornography, alcohol and tobacco are entirely excluded from recommendations and offerings to clients. All Private Banking staff underwent mandatory digital ESG training at the end of the year.

Sharing knowledge and insights

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 of these were carried out in 2021 in the form of digital events, which provide opportunities for more clients to participate from geographically widespread locations. The live "After Market" client event was held in the autumn, at which key individuals shared their knowledge and insights. The events was both popular and well-attended after the restrictive rules that applied during the pandemic.

Personal relationships
Carnegie has personal interactions with 80 percent of its clients every week.

10

Satisfied customers
Winner of ten categories in the Kantar Sifo Prospera client survey

1

Best private bank in Sweden
Carnegie was ranked highest by high net worth private clients for the sixth consecutive year.

DIGITAL DEVELOPMENT

"This year's major system update gives us a stable foundation for meeting future needs for digital services"

Elisabeth Erikson, CIO Carnegie

ELISABETH ERIKSON
CIO Carnegie

Carnegie implemented a major system update in late 2021 as part of the ongoing IT transformation. Tell us a bit more.
"The system update was primarily a shift of the back office system and was a major and important modernisation of Carnegie's IT infrastructure that will give us better opportunities to create digital solutions for our own work. The project began more than two years ago and has been a complex but necessary transformation that involved quite a lot of preparation and had considerable impact on the organisation. Along with the new back office system, we also implemented a service-based architecture, a foundation that will make it easier in the future to digitalise tools and products, streamline processes, secure data, make faster interface modifications and, as needed, connect external parties."

What are the implications for Carnegie as a company?
"It means we can start thinking in terms of new digital solutions and thus new business opportunities that will enhance Carnegie's market attractiveness among clients and employees alike."

How does the system shift affect clients?
"Initially, we have been forced to cut back a little on functionality and some clients may notice the difference. We have slightly fewer features right now than we had before. The ambition for 2022 is to build further and add more services, with a higher level of digitalisation and higher client benefit. We still have a fair bit of work ahead of us in terms of functionality and delivering on client expectations, but the biggest and most difficult part of the job is done. In the next step, we will implement several enhancements, including extended trading options on the web and in our mobile app."

How is the collaboration between IT and business operations going?
"We maintain ongoing dialogue at all levels regarding the needs, preferences, client expectations and opportunities our business is facing. We also communicate with our users in the digital end client channels, such as online and the mobile app, and discover their response to the development. This feedback is invaluable to us in the effort to prioritise and do the right things as we move forward."

What are your other focus areas?
"Like all banks, we have laser focus on IT security and regulatory alignments. Much of this involves being proactive and prepared in these areas. The system and technology upgrades we have carried out are also a prerequisite for implementing changes quickly when the need arises."

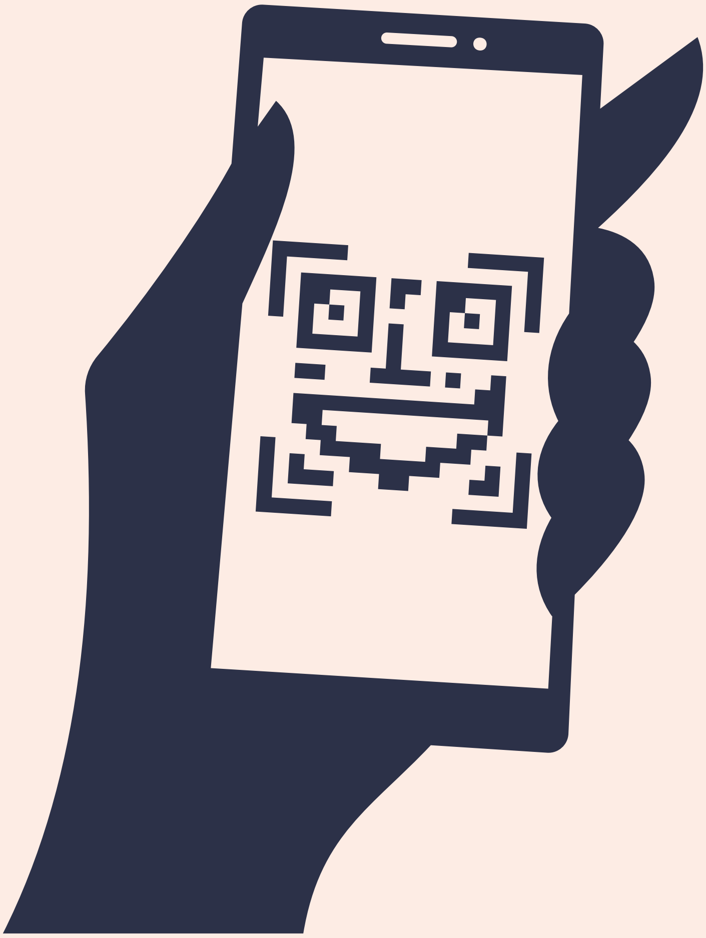
What is your view on the need to digitalise in general?
"Every part of our society is affected by digitalisation and the banking sector is no exception. The financial services industry is facing exciting challenges and the large transaction banks with standardised flows have made good progress. Many of the new providers that have come on the scene in recent years are adept at taking advantage of digital opportunities and as one of the foremost investment banks, we naturally have to be part of that. Clients also expect an increasing degree of digitalisation in our sector as well, and we can identify digitalisation needs in all three of our business areas, Private Banking, Securities and Investment Banking."

What are the IT department's ambitions for the future?
"We want to deliver IT support that makes our bank efficient in every respect and contributes to a good experience for everyone, internal users and our clients alike. We are also intensely focused on digitalising the internal processes that drive efficiency in our operations.

"Carnegie is not only a bank with profound knowledge about the financial market, we also have an IT department with tremendous tech skills that are at least as critical to the company's success. The IT department plays a key role in the ability to deliver on the company's strategies and our job is to create the conditions necessary to take Carnegie's business into the future."

How will the client offering develop under the new conditions?
"We have high ambitions for everything we do and our determination to always get better for our clients will also be reflected in our digital efforts going forward. Our offering is based on knowledge, research and advisory. With expanded digitalisation, we can create the conditions for increased customer satisfaction, higher efficiency and new future business opportunities."

Case:



Trifork Holding – International success on the Danish stock exchange

Trifork Holding specialises in developing software solutions in FinTech, Digital Health and Cyber Protection. The customer base comprises businesses operating in several different sectors. Trifork offers a range of value add services in addition to its main business. The largest operations are in Europe and North America.

Carnegie acted as joint global co-ordinator and joint bookrunner in the initial public offering of Trifork on Nasdaq Copenhagen. The offering - which was the first IPO executed by Danish tech private equity fund Gro Capital, a major Carnegie customer - attracted very strong interest from large institutional investors and the Danish public and the offering was substantially oversubscribed. It was also the first IPO in Denmark in which cornerstone investors were announced simultaneously with the transaction, which lent gravitas to the transaction and stimulated international demand. Carnegie secured the majority of cornerstone investors, which comprised Danish institutions and Danish and Norwegian family offices. The IPO attracted the highest retail demand in Denmark in several years, with the second-highest oversubscription ever.

To a great extent, the success is the result of tight collaboration among the Danish Investment Banking, Securities, Wealth Management and Back Office Departments, which received valuable strategic support throughout the process from experienced colleagues in Sweden. The efforts of Carnegie's global and motivated sales team resulted in the participation of numerous international investors in the IPO.

RESPONSIBLE ADVISORY

Client-based investment themes are driving change

Advisory within Carnegie Private Banking spreads knowledge about investments that contribute to a more sustainable world. Rebecka Elkert joined Carnegie during the year as the Head of Sustainable Investments in Private Banking.

Tell us about your work and what it involves.
"Sustainable investments have been a growing focus area for a long time, especially for institutions and foundations, and now we are seeing growing interest among retail investors, too. My role as Head of Sustainable Investments at Private Banking gives us an opportunity to focus even more clearly on the issue within Private Banking. We are creating a full-spectrum approach from the first encounter with the client in advisory and onward to which sustainable management solutions and products we offer and how we work with them.

Investors can leverage their ownership to influence companies towards change. In environments where investments can evolve over a long time, there are also especially good conditions for generating financial returns and protecting sustainable values."

Are private clients interested in sustainability?
"They often express strong preferences about what they do not want to invest their money in and rule out certain sectors as a result. That is good, but exclusion alone is not the best overall solution for the future. The financial services industry has more work to do here. As advisers, we have to have the energy to be part of the change the entire way and explain to our clients the value of investment areas that arise from structural forces and changes. Now it is up to the financial industry to find those types of investments and communicate to clients the value they create in more than financial terms."

You focus on three main sustainability themes. Tell us about them.
"Our main focus is on the energy transition, which is the big issue when it comes to reducing emissions of greenhouse gases, an area that also provides investment opportunities. The energy mix still includes a large share of fossil fuels, the source of the biggest emissions of carbon to the atmosphere, so there is an obvious need to work for change through investment in that area.

There are also numerous other interesting investment areas within the theme, such as energy storage, energy carriers and carbon capture.

Green transport is another exciting topic, considering electrification and the widespread technological development that is following in its wake. We will probably be living in the transition to entirely fossil-free vehicles for quite some time. In this area, biofuels, for example, will play a role, along with things like green methanol, which is on the way in as a shipping fuel.

Based on projected world population growth to 2050, future foods are another incredibly important issue. New sources of protein are an area that is going to increase and the issue is related to the use of land and forest resources, as well as water supply. There are also a lot of gains to be made in less visible aspects through more efficient industrial processes and recycling of materials, which thus require less energy and raw materials."

What can people expect from their financial advisers when it comes to sustainability?
"An adviser today should have good understanding of sustainability in order to discern the client's preferences and advise them accordingly. The new regulations contain standards for how sustainability should be incorporated into financial advice, and they must be complied with. I also believe that advisers who can thoughtfully develop an attractive client offering in which the sustainable impacts become concrete and easy to understand, while adhering to the rules, will be the winners in the future.

> **Our main focus is on the energy transition, which is the big issue when it comes to reduce emissions of greenhouse gases:, an area that also provides investment opportunities.**

What do the stricter requirements entail for companies?
"The EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR) both stress that companies should show more clearly and uniformly what they say they are doing and then prove it with figures. SFDR, for example, seeks greater transparency and defines how financial market participants must inform clients about sustainability, including how sustainability risks are integrated in investment processes, and take adverse impacts on sustainable development into account, which is driving change in the industry.

REBECKA ELKERT
Head of Sustainable Investments Private Banking

This will give investors a better basis for decision and greater comparability to understand the extent to which various products are working with sustainability."

How does Carnegie fit in here?
"Our deep knowledge about company evaluation, ESG, regulations and the green transition is thoroughly integrated into all parts of Carnegie, from the comprehensive investment research via my team, in which we evaluate individual equities, funds and structures, and onward to our work with unlisted companies and the journey Carnegie takes with companies before they come to market. In so doing, we can help our clients invest sustainably while creating good opportunities for companies and capital to grow.

What is ESG?

ESG stands for Environmental, Social & Governance and is a common acronym used to refer to sustainable investments. The investor takes ESG aspects into account in their investment decisions.

CARNEGIE SUSTAINABILITY AWARD

Rewarding sustainability

Carnegie established the Carnegie Sustainability Award in 2019, aimed at promoting sustainability programmes among listed companies. The award was given for the third time this year to three companies that are driving sustainable development forward.

The three winners of the Carnegie Sustainability Award are named in the categories of Large Cap, Small Cap and Best Newcomer, selected from among the 400 Nordic listed companies that the bank's research department covers.

Large Cap Winner

Ørsted

Once one of the most coal-intensive energy companies in Europe, responsible for one third of Denmark's national carbon emissions, Ørsted is now the most sustainable energy company in the world and a global leader in the transition to green energy Today, 98 percent of operating profits are generated by renewable energy. The transformation required heavy investments and impairments of converted or divested assets. Ørsted has invested DKK 133 billion in its green energy projects since 2013. The company has also exported its success after formulating a new, goal-oriented vision to create a world that runs entirely on green energy. In 2017, Ørsted made its first international green investment in Taiwan and has since expanded to the US, UK, Germany and Netherlands.

Small Cap Winner

Camurus

The Swedish pharmaceutical company Camurus develops and commercialises innovative long-acting medicines for the treatment of severe and chronic conditions. Their product Buvidal® is used to treat opioid dependence, which is an escalating global health problem. According to WHO, about 58 million people use opioids every year and opioid misuse is now the most common cause of death in the US in people under 50. Buvidal is long-acting, which makes it possible for patients and health professionals to focus on treatment rather than spending time and resources on daily supervised medication. Buvidal is administered as an injection under the skin, which increases treatment compliance and reduces the risk of misuse, abuse, diversion, drug leakage and paediatric exposure.

Best Newcomer

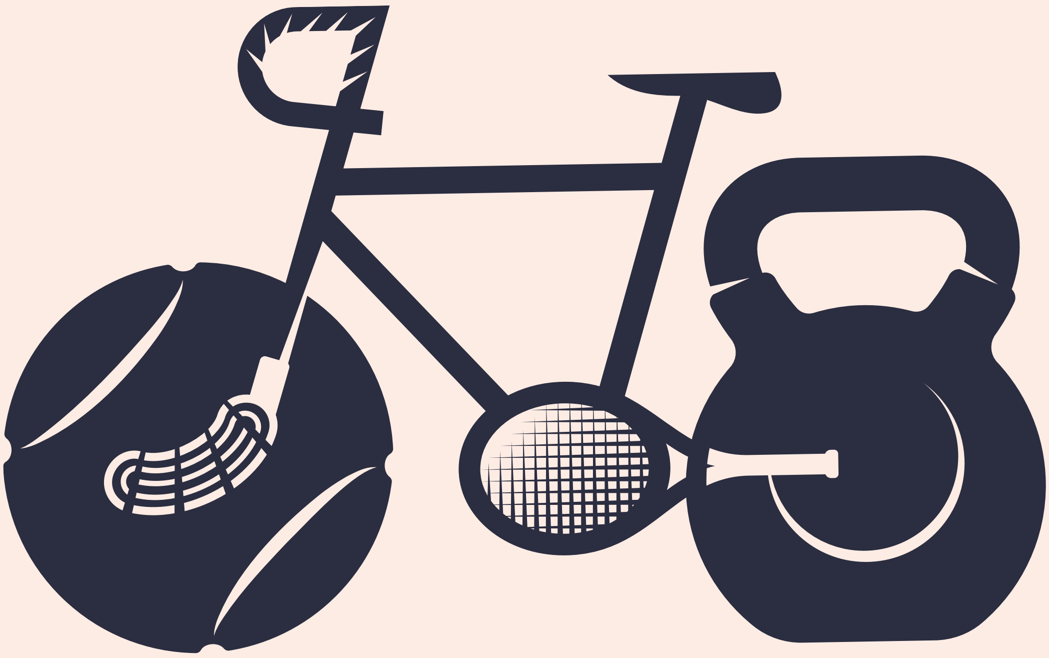
Pexip

The pandemic shifted worldwide focus to digital meeting services as business-critical tools in 2020. Pexip offers solutions for high-security videoconferencing for businesses. With their services and expertise, Pexip could help customers do business nearly as usual in spite of the restrictions imposed on gatherings and travel. Pexip's scalable platform enables high-quality video meetings and is easily adaptable to their customers' existing infrastructures. Videoconferencing will probably remain an important tool even after the pandemic, in large part due to their high efficiency and contributions to lower emissions by cutting the need for business travel. The solution is sold through 300 distribution channels in 75 countries and is used in more than 190 countries. Pexip was listed on the Oslo Stock Exchange in May 2020.

” The aim of the award is to highlight sustainability metrics that create shareholder value and present good examples to inspire other companies and investors. When capital is redistributed, transition pressure rises and from our perspectives, we can see that companies that are helping to bring about a more sustainable world are also winners in the market.

Lena Österberg, Head of Sustainability, Research & Strategy at Carnegie.

Case



WeSports – Carnegie advises sports expert in directed issue

WeSports is an online sports equipment category expert in the Nordics. The group was founded in 2020 and is now the leader in bikes, fitness and ski in Sweden and holds a leading position in outdoor sports and mobility. WeSports addresses elite athletes and sports and healthy lifestyle enthusiasts. With its decentralised business model and a high share of D2C brands, WeSports is committed to sustainable business. The founders have long-standing experience with e-commerce and IPOs of companies including BHG and CDON.

The company successfully executed a directed share issue of about SEK 500 million in 2021, for which Carnegie acted as financial adviser and sole bookrunner. It was the first external capital raise in the company, which had until then been financed with the founders' own capital.

The issue was heavily oversubscribed and expanded following keen interest, primarily from Carnegie's Private Banking network and existing shareholders.

The transaction was a private placement intended to finance future acquisitions. Subsequent acquisitions included Proteinbolaget, Klubbhuset, Gymstick, Bikelease, Finwake and Pölder Sport. WeSports' successful capital raise illustrates Carnegie's unique business model based on close collaboration among clients, Investment Banking, Private Banking and Securities.

RESPONSIBLE ADVISORY

We supply knowledge

In all business units, Carnegie advisory aims to supply knowledge to companies working towards a sustainable world. Companies that are living up to society's expectations and demands for sustainability are also in a better position to become good investments.

Sustainability, climate transition and ESG are front and centre and included in all aspects of Carnegie advisory. We are convinced that responsible investments are closely linked with attractive return on investments while contributing to a sustainable economy.

Economic growth is essential to sustainable development. This depends on access to capital for companies and other stakeholders so that they can grow, develop new technologies and innovations and compete in an international market. This is particularly true in rapidly growing segments like energy transition, food tech and the transport sector.

Carnegie has unique knowledge about companies and entrepreneurs in the Nordics and guides capital to where it will do the most good and thus can generate the best returns. In this way, Carnegie is facilitating sustainable financial growth for private individuals, companies, institutions, the capital market and society in general.

Transparency leads to sustainable decisions

Through the Sustainable Finance Disclosure Regulation (SFDR), the EU has imposed requirements on financial market participants that produce financial products and/or provide investment advice on financial products to be clear about how sustainability risks are integrated. In being transparent about our views on sustainability risks and how we integrate these risks in our work, we are supporting our clients in their efforts to make good, socially sustainable decisions.

On an ongoing basis, we integrate sustainability risks in the investment decisions made by the bank's managed funds, portfolio management and advisory management in several ways, including by integrating the UN Global Compact (UNGC) and the UN Principles for Responsible investments (UNPRI) in the screening of potential investments and by working with diversification.

Carnegie signed the UN initiative Principles for Responsible Investment (UNPRI) in 2020. The six principles are meant to make it easier for investors and their clients to systematise their efforts with responsible investment. Within our asset management, the implications are that we avoid exposure to companies that produce or distribute weapons that are banned under international conventions, such as chemical and biological weapons, cluster bombs, nuclear weapons and landmines. We also avoid investments in companies that repeatedly violate human rights or commit serious environmental crimes.

Even before becoming a signatory, Carnegie applied the principles in its work with responsible advisory, and is also a member of the UN Global Compact.

In portfolios where Carnegie invests directly in individual securities – mainly in the Nordic markets – investments in alcohol, tobacco, pornography and weapons are excluded and the policy towards commercial gambling operations is restrictive. Carnegie also provides tailored solutions for larger clients that have specific exclusion requirements.

Signatory of:

PRI Principles for Responsible Investment

Clients value the proactive approach

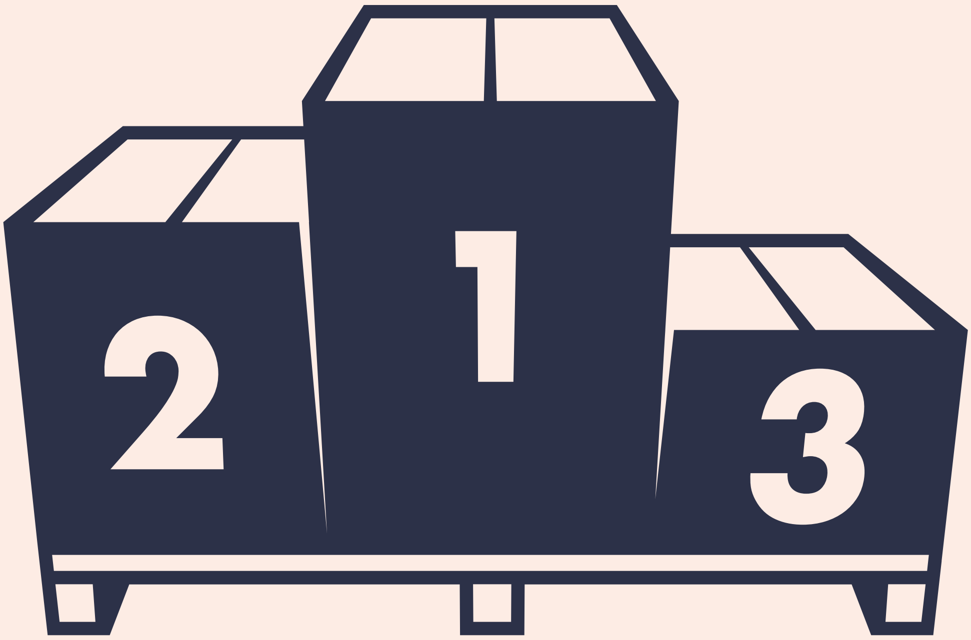
A large share of Carnegie's investments are managed by external fund managers. In this area, we ensure that the fund managers we engage understand the value of considering both the risks and the opportunities that can be related to sustainability. The funds' exposure from a sustainability perspective is also reviewed in partnership with our external consultant, ISS-Ethix.

In addition to internal screening of companies, we work proactively to prepare recommendations for sustainable investments that could interest our clients. This might involve, for example, companies with technologies or businesses that encourage reduced usage of fossil fuels or otherwise address the challenges of climate transition.

ESG – an expected component of analysis

Carnegie offers the best and most comprehensive analysis of Nordic listed companies. This includes quantitative and qualitative sustainability metrics in all companies. Equity research gives preference to companies that integrate sustainability in their strategy to drive growth and that actively avoid risks related to sustainability and climate change. Our fundamental view is that such companies often deliver better returns, which has direct bearing on our actions within asset management. We also publish numerous reports to our clients focusing on key topics within the framework of sustainability.

Case



AutoStore– Carnegie played a key role in the biggest IPO of the year

AutoStore is an innovative robot and software technology company that has been pioneering cube storage automation since 1996. The company's space-efficient warehouse management solutions help customers facilitate space saving and boost performance while reducing labour and energy costs. From a financial perspective, AutoStore has delivered 50 percent annual revenue growth over time, with EBITDA margins also around 50 percent.

Carnegie acted as the Joint Global Coordinator as the only Nordic investment bank for the AutoStore IPO on the Oslo Stock Exchange in October 2021. The IPO, which generated NOK 20.7 billion, was the biggest in Norway in two decades, and the second-largest of all time.

Through enhanced collaboration among Investment Banking, Equity Research and Securities, Carnegie had the capacity to be a critically important partner throughout the entire process. On the strength of its global platform for Nordic equities, Carnegie contributed to a successful outcome for AutoStore and its shareholders. The IPO attracted high-quality Nordic and international investors including Alecta Pensionsförsäkring, FIL Investments International, Mawer Investment Management Ltd and WCM Investment Management LLC.

RESPONSIBLE EMPLOYER

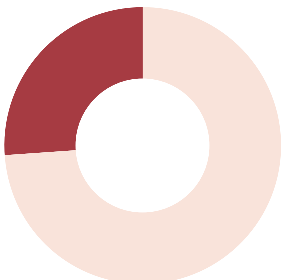
A strong company culture where people flourish

Knowledgeable and committed employees are the foundation of Carnegie's success and position as the foremost financial adviser in the Nordics. Aimed at ensuring employee satisfaction, we are working actively to build further on our strong company culture in an open and accepting atmosphere where equal opportunity, personal development and the opportunity to combine work and family life are top priorities.

Carnegie is committed to being a workplace where every employee has wide scope to influence their own work situation and career path, regardless of what they work with. We are convinced that this leads to creativity, innovation, commitment and outstanding performance. This year's employee survey once again showed high employee engagement: 94 percent of employees would recommend Carnegie as an employer.

Carnegie takes a long-term approach to creating attractive work environments for all employees, thus further strengthening the organisation and delivering more value to our clients. We accomplish this mainly by offering challenging tasks and individual opportunities for skills development. Aimed at giving our employees optimal conditions for living up to their full potential, skills development takes place in the context of day-to-day work and through various types of training. Employees are offered opportunities for development through trainings and courses provided through the Carnegie Professional Development (CPD) Foundation. Lectures with inspiring themes like health, wellbeing, stress management and self-leadership are offered regularly within the framework of CPD. Collaboration across national borders is an expected element of day-to-day operations at Carnegie and employees are also offered secondments: the opportunity, where places are available, to work at one of the bank's offices in other countries temporarily or on a more permanent basis.

Gender distribution
within the Carnegie Group



A high-performance environment and good work/life balance

We care that our employees feel a good work/life balance and are committed to giving them what they need to manage the high-performance environment in which we work in a manner that is sustainable over the long term. Employees of Carnegie have access to several benefits intended to promote better health and work/life balance.
The last two years have been challenging in terms of health and new working methods, especially in the light of the effects of the pandemic on working life. It has never been more important to ensure a healthy work environment for our employees. During the first half of 2021, a large share of our employees were still working from home, which takes a toll on physical and mental health and ergonomics. The HR department has in various ways encouraged employees to take greater advantage of the occupational health services available to them and what they can offer with regard to both proactive support and more urgent assistance.

Proactive support included inspiring employees to establish routines, providing advice about maintaining physical movement during the day and making sure employees have access to the right equipment at the individual level.

Bringing more women into the financial services industry

An organisation characterised by diversity is an asset that generates valuable ideas, creates a vibrant culture and contributes to a sound risk culture. Carnegie is working actively to build a company culture characterised by diversity and equal opportunity for all. Achieving gender balance is a key part of our diversity programme and a long-term goal for Carnegie. To achieve this goal, interest in working in the financial industry must increase in the female target group. Towards that end, Carnegie is contributing knowledge about the financial industry aimed at women. Actions include active collaboration with several women's networks in higher education.

Carnegie worked with a materiality analysis during the year within the framework of a larger sustainability project. Diversity and gender equality proved to be high priorities and we began a project in 2021 to develop key metrics to identify new ways to promote diversity in the organisation.

Increased recruitment

Recruiting, retaining and developing the most driven, competent and committed individuals is a top priority at Carnegie, especially as a provider in an industry where competition for talents and skills is steadily increasing. Carnegie carried out several successful recruitments during the year and increased the global workforce by about 75 people.

Carnegie increased the use of testing in the recruitment process in 2021. One of the main reasons for doing so was to make the selection process as objective as possible and to ensure an unbiased recruitment process. Carnegie's popular internships with Investment Banking that are arranged at several offices are a key recruitment channel. The programme lasts for ten weeks in Sweden and starts five times a year for a total of 25 participants per year. The interns are directly involved in the day-to-day work at the bank and the programme, which attracts numerous applicants, offers participants an intense period in which they gain a great deal of knowledge and understanding of the financial services industry.

Employee engagement

Carnegie performs annual employee surveys to ensure employee engagement and job satisfaction: 96 percent of employees say they are committed to their work and a full 94 percent would recommend Carnegie as an employer. The high scores are driven by high willingness among colleagues to collaborate and high trust in line managers and executive management.

Above and beyond the employee survey, Carnegie invites employees leaving the company to an exit interview in order to discover what employees think. The results are used to further develop the company and make Carnegie an even more attractive employer. Ongoing surveys of new employees' perceptions of their early days with Carnegie is a new aspect this year. Beyond this, the company has also carried out employee pulse surveys to measure employee engagement and wellbeing over longer periods. The responses to the pulse surveys provide valuable input and ensure continuous dialogue about our circumstances at work over the long term. Combined, these various channels provide a strong foundation for understanding employee perceptions at Carnegie throughout their time with us and we can implement adjustments and pursue issues over the long term based on the results.

Employee survey

Employee engagement
Proportion of employees who expressed high engagement with their jobs.

96%

Trust in management
Proportion of employees who expressed high trust in management.

93%

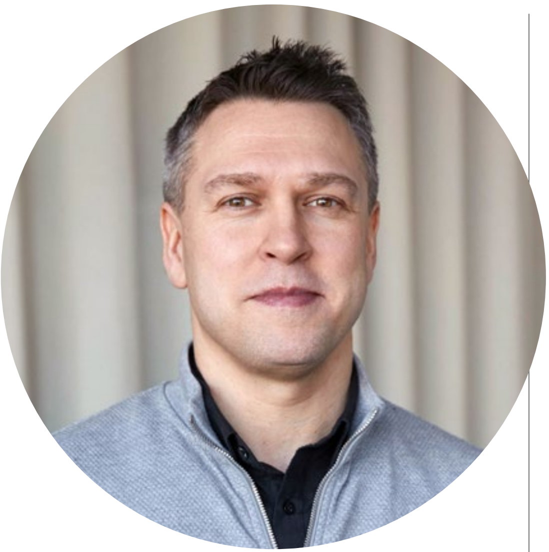
Collegial collaboration
Proportion of employees who believe there is good collaboration among colleagues

91%

Recommendation:
Proportion of employees who would recommend Carnegie as an employer.

94%

RESPONSIBLE EMPLOYER



Markus Hoc
IT architect at Carnegie since 2020

Markus, can you tell us what an IT architect does at a financial company?
"Right now, we are a team of four IT architects who are responsible for designing and implementing the architectural vision decided by IT management. That means we devise general solutions that maintain the architecture while constantly striving to enhance the user experience for internal and external clients.

"The work also involves daily interaction with the various developer teams at Carnegie IT and supporting them in their work. We also help with studies and horizon scanning, as well as with procurements of external system support, for example."

What is your take on Carnegie's company culture and approach?
"The hallmarks of Carnegie are short decision paths, an open atmosphere in which everyone has the opportunity to speak their minds, a fast tempo and strong determination to drive the company forward. The IT team takes an agile approach in order to achieve optimal results with thoroughly tested software and systems that work well."

What makes Carnegie an interesting place to work?
"The huge opportunities to make a difference. If you have an idea, it is easy to bring it up and discuss it with colleagues. Because our tasks are so varied, one day rarely looks like the next. The working environment is non-territorial and your colleagues are more than willing to help if you need to rant about a problem or just chat for a bit.

The combination of being a relatively large bank while maintaining an entrepreneurial spirit in the IT work is a tough ambition to achieve, but I think Carnegie manages it beautifully."

"

The hallmarks of Carnegie are short decision paths, an open atmosphere in which everyone has the opportunity to speak their minds, a fast tempo and strong determination to drive the company forward.

Julia Borgström
Member of the Investment Banking staff in Stockholm

Can you tell us about your route into Carnegie?
"I became aware of Carnegie when I was a student at the Stockholm School of Economics. I was attracted by Carnegie's status as a Nordic leader, of course, but I had also heard a lot of good reports about Carnegie as an employer. I did an internship at Investment Banking in the Stockholm office in the spring of 2019 and I loved it. I started working full time here in the autumn of 2020."

What is your role in a transaction?
"My colleagues and I are advisers to companies that going to be listed, bought or sold, or otherwise raise additional capital. We have a flat organisational structure where everyone is encouraged to take personal responsibility and initiative and my role can vary depending on things like transaction type and team compositions, but as a more junior member of the staff, my main role is usually to produce marketing and valuation materials for the transaction."

Do you have any advice for people interested in working in Investment Banking?
"Doing an internship is the best way to get a foot in the door. As an intern, you work actively in projects and gain a very accurate picture of the work. In addition, you not only learn about finance, products and sectors, but also more general but very valuable things like how to work efficiently and in a structured manner and how to work as part of a team, something I believe is useful for most people in both professional and personal contexts."

How is sustainability integrated in your work?
"At my department, it takes place externally, primarily in that the transactions we work with promote jobs, growth and entrepreneurship, and because ESG and sustainability are key components of our advisory. Internally, this happens mainly through Carnegie's actions as a responsible and supportive employer that offers a stimulating, enjoyable and rewarding workplace.

Thea Dahl

Two-time intern in 2020 and permanent employee at Investment Banking in Norway since 2021.

What was your first year with Carnegie like?
"Extremely educational, intense and thrilling. Market activity was high in 2021 and the Norwegian Investment Banking department delivered strong growth, which meant I was able to work with several exciting companies and learned a lot about new sectors. It was so much fun to be involved in a period not only when the market was going well, but Carnegie Norway also increased its market share. Since I did my internships two years ago, the Investment Banking team in Norway has grown a lot and being part of such a driven and talented team has been an incredible journey."

What do you like about the company culture at Carnegie?
"The company culture at Carnegie is highly team-driven. We learn from each other and build further on each other's knowledge. It is a non-hierarchical organisation where if you want you can take on great deal of responsibility early on, and your opinions are always valued, regardless of your position. You work towards a variety of products and sectors too. I have gained tremendous insights into industries like energy, consumption, technology and health, for example. The work environment at Carnegie is also very social, with travel, events and activities."

What excites you about working at Investment Banking?
"You are exposed to the dynamic capital market here and are able to work with a wide variety of companies, sectors and transactions, where each process is unique. You are constantly presented with new challenges and tasks, something that allows me to quickly build up experience and knowledge while working with extremely gifted individuals."

”

You are constantly presented with new challenges and tasks, something that allows me to quickly build up experience and knowledge while working with extremely gifted individuals.

Niels Granholm Leth

Head of Equity Research at Carnegie Denmark

How was your 2021 in professional terms?
"Last year was probably one of the most hectic in my entire career. Market activity was high and there was a record number of IPOs even as market outlooks were challenged by the pandemic and geopolitical tensions. Personally, I participated in three IPO processes and several IPO pitches."

What do development opportunities look like?
"There are huge opportunities for personal involvement and career development at Carnegie. First off, you are able to work with senior colleagues with many years of experience with almost every conceivable situation. Secondly, you are able to be part of exciting projects. This involves analysis of rapidly changing market environments, discussions with clients about finding the best solutions and successfully helping investors and companies identify optimal investments and financing."

What is it like to work in equity research in Denmark?
"Carnegie Denmark has a long and proud history of securities trading, research and wealth management. Our brand is well-known far outside the financial world and I believe most people associate Carnegie with highly educated employees and tremendous dedication to our work and our clients."

Any particular market trends ahead?
"From a wider perspective, information flows are in constant flux and these days we can collect sales data in certain industries in near real-time. For Carnegie's part, the pandemic made it necessary to use digital communications tools to a much greater extent than before. When I look ahead, I can imagine new distribution paths for equity research, continued digitalisation of data collection and faster ways to reach more clients. But we must never forget that Carnegie is founded on personal client relationships, which is deeply rooted in our Nordic heritage."

RESPONSIBLE BUSINESS

Entrepreneurs of Tomorrow

Growing companies create jobs, increase purchasing power and further develop society. That is the point of departure for the Entrepreneurs of Tomorrow, a joint initiative of Carnegie and SvD Näringsliv, which highlighted and recognised Swedish entrepreneurs with sustainable business models for the eighth consecutive year.

2021 nominees

Coupleness
An app for better or worse
Jenny Holmström & Peter Viksten

Coupleness has launched an app that works as a guiding "micro-diary" aimed at strengthening couple relationships. The app gives couples a clear picture of how their partners are feeling and what is having positive or negative effect on them.

Teemyco
The advantages of the physical office online
Oleg Danylenko & Charlotte Eklund

Teemyco has created a virtual workplace meant to promote remote collaboration. On the platform, employees can do everything they usually do at the office - contact each other spontaneously, hold meetings or chat in the break room.

Parently
Financially and environmentally resource-efficient children's products David Knutsson & Pehr Gårlin

Parently offers a circular and sustainable subscription service for new and used children's products The target group is families who want to rent the products they need while their children are growing up and then easily pass them on.

Betalkontroll
Automatic payments tracking
Fredrik Lundholm & Gustaf Pettersson

Betalkontroll offers a service that lets companies analyse supplier payments in real-time and alerts users to possible erroneous payments, mitigates the risk of internal embezzlement and streamlines supplier management.

Voxo
Customer analysis in real time
Iman Pouya & Johan Wadenholt

Voxo has developed a service that helps businesses analyse customer insights in real time. The platform records customer service calls, documents the calls automatically in text form and analyses them based on aspects such as discussion topics and positive or negative tone.

Oatlaws
Delicious and nutritious snacks
Johanna Linnros

The food company has launched one hundred percent vegan protein puddings with no added refined sugar. The goal is to develop additional vegan products with as few (and natural) ingredients as possible and good nutritional content.

Yourbeet
A green nutritionist in your app
Anastasia Trofimova

Yourbeet offers a nutrition app that links all members of the plant-based ecosystem and matches green recipes with your personal nutritional needs and flavour preferences. The goal is to make a more plant-based diet easier.

Irriot
The brain of the irrigation system
Alex Palin, Johan Wendt & Mikhail Solovievl

Irriot's service can be described in a nutshell as subscription-based software that optimises agricultural irrigation. The wireless control is thought to be particularly interesting for farming in countries where water is in short supply for much of the year.

Aline
Changing how we learn
Innocent Mugenga & Emanuel Landell

Aline offers an education platform for discovering, analysing, sharing and validating learning and education for businesses and consumers. The dynamic lessons are based on various types of content tailored to the user's level and needs so that they can build their own private schools.

Entrepreneurs have tremendous responsibility in the building of a better and more sustainable world. They have the capacity to interpret the times, think innovatively and create business models that grow into new companies, jobs and prosperity that ultimately enriches the entire society.

For the eighth year in a row, Carnegie partnered with SvD Näringsliv to arrange the Entrepreneurs of Tomorrow competition, a forum that brings innovative entrepreneurs and investors together. The competition is aimed at promoting new enterprise in Sweden and offers companies in early phases of development access to knowledge, capital, pitch training, exposure and investor meetings. The hope is to facilitate company development and accelerate the growth rate by means including capital raising.

Of the 50 companies reviewed by a team at Carnegie, nine went on to a meeting with the experienced jury of prominent individuals, who in turn selected four finalists. The fifth finalist was selected in a vote by readers of *Svenska Dagbladet*. The finalists were then given the opportunity to pitch their business ideas to an audience of investors, who voted to decide the winner. In addition to valuable contacts with investors, the winning company receives a knowledge package from Carnegie including several advisory sessions with relevant experts at their service. Around 1,000 companies have applied to Entrepreneurs of Tomorrow since the competition began in 2014. The competing companies in this year's edition demonstrated considerable breadth - ranging from an app that strengthens couple relationships to a service that helps businesses analyse customer insights in real-time while customer calls are in progress.

The 2021 jury

Staffan Persson, Swedia Capital.
Aurore Belfrage, Tech investor formerly with EQT Ventures.
Elsa Bernadotte, Co-founder and COO/CPTO of the food waste app Karma and previous winner of the Entrepreneurs of Tomorrow.
Anna Stenberg, Chief People and Platform Officer at Kinnevik. Founder of WES and investor.
Ahmed Abdirahman, founder of The Global Village and Järvaveckan.
Björn Jansson, CEO of Carnegie and jury chair.

The winner: Irriot

Irriot's service can be described in a nutshell as subscription-based software that optimises agricultural irrigation. The wireless control is thought to be particularly interesting for farming in countries where water is in short supply for much of the year.

"We put a brain in the irrigation system", explains Johan Wendt, CEO and one of three co-founders.

Water scarcity regularly affects about a third of the global population. Meanwhile, farming and cultivation account for 70 percent of global fresh water consumption. There are huge savings to be made here, in other words.

Irriot has developed a wireless IoT irrigation solution focused on user benefit and profitability. Using the latest ultra-long range radio communication eliminates the need to install expensive cables in the fields. The company's solar powered remote units are eco-friendly and totally maintenance-free. The backbone of the system is a controller that complies with industry standards and includes access to IoT services via the cloud, such as intelligent decisions, alarms, weather alerts and more.

How easy is it to install?

"All you have to do is hook it up and start. It is wireless, runs on batteries and replaces the electrical cables big companies have made a fortune on by burying miles of them in the ground", explains Johan Wendt.

Response to the patented business idea has been very good so far. The company is growing rapidly and has raised capital.

"I could have been worried about component famine and Egyptian import regulations, but things are going so well for the company right now that I sleep like a log at night", Wendt said at the Entrepreneurs of Tomorrow award ceremony.

About the other Entrepreneurs of Tomorrow contestants, Irriot CEO Johan Wendt remarked:

"We were up against tough competition, so I am really chuffed."

Irriot
The brain of the irrigation system
Alex Palin, Johan Wendt & Mikhail Solovievl

RESPONSIBLE BUSINESS

Social enterprises reached out through the pandemic

Carnegie and its employees have been supporting social entrepreneurs around the world since 2002. In partnership with Social Initiative, Carnegie is contributing knowledge and capital to the Door Step School in India and URDT in Uganda so that they can further develop their activities and reach even more people. The power of social enterprise was especially clear during the Covid-19 pandemic.

Employees of Carnegie have supported the company in supporting social enterprises all over the world for almost 20 years The aim is to create the conditions for disadvantaged children and young people to improve their own futures. The work is based on Carnegie's commitment to enterprise and entrepreneurship and has become an important element of the company culture.

Employees are personally involved through the non-profit Carnegie Social Initiative. They contribute with regular monthly donations and participate in activities benefiting the operations of the social enterprises. In 2021, 60 percent of all employees at Carnegie's offices across the world participated in activities arranged by Carnegie Social Initiative as a way of contributing to the organisations. Employee donations make up about half of Carnegie's annual donations to the social enterprises. Through its partnership with Social Initiative, Carnegie ensures that donations reach the intended beneficiaries and make the greatest possible impact.

Carnegie currently supports two organisations, both in the education segment: the Door Step School in Mumbai, India and the Uganda Rural Development Training Programme in western Uganda.

Door Step School was started by social entrepreneur Bina Lashkari to provide educational opportunities to children in the slums of Mumbai by running preschools, computer centres, science labs and mobile libraries. Donations from Carnegie have been used for purposes including establishing the first computer centre in the Colaba slum.

The schools in India were closed when the Covid-19 pandemic hit in 2020. They remained closed in Mumbai until late 2021, but Door Step School quickly reorganised to continue reaching children. The school has been able to continue reaching children and maintaining learning by teaching outdoors and using digital tools. For most of the children who attend Door Step Schools, the school was their only source of learning during the pandemic.

In Uganda, Carnegie's support goes to the Uganda Rural Development Training Programme (URDT), which is run by social entrepreneur Mwalimu Musheshe. URDT educates girls from extremely poor families. In turn, the girls inspire and teach their families and other villagers to change their own lives. This has significantly improved conditions for poor families in rural western Uganda. URDT's activities include a school for girls, a university for women, a vocational college with an entrepreneurial spirit and a radio station.

Schools in Uganda were closed to most students in 2020 and 2021 due to the Covid-19 pandemic. URDT has continued reaching students with school assignments, teaching and workshops delivered through home visits, the URDT radio station and various digital channels. URDT further developed its vocational college in 2021 so that students receive practical training directly from practitioners in the villages. In this way, teaching has been able to continue in spite of restrictions due to the pandemic and school closures. The new approach also makes it possible for URDT to train ten times as many young people than before.

Thanks to the high level of employee engagement, Carnegie Social Initiative was able to provide additional support to URDT and Door Step School to help with Covid-related challenges, such as the costs of reaching all children in a safe manner and purchasing PPE and basins for handwashing.

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> **The board of directors of Carnegie Social Initiative launched a campaign during the week of 4-11 March 2022 to raise funds for UNICEF to help children and their families fleeing the war in Ukraine. Virtually all employees of Carnegie donated and the total was matched by Carnegie Investment Bank AB before the funds were donated to UNICEF.**

URDT, Uganda

1,600
Family members gained knowledge to help rise from poverty thanks to their 274 daughters who were educated at the URDT school for girls in 2021.

2,100
Young women and men gained new knowledge and skills at the URDT vocational college in 2021.

Door Step School, India

82,100
Children taught in 2021.

329
Children attended preschool in 2021.

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Corporate governance

Corporate governance refers to the decision systems and processes through which a company is governed and controlled. Governance, management and control are distributed among the shareholders, the Board of Directors, board committees and the CEO. The overall objective of corporate governance at Carnegie is to ensure smooth and efficient processes that uphold high ethical standards as well as good risk management and internal control.

Carnegie is required to comply with a wide range of regulations. The external regulatory framework for corporate governance includes the Companies Act, the Act on Annual Reports of Credit Institutes and Securities Companies , the Banking and Finance Business Act and regulations and guidelines issued by Finansinspektionen (the Swedish Financial Supervisory Authority) and other government agencies. The Group also applies internal regulations adopted at various levels. These internal regulations clarify the division of responsibility and the tasks of functions and employees and provide guidance on how employees should conduct themselves in accordance with Carnegie's fundamental values. The parts of internal regulations adopted by the annual general meeting are the Articles of Association, a Diversity Policy and assessment of the suitability of directors. Governance within the Group is also regulated by internal policy documents adopted by the Board of Directors and the CEO, respectively. The policy documents adopted by the Board of Directors include the board charter, instructions to the CEO, the Group governance policy, the risk and compliance policies, the credit policy, the policy for management of conflicts of interest, the policy for measures against money laundering and terrorist financing and the remuneration policy.

Annual General Meeting

The shareholders exercise their influence at general meetings, among else through appointing the company's directors and auditors.

Board of Directors

Directors are elected by the shareholders at the annual general meeting for a term of one year. The Board has been composed of six directors since April 2021. The CEO is not a director. The CEO participates in all board meetings except when prevented due to conflicts of interest, such as when the work of the CEO is evaluated. Other members of executive management participate as required. The Board of Directors is presented on page 39.

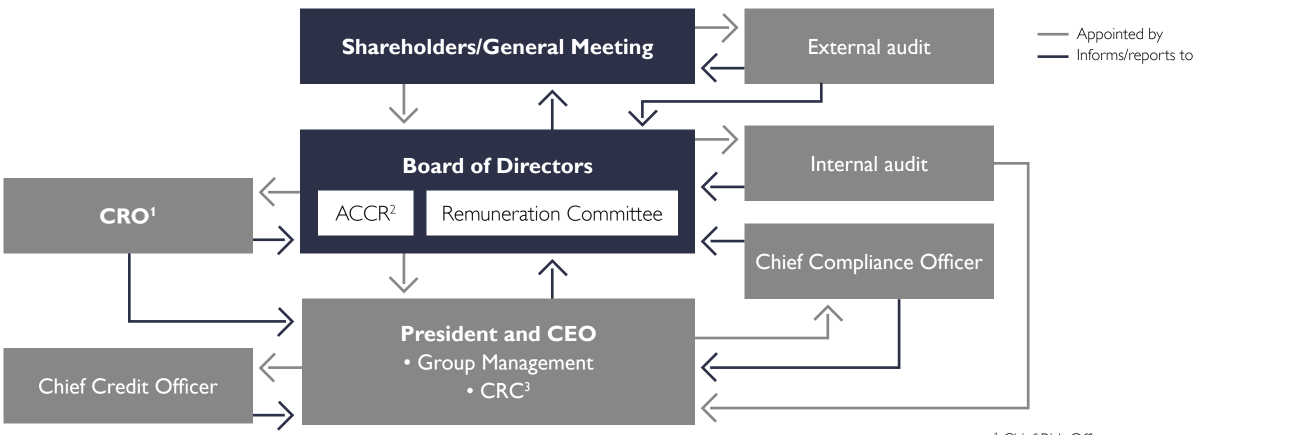
The Board of Directors has overall responsibility for the business conducted in the Group. The Board establishes the general objectives and strategy for business operations, regularly monitors and evaluates operations based on the objectives and guidelines it has adopted, appoints the CEO, and continuously evaluates operative management. The Board is also responsible for ensuring that the organisation is dimensioned so that accounting, asset management and other financial conditions are adequately controlled and that risks involved in the business are identified, defined, measured, monitored and controlled in compliance with external and internal regulations, including the Articles of Association. The Board of Directors also decides on significant acquisitions, divestments and other major investments and ensures that external information provision is objective and transparent. The Board of Directors also has final say on the appointment/dismissal of the Chief Risk Officer (CRO) and the Head of Internal Audit.

The Board has adopted a charter that governs its role and working procedures as well as special instructions to board committees.

The Board of Directors' work

The Board carries out its work according to an annual plan, by which the Board regularly follows up and evaluates operations based on the objectives and guidelines adopted by the Board. This work also includes monitoring risks, capital and liquidity in ongoing operations

Governance model



[1] Chief Risk Officer
[2] Audit, Compliance, Capital and Risk Committee
[3] Capital, Risk and Credit Committee

as well as the Internal Capital Adequacy Assessment Process and Internal Liquidity Assessment Process (ICLAAP). Further study and ongoing skills development relating to competition and market and business intelligence, the various businesses within the Group, major projects and new regulations are also carried out within the Board of Directors' remit.The Board of Directors held 14 meetings in 2021.

Board committees

The Board of Directors cannot delegate its overarching responsibility, but the Board has established committees to manage certain defined matters and to prepare such matters for decision by the Board. The Board presently has two committees: the Audit, Compliance, Capital and Risk Committee (ACCR), and the Remuneration Committee. The committees report regularly to the Board. Committee members are appointed by the Board for a term of one year. The ACCR's duties include supporting the Board in its efforts to assure the quality of the Group's financial reporting and internal control over financial reporting. ACCR also supports the Board in its work to review and ensure that the Group is organised and managed so that the business is operated in compliance with laws and regulations, that all risks in Group operations are identified and defined and that such risks are measured, monitored and controlled in accordance with the Board's risk appetite statement The ACCR also continuously monitors the Group's risk and capital situation. The committee communicates regularly with the Group's internal and external auditors, discusses coordination of these activities and ensures that any problems noted or objected to by the auditors are rectified.

The Remuneration Committee monitors, evaluates and prepares remuneration matters prior to decision by the Board. The committee's remit includes proposing principles and general policies for pay (including variable remuneration), benefits and pensions and overseeing the implementation of these principles.

CEO and Group Management

The President and CEO is responsible for the day-to-day management of the Group's affairs in accordance with the guidelines, policies and instructions adopted by the Board of Directors. The CEO reports to the Board and presents a CEO's report at every board meeting, which covers matters including development of operations based on the objectives and guidelines established by the Board. The Board has adopted an instruction that sets out the duties and role of the President/CEO.

The CEO has the option to delegate tasks to subordinates, but in so doing is not relieved of his responsibility. To support his work, the CEO has appointed a Group management team for consultation on important matters.

Risk management and compliance functions

The risk management function is independent of business operations and is responsible for identifying, measuring, analysing and managing the Group's risks. The bank's Chief Risk Officer (CRO), who is appointed by the Board and reports to the CEO, regularly informs the Board of Directors, the ACCR, the CEO and Group management concerning risk issues. The risk management function has global functional responsibility and the CRO's activities are governed by a policy adopted by the Board.

Risk management at Carnegie is based on the principle of three lines of defence. The model distinguishes between functions that own risk and compliance (first line), functions that control risk and compliance (second line) and functions for independent audit (third line).

The Group Compliance function is also independent of operations. Compliance monitors and verifies compliance with laws, regulations and internal rules, provides information, advice and support to business operations related to compliance, identifies compliance risks and monitors the management of such risks. The Group Compliance Officer is appointed by the CEO and reports regularly to the CEO, Group management, ACCR and the Board of Directors. The Group Compliance Officer has global functional responsibility and the GCO's activities are governed by a policy adopted by the Board of Directors.

Internal audit

The primary duty of the Internal Audit department is to evaluate the adequacy and effectiveness of internal controls and risk management.

Internal Audit is independent of the business operations and reports directly to the Board. The principles that govern the work of the internal audit function are reviewed and approved annually by the ACCR and adopted by the Board of Directors.

Compensation policy

Skilled and dedicated employees are the key to creating value for Carnegie's clients and thus contributing to the company's long-term development and success. Carnegie's compensation model is intended to support successful and long-term development of the Group. The model is also intended to reward individual performance and encourage long-term value creation combined with balanced risk-taking.

Remuneration policy

The Board has adopted a remuneration policy that covers all employees. The policy is based on a risk analysis performed annually by the risk management function under the direction of the CRO. The policy is revised annually. Further information concerning Carnegie's remuneration policy is available on www.carnegie.se.

Fixed remuneration

Fixed remuneration is the base of the compensation model. Base salary depends on several parameters, such as the employee's competence, responsibility and long-term performance.

Variable remuneration for the Group and each unit

Total allocations for variable remuneration for the Group as a whole are based mainly on risk-adjusted earnings. The allocation of variable remuneration to the business areas and units is based on the extent to which operational targets have been achieved, market conditions, industry standards and risk-taking and risk management, including consideration of sustainability risks.

The proposed provision and allocation to the business areas and units is prepared by the Remuneration Committee. Particular consideration is given to any risks that may be associated with the proposal, including sustainability risks. The committee also analyses the impact on Carnegie's present and future financial position. This assessment is based on the forecasts used in the ICAAP. Special attention is paid to ensuring that capital targets set by the Board will not be missed. Finally, the committee assesses whether there is any risk of conflicts of interest and, if so, how the conflicts will be managed The Remuneration Committee's recommendation forms the basis of the Board's final decision on variable remuneration.

Individual performance assessment

Carnegie applies a group-wide annual process to assess individual employee performance. The assessment is made against predefined objectives and covers both financial and non-financial criteria. Any allocation of variable remuneration and possible increases in fixed salary are determined in relation to attainment of individual objectives, unit performance and Group performance.

Identified staff

In compliance with external regulations, Carnegie has identified so-called 'identified staff,' who are employees whose professional activities have material impact on the institution's risk profile and which could lead to material impairment of earnings or financial position. Identified staff include executive management, employees in leading strategic positions, employees responsible for control functions and material risk-takers, as defined by regulations. In addition, variable remuneration to such staff may not exceed fixed remuneration.

Employees in control functions

The criteria for variable remuneration to employees who are responsible for control functions are designed to ensure their integrity and independence, which includes ensuring that remuneration is independent of the units subject to control.

Monitoring and control

Internal Audit performs an annual, independent review to ensure that the Group's remuneration complies with the remuneration policy and regulatory requirements and reports its findings to the Board no later than in conjunction with approval of the annual accounts.

Partnership

Employees of the Carnegie Group, through various companies, owned around 30 percent of equity in the parent company as of 31 December 2021. Employee ownership is an important aspect of generating commitment to the entire Group's development and ensuring that employees have the same incentives as other owners to create long-term value.

Board of directors



	Anders Johnsson	Ingrid Bojner	Klas Johansson
Position	Chair since 2019	Director since 2015	Director since 2016
Committee	ACCR, RemCom		ACCR
Born:	1959	1973	1976
Education	St Mikaelskolan, Mora.	MSc, Stockholm School of Economics. Studies at Georgia State University and UCLA Anderson School of Management.	MSc, Stockholm School of Economics.
Other significant assignments	Director of Carnegie since 2016. Board Chair of Hemma Bolån AB.	Acting CEO Storytel AB Publ and Board Chair of New Republic PR.	Partner of Altor Equity Partners AB. Director of Transcom, IYUNO-SDI, PrintOp and Advinans.
Previous experience	Many years with SEB, most recently as head of the Life and Wealth Management Division and member of executive management.	Deputy CEO and Head of Marketing at SSE IFL Executive Education. Senior positions with TeliaSonera and McKinsey & Company.	McKinsey & Company.



	Harald Mix	Andreas Rosenlew	Anna-Karin Celsing
Position	Director since 2009	Director since 2015	Anna-Karin Celsing stepped down as a director of Carnegie Holding AB effective 1 November 2021. She remains a director of Carnegie Investment Bank AB.
Committee	RemCom		
Born:	1960	1962	1962
Education	MBA, Harvard Business School, Bachelor of Science, Applied Mathematics and Economics, Brown University.	MSc in Economics & Business Administration, Hanken School of Economics, Helsinki.	MBA, Stockholm School of Economics.
Other significant assignments	Founding partner of Altor Equity Partners. Board Chair, Altor Holding AB. Board Chair of H2 Green Steel AB. Director of Carneo, Nordic Leisure Travel Group AB, Carneo AB, Kinnevik AB and	Board Chair of Lumene Group Holding Oy and Grow Holding AB. Director of Digitalist Group Oy Plc and A house AB.	Director of Landshypotek Bank AB, Lannebo Fonder AB, Volati AB, Peas Industries and OX2 AB.
Previous experience	CEO of Industri Kapital, First Boston Corporation and Booz Allen & Hamilton.	Founder and Managing Partner, Grow AB. Senior Partner at Lowe & Partners Worldwide Inc.	Board Chair of SVT AB, director of Finansinspektionen and senior positions with companies including Ratos and Föreningssparbanken.

Management

Björn Jansson
President and Chief Executive Officer since 2015
Born: 1963
Previous experience: Head of Investment Banking & Securities. Co-head of the Securities business area at Carnegie. Global head of research and co-head of SEB Enskilda Securities and global head of research at Alfred Berg.

Anders Antas
Chief Financial Officer (CFO) since 2018
Born: 1975
Previous experience: A number of positions with Carnegie, including head of Treasury and most recently as COO. Formerly an analyst with SEB Enskilda Securities.

Jacob Bastholm
Head of Carnegie Denmark since 2017
Born: 1970
Previous experience: Head of Corporate Finance, Handelsbanken Capital Markets. Formerly, executive positions within ABN AMRO.

Christian Begby
Head of Carnegie Norway since 2012
Born: 1963
Previous experience: Leading positions in analysis and Corporate Finance. Former head of Corporate Finance at SEB Enskilda, Norway. Head of Equity Research at SEB Enskilda, 1996-2000.

Elisabeth Erikson
Chief Information Officer (CIO) since 2017
Born: 1974
Previous experience: Head of Business Development, Skandiabanken. Formerly Business Area Manager, Banking Services and Mortgages, Skandiabanken.

Henric Falkenberg
Global Head of Securities since 2009
Born: 1960
Previous experience: Head of Securities at SEB Enskilda and Alfred Berg. Prior to that, broker at Öhman and Consensus.

Fredrik Leetmaa
Chief Risk Officer (CRO) since 2010
Born: 1971
Previous experience: Group credit manager at Carnegie, credit manager at SEB Luxembourg, BOS Bank of Poland and senior positions within the SEB Group.

Helena Nelson
Chief Legal Counsel since 2013
Born: 1965
Previous experience: Compliance manager and head of operational risk for Swedbank Group. Chief legal counsel and corporate counsel at Skandia.

Jonas Predikaka
Global Head of Private Banking since June 2016
Born: 1971
Previous experience: Head of Wealth Management and Private Banking at Danske Bank. Prior to that, global head of sales for SEB Private Banking.

Ulf Vucetic
Head of Carnegie Investment Banking since 2015
Born: 1971
Previous experience: Executive responsibility within Carnegie Investment Banking in Sweden. Prior to that, a Carnegie adviser in M&A and ECM, primarily in Sweden.

Board of Directors' report

The Board of Directors and CEO of Carnegie Holding AB (reg. no. 556780-4983) hereby present the annual report of operations in the parent company and the Group for the financial year 2021.

Operations

Carnegie Holding is the parent company in the Carnegie Group, which in turn comprises the wholly owned subsidiary Carnegie Investment Bank AB (publ) and subsidiaries. All business operations within the Carnegie Group take place within the entities Carnegie Investment Bank AB and subsidiaries.

Ownership

Carnegie Holding AB was owned by Altor Fund III (70.2 percent) and employees of Carnegie (29.8 percent), as of 31 December 2021.

Market & Position

Corporate transactions market

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 based on 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 was 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 continuing 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 had a moderate adverse impact on issue volumes 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 related to IPOs, acquisitions and refinancing arrangements, for example, up sharply compared to previous years. Bond issue volumes also rose steeply 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. That accomplished, Securities now has the widest research coverage of Nordic companies excluding sponsored research.

The development of fixed income trading during the year was characterised by lower volatility and slightly fewer transactions than expected.

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 with low interest rates led to 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 along with an increase in new clients arising from high market attractiveness and unique investment opportunities. These included offering clients investments 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 high priority in Private Banking where development has accelerated in recent years, mainly within three areas: energy conversion, green transport and future foods. Carnegie recruited several employees in 2021 whose work is dedicated to sustainability.

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 of these were carried out in 2021 in the form of digital events, which provide opportunities for more clients to participate from geographically widespread locations.

Group financial performance

Group operating income amounted to SEK 5,228 million (3,284) for the full year 2021, an increase of 59 percent compared to 2020.

Operating income statement

January–December, SEKm	2021	2020
Continuing operations		
Investment Banking & Securities	4,228	2,631
Private Banking	1,000	653
Operating income	**5,228**	**3,284**
Personnel expenses	-2,768	-1,901
Other expenses	-720	-537
Operating expenses	**-3,487**	**-2,437**
Operating profit	1,741	847
Financing expenses, etc.	-19	-10
Profit before tax	**1,722**	**836**
Tax	-368	-197
Profit for the year from continuing operations	**1,354**	**639**
Employees		
Average number of employees	650	597
Number of FTE employees at the end of the year	675	609

See page 93 for definitions.

Income

Investment Banking & Securities

Income within Investment Banking & Securities is generated via advisory fees related to equity capital market transactions and mergers & acquisitions, bond-related advisory income, commissions related to brokerage services and equity capital market 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 over last year. With a record number of IPOs, ECM transactions were the main income driver but income from M&A and corporate transactions is also rising. The strongest performance within Investment Banking was in Norway (+110 percent), driven primarily by ECM transactions combined with strong growth in M&A.

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.

Costs

Operating expenses amounted to SEK 3,487 million (2,437), an increase of 43 percent in relation to 2020. Costs rose due to high business flow, new recruitments and IT investments.

Profit

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

INVESTMENTS

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

Financial position

The Group's financial position is strong, with 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 continue to have a low risk profile, including low duration, and 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 6. A more detailed description of Carnegie's capital adequacy and liquidity is available online at 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.

[1] Excluding profit from the sale of Banque Carnegie Luxembourg.

Dividend proposal

The Board of Directors of Carnegie is proposing that the 2021 annual general meeting endorse a cash dividend of SEK 553.416 per share, corresponding to a total dividend of SEK 1,200 million.

Carnegie's intention is that capital exceeding the desired and appropriate level of capital adequacy shall be distributed to shareholders. The Board's proposed dividend must take into account factors such as distributable funds, market situation and other capital requirements. The Board has determined that the proposed dividend is clearly justified with consideration given to the above. Carnegie's capital adequacy level is expected, even after the proposed dividend, to be sound and well-adapted to the demands with respect to the size of equity imposed by the nature, scope and risks associated with Group operations and the Group's consolidation requirements, liquidity and financial position in general.

Disposition of profit

At the disposal of the annual general meeting, SEK	
Share premium reserve	683,165,000
Retained earnings	863,537,147
Net profit for the year	1,199,977,081
Total	**2,746,679,227**

The Board of Directors proposes the following allocation of profit:	
Dividend to shareholders	1,200,000,000
To be carried forward	1,546,679,227
Total	**2,746,679,227**

General information about 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. Risks within Carnegie are described in the section Risk, liquidity and capital management, pages 45-48, and Note 6 Risk, liquidity and capital management.

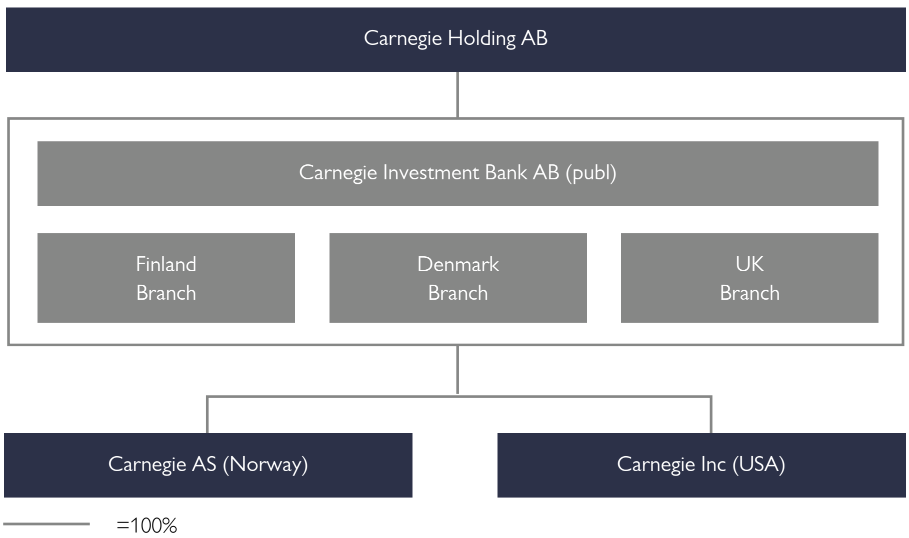
Employees

The Carnegie Group had a total of 675 (609) employees in six countries at year-end 2021. Carnegie's unwavering ambition is to recruit and retain the best employees by means of active leadership, clear objectives and competitive remuneration systems and by creating a working environment that provides optimal opportunities for personal and professional development. Further disclosures concerning salaries and other remuneration for the parent company and the Group are provided in Note 13 Personnel expenses.

SUSTAINABILITY

Carnegie plays a key role in the economy as a meeting place for capital and investment opportunities. By bringing these together, Carnegie creates value and growth to the benefit of clients, an efficient capital market and a sustainable society. Carnegie's social responsibility proceeds from our core business and our capacity to have impact

Legal structure as of 31 December 2021



through our advisory services. We consider financial, environmental and social aspects from both the risk and value-generating perspectives. Carnegie has a long tradition of social engagement on behalf of business and entrepreneurship and has been contributing to social enterprise for several years. Sustainability work is focused on the areas surrounding Carnegie's roles as a responsible adviser, a responsible business and a responsible employer. As provided under the Swedish Annual Accounts Act (ch 6, s 11), Carnegie has elected to prepare its sustainability report for 2021 as a separate report, not incorporated in the Board of Directors' report. The sustainability report, which is found on pages 84-92 of Carnegie's Annual Report 2021, has been approved by the Board of Directors and was submitted to the auditor for review at the same time as the rest of the Annual Report. The sustainability report describes Carnegie's approach to social conditions and employees, anti-corruption and respect for human rights and the environment and reports the sustainability initiatives taken during the year. Unless otherwise specified, the disclosures refer to the Carnegie Group, which consists of the wholly owned subsidiary Carnegie Investment Bank AB (publ) and its subsidiaries in which all business is conducted.

Awards in 2021

Carnegie is persistently strengthening and solidifying its position as the market-leading financial services provider. Carnegie received several awards and top rankings in independent client surveys during the year.

For the sixth year running, Carnegie defended its top ranking among ECM transaction advisers in both the Nordic and Swedish markets, according to Kantar Sifo Prospera. Carnegie also enjoys an outstanding reputation among advisers in the Nordic M&A market, including a leading position in the Swedish market.

Carnegie also strengthened its reputation within equity research, brokerage and execution in 2021 according to most client surveys (Institutional Investors, Financial Hearings, Kantar Sifo Prospera). In addition, institutional clients in the Nordic market assessed Carnegie's Back Office capacity as the highest among all firms in the market, according to Kantar Sifo Prospera.

Carnegie defended its position as a market leader in Private Banking in 2021, as confirmed by sources including Financial Hearings. Carnegie also has maintained the highest client satisfaction among Swedish private banking clients, according to Kantar Sifo Prospera's annual evaluation.

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.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

Opti

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.

The invasion of Ukraine

As the annual report was being written, Europe was embroiled in one of the worst foreign policy crises in many years. Carnegie's business is not directly affected, but far-reaching sanctions and security policy tensions are creating anxiety in the financial market. In response, Carnegie is focusing on supporting its clients with advice. Carnegie condemns the illegal invasion of Ukraine and our thoughts are with the millions of people suffering as a result of the war.

Risk, liquidity and capital management

Carnegie attaches great importance to meeting society's expectations for socially responsible business practices. This includes maintaining a sound risk culture characterised by high risk awareness, ongoing dialogue concerning the risks to which the bank is exposed and robust methods for systematic risk management. As reflected in our risk profile, Carnegie has an explicitly low risk appetite. Our general risk strategy is to take conscious and controlled financial risks that support our advisory business. Carnegie's business model primarily drives non-financial risks, such as operational risk, compliance risk and reputational risk. Financial risks, such as market and credit risks, are generally low and the Group sustained no material losses in 2021.

Carnegie's operations during the year were characterised by the Covid pandemic. Exposure to certain types of risk has risen slightly, particularly the operational risks associated with remote working. There were no material losses or incidents during the year.

RISK MANAGEMENT

Risk management at Carnegie is based on the principle of three lines of defence. The model distinguishes between functions that own risk and compliance (first line), functions that control risk and compliance (second line) and functions for independent audit (third line).

The model rests on the fundamental principle that responsibility for risk management and control always resides where the risk arises. This means that every employee is responsible for managing risks in their own area of responsibility. As such, risk management encompasses all employees, from the CEO and other senior executives to staff in front and back office and support functions.

Beyond the control and monitoring performed by the business units, Carnegie has three control functions that are independent from business operations: Risk Management, Compliance and Internal Audit. Risk Management and Compliance supervise risk management and regulatory compliance within the business areas. The third arm, Internal Audit, is responsible for verifying that the business areas and the other control functions perform their tasks as required.

Risk management in the business areas

The first line of defence comprises the business areas and support functions under the guidance of operational managers. As the first line of defence, each operational unit bears full responsibility for the risks associated with their operations. Members of operational staff know their clients best and it is they who take ongoing business decisions. They are thus in the best position to assess risks and react swiftly if a problem should arise. In order to maintain sound risk control, the business areas, assisted by the support functions within the first line of defence, perform active risk management and ongoing control activities. These activities include credit risk decisions, decision and payment authorisation rules, verification, reconciliation and effective division of responsibility and tasks in processes and procedures.

Risk management and compliance

The control functions in the second line of defence are responsible for establishing group-wide processes and procedures to ensure that risks are managed in a systematic way. Risk management rules and procedures as well as regulatory compliance are described in policies and instructions that are adopted by management and the Board.

The risk management function is responsible for monitoring risk management by the business areas and ensuring that the level of risk is in line with the risk appetite and tolerance as determined by the Board. The risk management function is headed by the Chief Risk Officer (CRO) who reports directly to the CEO and the Board. The risk management function develops processes and methods for risk management and monitors their application. The risk management function is also responsible for independently identifying, measuring and monitoring the development of the Group's risks over time and reporting risk on an aggregate level to the Board and Group management. This includes the scenario analysis and stress tests performed within the framework of the annual internal capital and liquidity adequacy assessment (ICLAAP) process.

The compliance function's responsibility includes verifying operational compliance with laws, regulations and internal rules. The regulatory areas that are particularly time-consuming include the Markets in Financial Instruments Directive (MiFID) and regulations intended to prevent market abuse, money laundering and terrorist financing. The tasks of the compliance function include interpreting applicable rules, informing relevant functions about regulatory changes, assisting the business operations with drafting internal rules and supporting business operations and management with advice and support related to compliance.

Carnegie's compliance function is headed by the Group Compliance Officer (GCO), who reports directly to the CEO and the Board. The compliance function also comprises compliance officers at each subsidiary and branch. The local functions report to the CRO as well as local management and boards.

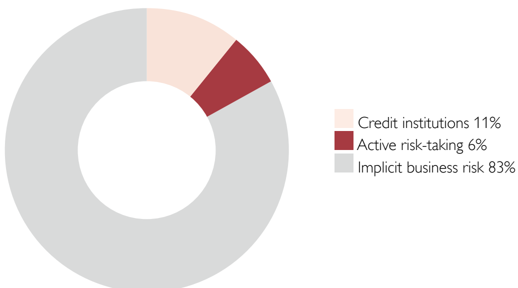
Internal audit

Internal Audit represents the third line of defence. Its responsibility is to systematically assess and verify the adequacy and effectiveness of internal control and risk management from a regulatory perspective and risk-based approach. Their responsibility includes verifying that both the operations in the first line of defence and independent control functions within the second line of defence are functioning satisfactorily. Internal Audit is independent of the business operations and reports directly to the Board. The principles that govern the work of the Internal Audit function are reviewed and approved annually by the Board Audit Committee and adopted by the Board.

RISK AREAS

Risk represents uncertainty that may adversely impact Carnegie, for example in the form of financial loss or damaged reputation. Carnegie's business primarily entails exposure to the following types of risk: operational risk, compliance risk, sustainability risk, reputational risk,

Risk profile



business risk, strategic risk, market risk, credit risk and liquidity risk.

As shown on the chart below, a small fraction, 6 percent, of the bank's risk-weighted assets arise from active risk-taking, that is, risks that the bank chooses to take in the course of ongoing business. This includes, for example, lending to the public and the bank's client-driven trading, which entails actively chosen business risk, credit risk and market risk for Carnegie.

Risk-weighted assets arising from the bank's liquidity management account for 11 percent, of which the majority is comprised of risks against credit institutions. Implicit business risk corresponds to 83 percent, which includes risks that arise regularly in banking operations, such as compliance risk, operational risk, sustainability risk, reputational risk and strategic risk. Implicit business risk is not actively chosen, but is nevertheless inevitable in day-to-day operations. Implicit business risk can become manifest in Carnegie through human error or failed internal processes in the form of operational risk. Structural currency risks in the equity of the bank's subsidiaries can also generate an implicit business risk for the bank.

Operational risk

Operational risk is the risk of loss resulting from an inappropriate organisation, the human factor, inadequate or failed internal processes/systems or external events. The definition includes legal risk.

Operational risk may arise from many different factors. These encompass a wide range of circumstances related to everything from transaction processes, internal or external fraud and system errors to natural disasters. This type of risks can be difficult to identify and assess.

Operational risk includes cyber risk. Developments in this area are swift and cyber attacks are becoming increasingly common. Managing cyber risks is therefore an important focus area for Carnegie. In addition to technical protective measures, clear rules and guidelines, clear communication to maintain risk awareness among employees and monitoring compliance with rules and procedures are key components of cyber risk management at Carnegie.

To manage the operational risks of the business, Carnegie has established a group-wide framework that encompasses policies and standardised procedures for identifying, assessing and reporting operational risk.

The framework is based on a variety of components including the following key processes:

- Self-assessment: Each unit within Carnegie regularly conducts a self-assessment exercise in which operational risks in all significant processes are identified, assessed and analysed. The purpose of this analysis is to raise awareness of operational risks and to address significant risks.
- Incident reporting: To assist in the identification, management and assessment of operational risk, Carnegie has developed a system for reporting of operational risk events, referred to as incidents. All employees have a responsibility to report incidents and managers are responsible for addressing unacceptable risks within their area of responsibility. The risk management function follows up on and analyses incidents.
- Approval of new products and services: Carnegie has a standardised process for examining and approving new products and services and major changes to existing products and services. The procedure involves a review of risks and controls related to new products in which all the concerned functions are involved and give their approval before the product is introduced. The purpose of the process is to ensure that potential operational risks are identified and addressed prior to product launch.

Sustainability risk

Sustainability risk is the risk of impact in areas such as human rights, the environment, climate, corruption and money laundering. Sustainability risk could arise in any area of the bank's operations in its capacity as an asset manager, service provider, lender, employer and buyer.

Managing sustainability risks is important from the financial and legal perspectives, but also from the reputational perspective. As with other operational risks, responsibility for managing sustainability risks lies where the risk arises. This means that each employee is responsible for identifying and managing sustainability risks within their area of responsibility with the support of the risk management function. Carnegie has a whistle-blowing procedure through which employees can make an anonymous report if they discover any noncompliance with internal or external regulations. Reports made in the whistle-blower system are managed confidentially the Head of Internal Audit. Further information about Carnegie's sustainability work is provided in the Sustainability Report, which is published on pages 84-92.

Compliance risk

Compliance risk is the risk of regulatory sanctions, financial losses or damaged reputation due to noncompliance with rules and regulations.

Carnegie's business is subject to extensive legislation and regulations intended to provide strong consumer protection and secure the stability of the financial system. Carnegie works on an ongoing basis to monitor these in order to ensure compliance.

Examples of such regulations of particular importance to Carnegie are:

- AML/KYC: Rules on measures against money laundering and terrorist financing, including maintaining good customer knowledge and effective transaction monitoring.
- CRD/CRR/Basel III: Capital and liquidity requirements on the business.
- MiFID II/MiFIR: EU harmonised rules for the securities business.
- MAD II/MAR: Regulations aimed at prevention of various forms of market abuse.
- CRS: OECD standard concerning exchange of tax information.
- GDPR: Common data protection regulations within the EU.
- IFRS 9 and BCBS d350: Accounting standard and guidance on credit risk practices.

Maintaining the trust of our clients and supervisory authorities is a prerequisite for Carnegie's operations. Inadequate regulatory compliance may have far-reaching consequences in the form of both legal sanctions and damaged reputation. Management of compliance risk is thus a key component of overall risk management at the bank. Within Carnegie, this work involves, among else, the following:

- A compliance function, which has particular responsibility for ensuring regulatory compliance.
- Regular monitoring of regulatory changes, in particular through membership in various industry organisations, such as the Swedish Securities Markets Association and SwedSec.
- Carnegie works proactively to prevent market abuse, money laundering and terrorist financing.
- Carnegie regularly identifies its conflicts of interests and makes every effort to ensure that action is taken to manage these in a way that is not detrimental to the interests of clients.
- Carnegie drafts and adopts policies, instructions and procedures that are applied throughout the Group.

Reputational risk

Reputational risk is the risk of loss of income from the Group's potential and existing clients if they lose trust in Carnegie due to negative publicity or rumours about the Group or about the financial services industry in general.

Reputational risk is primarily a consequential risk triggered by internal or external events that have negative impact on confidence in the bank among clients, regulators and counterparties. Reputational risk is one of the most difficult risks to assess and guard against. At the same time, the consequences can potentially be substantial if confidence in a bank is damaged.

At Carnegie, reputational risk is managed primarily through open and frequent dialogue with stakeholders in the company. Carnegie has a wide range of communications channels towards clients and other counterparties in the market that make it possible to pick up any negative signals. In addition, Carnegie endeavours to maintain frequent and transparent public disclosure of information.

Business risk and strategic risk

Business risk is the current or prospective risk to earnings arising from changes in the business environment. Strategic risk is the current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions, lack of responsiveness to changes in the business environment or inadequate strategic planning.

Business risk and strategic risk are closely related. Business risk involves external changes, such as trends in global stock markets and the general business climate. Strategic risk is related to the ability to adapt to these changes. Carnegie continuously reviews its strategic position and engages in business intelligence to be prepared for changes in market conditions and the competitive landscape. For example, Carnegie performs regular scenario analyses to assess the impact of changed market conditions. The purpose of these analyses is to create the best possible basis for strategic decisions.

Market risk

Market risk is the risk of loss due to movements in prices and volatility in the financial markets.

Carnegie offers its clients a range of sophisticated financial services and products in several markets. The offering includes making prices for financial instruments directly to clients (client facilitation) or in the market (market making). When transactions are executed according to either of these activities, positions in Carnegie's own trading book may arise. The risk in the positions is managed according to applicable policies and instructions. The risk that has arisen and its management are monitored by the financial risk department.

In the wake of dramatic price movements in 2020, volatility subsided to more normal levels in 2021. There was no significant profit impact on the bank's trading book during the year.

The bank is exposed to four main types of market risk: equity risk, volatility risk, currency risk and interest rate risk. In order to gain an overall picture, Carnegie applies several complementary risk measures and limits.

Market risk is also measured through stress tests that estimate potential losses in various extreme scenarios. Risk exposures and limit usages are reported on a regular basis to the CEO and the Board.

Equity price risk

Equity risk is the risk of loss due to adverse changes in equity prices. Equity risk arises when Carnegie acts as market maker, provides prices on equities and equity-related instruments to its clients (client facilitation) or acts as the guarantor in primary market transactions.

Volatility risk

Volatility risk is the risk that the value of a financial instrument may vary due to changes in the underlying instrument's volatility. Volatility risk arises in positions in held and issued options that arise after activities within client facilitation or market making activities.

Currency risk

Carnegie's currency risk can be divided into operational risk and structural risk. Operational currency risk is defined as the currency risks arising in ongoing business operations through currency or securities deals with the bank's clients. Structural currency risk is defined as the currency exposure arising in the balance sheet through parts of the business being conducted in countries with different currencies. The largest structural currency risk is associated with the Group's foreign subsidiaries and branches.

Interest rate risk

Interest risk arises both in the trading book and in other operations. Interest risk in the trading book is defined as the risk of losses due to changes in interest rates. Interest risk in the trading book primarily arises from positions in bonds and, to a certain extent, derivatives. As necessary, these risks are hedged with interest-bearing instruments. Interest rate risk in other operations is the risk that net interest income and interest-bearing instruments in the banking book will be adversely affected by changes in market rates. The risks generally arise when the fixed-interest terms of assets and liabilities do not coincide. Carnegie's lending and deposits are mainly at variable rates.

Credit risk

Credit risk is the risk of loss due to failure of counterparties to fulfil contractual obligations. As part of this risk category, concentration risk is managed that arises from concentrations in the credit portfolio against a single counterparty, industrial sector or geographical region or from concentrations in pledged collateral.

Carnegie's exposure to credit risk originates mainly from margin lending, residential mortgage lending and exposure to central banks and major banks, primarily Nordic institutions. The majority of exposure towards non-financial counterparties is secured by collateral in liquid securities. In order to manage adverse movements in the securities market, collateral values are set based on the risk nature of the collateral. Collateral value is monitored daily. Exposure to central banks and Nordic institutions arises primarily when Carnegie places its surplus liquidity and through collateral pledged for client-driven securities trading.

Credit-related services are offered within the business area of Investment Banking & Securities as part of the business area's normal operations and business strategy. The assurance of a secondary market for structured instruments provided by Carnegie gives rise to credit risk in relation to the issuing counterparty.

The majority of the Group's credit risk exposure is against strong financial counterparties arising from liquidity management. Margin lending and residential mortgages account for the majority of other exposure.

In most cases, margin lending is part of an investment strategy. The counterparties in this portfolio are mainly private individuals with a strong financial position and capacity to repay, which also applies to mortgages. Accordingly, the credit risk in this segment is low, which is further reinforced by the high-quality collateral portfolio in the pledged securities custody accounts and homes. The quality of the collateral portfolio reflects the Group's policies and instructions, which cover matters such as loan-to-value and liquidity requirements.

The percentage of unsecured margin loans is low and the loan agreements are primarily valid until further notice. Credit risk in the margin lending portfolio is regularly stress-tested for market volatility and, as needed, in connection with major price movements in the securities markets.

In some cases, credit risk may also arise in connection with transactions in Investment Banking. These are characterised by short maturities and collateralised exposures.

Exposure to credit risk within Carnegie for 2021 was essentially on par with 2020. Credit risk within the confines of the bank's treasury operations is still characterised by a diversified placement strategy vis-à-vis strong financial counterparties, primarily Nordic major banks, housing bonds with the highest rating and municipal certificates. The collateral portfolio for margin lending is well-diversified and no credit losses arose during the year other than those due to statistical changes within the forward-looking credit loss allowances required under IFRS 9.

Credit policy

Carnegie's credit policy sets the frameworks for managing credit risk, concentration risk and settlement risk and reflects the risk appetite established by the Board. The policy establishes that credit operations shall be based on:

- Counterparty assessment: Credit decisions are based on careful assessment of the credit risk. This includes assessment of the counterparty's financial position, prospective repayment capacity and the quality of pledged collateral.
- Collateral: Collateral for exposures consists mainly of cash deposits, liquid financial instruments, residential property or bank guarantees. When collateral value is determined, Carnegie must always have first priority on pledge and thereby not be subordinated to other creditors.
- Diversification: The credit portfolio must be diversified with regard to individual counterparties, industrial sectors, regions and with regard to pledged collateral. This applies at the individual counterparty level, the aggregate limit level and up to the level for the various legal entities within the Group.
- Sound principles: Credit approvals are based on sound banking principles and high ethical standards. Legal principles and generally accepted methods must not be jeopardised in any way.

Settlement risk

Settlement risk is the risk that the bank will fulfil its obligations in a contractual exchange of financial assets but fail to receive the corresponding settlement in return. Settlement risk is driven primarily by trading in securities on behalf of clients.

Settlement risk within the Group is managed primarily via central clearing partners, where transactions are settled according to the delivery versus payment system. In certain cases, deals are settled outside the system of central clearing partners after the counterparty risk has been assessed by a competent authority. Settlement risk is therefore limited to the potential cost of replacing counterparties in the transaction and is affected by movements in the market price of the underlying instrument.

LIQUIDITY AND FINANCING

At year-end, 16 (16) percent of Carnegie's financing was comprised of equity, while deposits from the public accounted for 68 (68) percent and other debt accounts for 19 (16) percent of the balance sheet total.

Financing in the form of equity and deposits and borrowing from the public was considerably greater at year-end than Carnegie's total lending. The loan-to-deposit ratio for the Group was 31 (33) percent.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations or be able to do so only at substantially higher cost.

Carnegie maintains a liquidity reserve to ensure that it can meet its payment obligations in a stress scenario. The reserve exceeds the expected maximum net cash flow over a 30-day period of severe stress. Stress tests are designed to evaluate the potential effects of a series of extreme but possible events. Liquidity is monitored daily by Carnegie's treasury department and forecasts are prepared regularly.

CAPITAL MANAGEMENT

Carnegie's profitability and financial stability are directly dependent upon the ability to manage risks in the business. Aimed at maintaining good financial stability even in the face of unexpected losses, Carnegie has set an internal capital target. The target is set by the Board based on regulatory requirements and the internal assessment of capital needs. In addition to the capital target, Carnegie has a recovery plan that describes the possible measures that can be taken in the event of a strained financial situation.

The Group's financial position remains strong with a common equity Tier 1 capital ratio of 23.6 percent (26.4) and capital adequacy of 23.6 percent (26.4).

Pillar 1 - Minimum capital requirements

Carnegie must at all times maintain a capital base that, at minimum, is equal to the total of the capital requirements for credit risk, market risk and operational risk. Capital adequacy regulations provide various methods for calculating the capital required.

Carnegie applies the standard method fore calculating credit risk, standardised methods for market risk and the base indicator approach for operational risk.

Pillar 2 - Risk assessment

Carnegie has processes and methods that enable continuous assessment and maintenance of capital that is adequate in terms of amount, type and allocation to cover the nature and level of the Group's current and prospective risk exposures. As part of the ICAAP, an extensive risk analysis is performed, encompassing all potential risks that may arise within Carnegie. The Board and senior management participate throughout the process by contributing to identifying and analysing risks, defining scenarios and stress test methods and approving the final capital requirement.

Pillar 3 - Public disclosure

In accordance with capital adequacy regulations, Carnegie must disclose information about its capital adequacy and risk management. Additional disclosures concerning Carnegie's capital adequacy in 2021 are provided in the Capital Adequacy and Liquidity Report, available at www.carnegie.se.

Five-year review

Group

Income statement, SEKm	2021	2020	2019	2018	2017
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
Profit before credit losses	**1,730**	**834**	**677**	**386**	**461**
Credit losses, net	-8	2	-5	4	2
Profit before tax	**1,722**	**836**	**672**	**390**	**463**
Tax	-368	-197	-78	-90	-124
Profit for the year from continuing operations	**1,354**	**639**	**593**	**300**	**339**
Discontinued operations					
Profit for the year from discontinued operations	–	–	–	–	7
Net profit for the year	**1,354**	**639**	**593**	**300**	**346**
Whereof profit from assets held for sale	–	–	171	13	–
Profit for the year excluding profit from assets held for sale	**1,354**	**639**	**422**	**287**	**346**

Financial key data, continuing operations	2021	2020	2019	2018	2017
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, %[1]	48	33	32	16	22
Total assets, SEKm	20,967	14,322	11,285	12,611	12,254

Capital base	2021	2020	2019	2018	2017
Common Equity Tier 1 capital ratio, %	23.6	26.4	25.2	24.2	23.0
Equity, SEKm	3,422	2,332	1,725	2,024	1,917

Employees, continuing operations	2021	2020	2019	2018	2017
Average number of employees	650	597	569	600	590
Number of employees at the end of the year	675	609	585	606	598

1) The historical overview is based on legal income statements. Discontinued operations include operations within third-party distribution of structured products for 2017.

1) Profit for 2018 and 2019 is adjusted for profit from assets held for sale.

Consolidated statements of comprehensive income

SEK 000s	Note	Jan–Dec 2021	Jan–Dec 2020
Commission income	8	5,267,798	3,313,317
Commission expenses		-77,932	-67,016
Net commission income	9	**5,189,866**	**3,246,300**
Interest income	8	87,239	74,697
Interest expenses		-36,518	-27,113
Net interest income	10	**50,722**	**47,584**
Net profit or loss from financial transactions	8, 12	-11,906	-5,241
Total operating income		**5,228,682**	**3,288,643**
Personnel expenses	13	-2,767,692	-1,900,672
Other administrative expenses	14	-619,598	-478,619
Depreciation and amortisation of tangible and intangible assets	15	-111,439	-74,875
Total operating expenses		**-3,498,728**	**-2,454,166**
Profit before credit losses		**1,729,954**	**834,477**
Credit losses, net	16	-7,786	1,943
Profit before tax		**1,722,168**	**836,420**
Tax	17	-367,741	-197,358
Net profit for the year		**1,354,427**	**639,061**
Other comprehensive income from continuing operations			
Items that may subsequently be reclassified to the income statement			
Translation of foreign operations		34,829	-32,123
Total comprehensive income for the year		**1,389,256**	**606,939**

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

Consolidated statements of financial position

SEK 000s	Note	31 Dec 2021	31 Dec 2020
Assets			
Cash and bank deposits with central banks	6. 19	1,289,229	14,004
Negotiable government securities	6, 19	6,524,599	3,959,922
Loans to credit institutions[1)]	6	5,536,503	3,709,606
Loans to the general public	6, 18, 19	4,178,889	3,147,921
Bonds and other interest-bearing securities	6, 19, 20	1,631,324	1,827,419
Shares and participations	19, 20	376,970	534,936
Derivative instruments	19	10,248	14,593
Intangible assets	22	–	26,230
Tangible fixed assets	23	361,603	255,934
Current tax assets		279,684	117,986
Deferred tax assets	24	161,713	148,086
Other assets	25	418,154	492,489
Prepaid expenses and accrued income	26	198,113	72,471
Total assets		**20,967,029**	**14,321,597**
Liabilities and equity			
Liabilities			
Liabilities to credit institutions	6	53,614	136,653
Deposits and borrowing from the general public[1]	6	14,354,700	9,748,965
Short positions, shares	19	62,698	24,248
Derivative instruments	19	12,552	32,789
Current tax liabilities		384,126	220,076
Other liabilities	27	852,236	653,896
Accrued expenses and prepaid income	28	1,763,891	1,110,890
Other provisions	29	61,628	61,753
Total liabilities		**17,545,447**	**11,989,270**
Equity			
Share capital		238,811	238,811
Other capital contributions		683,165	683,165
Provisions		-88,001	-122,830
Retained earnings		2,587,608	1,533,182
Total equity		**3,421,582**	**2,332,327**
Total liabilities and equity		**20,967,029**	**14,321,597**
Pledged assets and contingent liabilities	30		
Assets pledged for own debt		745,032	294,462
Other pledged assets		717,510	772,769
Contingent liabilities and guarantees		349,027	503,569

1) Whereof client funds 997,769 (216,470)

Consolidated statements of changes in equity

	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS				
SEK 000s	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total
Equity - opening balance 2020	**238,811**	**683,165**	**-90,707**	**894,119**	**1,725,387**
Net profit for the year				639,061	639,061
Other comprehensive income:					
Translation differences relating to foreign operations			-32,123		-32,123
Total comprehensive income (net after tax)			**-32,123**	**639,061**	**606,939**
Initial effect of transition to IFRS 9					
Dividends paid				–	–
Equity - closing balance 2020	**238,811**	**683,165**	**-122,830**	**1,533,182**	**2,332,327**
Net profit for the year				1,354,427	1,354,427
Other comprehensive income:					
Translation differences relating to foreign operations			34,829		34,829
Total comprehensive income (net after tax)			**34,829**	**1,354,427**	**1,389,256**
Dividends paid				-300,000	-300,000
Equity - closing balance 2021	**238,811**	**683,165**	**-88,001**	**2,587,608**	**3,421,582**

Parent company income statement

SEK 000s	Note	Jan-Dec 2021	Jan-Dec 2020
Net sales	8	–	–
Other external costs	14	-8,410	-803
Personnel expenses	13	-864	-970
Operating loss		**-9,273**	**-1,773**
Interest expenses and similar expenses	10	-1	-2
Profit from participations in subsidiaries	11	1,209,300	305,000
Profit from financial items		**1,209,299**	**304,998**
Profit before tax		**1,200,025**	**303,225**
Tax	17	-48	-30,379
Profit for the year		**1,199,977**	**272,846**

Parent company statement of other comprehensive income

SEK 000s	Jan-Dec 2021	Jan-Dec 2020
Profit for the year	1,199,977	272,846
Other comprehensive income	–	–
Total comprehensive income for the year	**1,199,977**	**272,846**

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

Parent company balance sheet

SEK 000s	Note	31 Dec 2021	31 Dec 2020
Assets			
Shares and participations in group companies	21	1,780,084	1,780,084
Deferred tax asset	24	–	–
Total financial non-current assets		**1,780,084**	**1,780,084**
Other current receivables		1,209,319	305,079
Cash and bank balances		3,820	1,906
Prepaid expenses and accrued income		10,325	–
Total current assets		**1,223,464**	**306,985**
Total assets		**3,003,548**	**2,087,069**
Equity and liabilities			
Restricted equity			
Share capital		238,811	238,811
Total restricted equity		**238,811**	**238,811**
Non-restricted equity			
Share premium reserve		683,165	683,165
Retained earnings		863,537	890,691
Net profit for the year		1,199,977	272,846
Total non-restricted equity		**2,746,679**	**1,846,702**
Total equity		**2,985,490**	**2,085,513**
Pension provisions		–	0
Total provisions		–	**0**
Liabilities to group companies		–	773
Current tax liabilities		48	–
Other current liabilities	27	16	669
Accrued expenses and prepaid income	28	17,994	114
Total current liabilities		**18,058**	**1,556**
Total liabilities		**18,058**	**1,556**
Total equity and liabilities		**3,003,548**	**2,087,069**
Pledged assets and contingent liabilities	30		
Assets pledged for own debt		–	–
Other pledged assets		–	–
Contingent liabilities and guarantees		112,509	112,509

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
SEK 000s	Share capital	Share premium reserve	Retained earnings	Total
Equity - opening balance 2020	**238,811**	**683,165**	**890,691**	**1,812,667**
Net profit for the year			272,846	272,846
Total income and expenses for the year			**272,846**	**272,846**
Dividends paid			–	–
Equity - closing balance 2020	**238,811**	**683,165**	**1,163,537**	**2,085,513**
Net profit for the year			1,199,977	1,199,977
Total income and expenses for the year			**1,199,977**	**1,199,977**
Dividends paid			-300,000	-300,000
Equity - closing balance 2021	**238,811**	**683,165**	**2,063,514**	**2,985,490**

The number of shares outstanding at 31 December 2021 was 2,168,350 with a quotient value of SEK 110.135 per share. All outstanding shares are ordinary shares.

Cash flow statements

	GROUP		PARENT COMPANY	
SEK 000s	2021	2020	2021	2020
Operating activities				
Profit before tax	1,722,168	836,420	1,200,025	303,225
Adjustments for items not affecting cash flow	120,714	105,321	-1,209,300	-305,000
Paid income tax	-381,482	-78,397	19	1,487
Cash flow from operating activities before changes in working capital	**1,461,400**	**863,344**	**-9,256**	**-287**
Changes in working capital	2,420,427	2,305,057	311,170	772
Cash flow from operating activities	**3,881,827**	**3,168,401**	**301,914**	**484**
Investing activities				
Acquisition and sales of fixed assets	-15,312	-32,702	–	–
Cash flow from investing activities	**-15,312**	**-32,702**	**–**	**–**
Financing activities				
Dividends paid	-300,000	–	-300,000	–
Amortisation of lease liabilities	-70,685	-65,432	–	–
Cash flow from financing activities	**-370,685**	**-65,432**	**-300,000**	**–**
Cash flow for the year	**3,495,830**	**3,070,267**	**1,914**	**484**
Cash and cash equivalents at beginning of year [1]	7,131,403	4,116,866	1,906	1,422
Translation differences in cash and cash equivalents	78,664	-55,730	–	–
Cash and cash equivalents at end of year [1]	**10,705,898**	**7,131,403**	**3,820**	**1,906**

[1] Excluding loans to credit institutions that are not payable on demand, cash and cash equivalents pledged as collateral and client funds.

For further disclosures concerning cash flow statements, see Note 32.

Notes

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Note 1 General information

Carnegie Holding AB, corporate registration number 556780-4983, has its registered office in Stockholm, at Regeringsgatan 56. The company's business is to directly or indirectly own, manage, pledge collateral to and provide loans to the banking operations and other Group companies related to financial activities and to conduct related business. All business in Carnegie Holding takes place in Carnegie Investment Bank AB and its subsidiaries. The Group also included Carnegie Fonder AB up to the end of April 2016, after which the company was sold.

Carnegie is a Nordic investment and private bank with operations in three business areas: Securities, Investment Banking and Private Banking. Carnegie offers financial products and services to Nordic and international clients from offices in six countries: Sweden, Denmark, Norway, Finland, the UK and the US.

Carnegie Holding AB is owned by the fund Altor Fund III and employees of Carnegie. Carnegie Holding AB is not included in any consolidated financial statements through the above and there are thus no references to such consolidated financial statements.

Note 2 Basis for preparing financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU, with the exception of *IFRS 8 Operating Segments* and *IAS 33 Earnings Per Share*, for which application is not mandatory for entities whose shares are not publicly traded.

Also applied were applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU; *The Swedish Act on Annual Reports of Credit Institutes and Securities Companies* (ÅRKL 1995:1559); recommendation RFR 1 *Supplementary Accounting Regulations for Corporate Groups* issued by the Swedish Financial Accounting Standards Council; and the *Regulations and general recommendations regarding annual reporting of credit institutions and securities companies* issued by Finansinspektionen (FFFS 2008:25). The consolidated financial statements were prepared in accordance with the purchase method with the exception of certain financial instruments measured at fair value.

The financial statements for the group and the parent company are presented in thousands of Swedish kronor rounded to the nearest thousand (SEK 000s). As a result, amounts in thousands of SEK may not agree in all cases when summed.

The parent company's functional currency is the Swedish krona (SEK). Accounting principles for the parent company are presented below under "Parent company accounting policies".

Note 3 New and amended accounting standards

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

Note 4 Critical assessment parameters

In connection with application of Group accounting principles, estimates and assumptions about the future are required that affect the amounts presented in the financial reports. The estimations, which are based on judgements and assumptions that management has deemed fair, are regularly re-examined. Estimations and judgements related to expected credit loss allowances are stated in Note 18.

Significant assumptions and judgements concern the following areas.

Measurement of financial assets and liabilities

Financial assets and liabilities in the trading portfolio are measured at fair value in the balance sheet, while changes in fair value are recognised in profit and loss. Critical assessment parameters relate to how fair value is determined for of these assets and liabilities.

If market prices are available on an established marketplace, they are used for the measurement. When there is no active market or when quoted prices are temporarily unavailable, fair value is determined using various measurement techniques. These methods include Black-Scholes-based models.

A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends. Changing the assumptions with regard to these parameters may affect the recognised value of the financial instrument. The assumptions used when observable parameters are lacking in the market are in accordance with the instructions defined by Carnegie's Capital, Credit and Risk Committee (CRC).

The measurement methods are primarily used to measure derivative instruments. The determined theoretical prices are reconciled regularly against quoted market prices. In addition, all derivative instruments are verified quarterly by an independent party. The above models are applied consistently from one period to the next to ensure comparability and continuity in measurements over time. For more detailed information, refer to the section on Risk, liquidity and capital management and Note 6.

Provisions

Judgements are required to determine whether any legal or constructive obligations exist and to estimate the probability, timing and amount of outflows of resources. Demands originating from civil legal proceedings or government agencies typically involve a greater degree of judgement than other types of provisions.

Leases

In the measurement of future lease payments, Carnegie has reviewed all of the Group's lease contracts to ensure completeness as regards agreements. For Carnegie, this includes leases for premises and leases for cars. Carnegie does not consider other contracts material. Leases with terms of 12 months or less have been excepted. All lease contracts specify the term of the lease and the terms and conditions applicable to extension of the lease. Leases for cars run for a period of three years. Carnegie has elected to use an estimated financing cost as the basis for determining the interest rate for leases for premises. A variable interest rate is specified in the leases for cars.

Recognition of deferred tax assets

Carnegie recognises deferred tax assets attributable to timing differences and tax-deductible deficits. The ability to utilise deferred tax assets depends on Carnegie's capacity to report taxable profits in the future. Management believes that Carnegie will be able to report taxable profits within the foreseeable future that can be utilised against loss carryforwards in previous years, which justifies recognition of the deferred tax assets. See Note 24 Deferred tax assets.

Note 5 Applied accounting policies

Consolidated financial statements

The consolidated financial statements include the parent company and all companies over which the parent company directly or indirectly exercises a controlling influence. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement wit the investee and has the ability to affect those returns through its power over the investee.

Controlling influence is assumed to exist when the ownership share amounts to at least 50 percent of the voting rights in the subsidiary but may also be achieved if a controlling influence is exercised in some other manner than share ownership. Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is attained and are eliminated as of the date on which the controlling influence ceases.

All internal transactions between subsidiaries, as well as intra-group unsettled balances, are eliminated in the consolidated financial statements. When necessary, the accounting principles of subsidiaries are modified in order to achieve greater agreement with Group accounting principles.

The equity portion of untaxed reserves is recognised in equity as retained earnings. The tax portion of untaxed reserves is recognised as a deferred tax liability based on the current tax rate in each country.

Subsidiaries are recognised according to the purchase method. This means that identifiable acquired assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. The surplus, comprising the difference between the cost of the acquired shares and the sum of the fair value of the identifiable acquired net assets, is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in profit and loss. The cost of a subsidiary corresponds to the sum of the fair value of purchased assets, accrued or assumed liabilities and the equity instruments that the purchaser has issued in exchange for the controlling influence in the subsidiaries. Minority owners' interests in the acquired company are initially calculated as the minority share of the net fair value of the recognised assets, liabilities and contingent liabilities.

Foreign currency

The accounts of subsidiaries and branches are stated in their functional currencies, which in Carnegie's case is the same as local currency, meaning the currency used in the primary economic environment in which the subsidiary or branch operates.

Transactions in foreign currency are translated at average rates. Monetary assets and liabilities in foreign currency (such as accounts receivable and accounts payable) are translated at the closing date rate, and the exchange rate differences thus arising are recognised in profit and loss.

Exchange rate differences recognised in profit and loss are included in the item "Net profit/loss from financial transactions at fair value".

In preparing the consolidated accounts, the balance sheets of foreign subsidiaries and branches are translated to SEK at the closing date rate, while the income statements are translated based on the average rate for the period. The translation differences thus arising are recognised in "Other comprehensive income" and become a component of equity.

Income recognition

Income refers primarily to various types of commission income from services provided to clients. The type of income governs how income is recognised. Income classified as commission income refers to Revenue from Contracts with Customers as per IFRS 15. Income is recognised at a specific point in time or as the performance obligation is satisfied, which is normally when control of the good or service is passed to the customer. The revenues reflect the consideration expected in exchange for these goods or services.

Commission income mainly includes brokerage fees and advisory income within Private Banking and Investment Banking. Ongoing charges are recognised in income in the period when the obligations are satisfied. Brokerage fees are usually recognised in income on the transaction date. Other commission income and fees such as for advisory and research are recognised in income as the performance obligations are satisfied.

Commission expenses are transaction based and directly attributable to commission income. These costs are recognised in the period in which the services were received.

Interest income and interest expenses are recognised as income or expense in the period to which they refer.

The net profit or loss from financial transactions consists of realised and unrealised changes in the value of financial instruments based on the fair value of shares, participations, bonds, derivatives and other securities. The net amount also includes interest, share dividends and exchange rate changes. The principles for income recognition for financial instruments are also described below under the heading "Financial assets and liabilities."

Dividend income is recognised when the right to receive payment is established.

Expense recognition

Operating and administrative expenses, employee benefits, other personnel expenses and borrowing costs are recognised in the period to which they relate.

Remuneration to employees

Remuneration to employees in the form of salaries, paid holidays, paid absence due to illness, other current remuneration and similar items, as well as pensions, are recognised at the rate they are earned. Any other postemployment remuneration is classified and recognised in the same manner as pension commitments.

Variable remuneration

The Group reports any expense for variable remuneration as personnel expenses, which are recognised as an accrued expense until remuneration is paid. The expense is recognised at the rate it is accrued, meaning when it is linked to a contract or when there is an established practice that creates a constructive obligation.

Guaranteed variable remuneration is recognised as an expense over the period of service, i.e., as it is earned. In accordance with Finansinspektionen's regulations regarding remuneration systems in credit institutions, investment firms and fund management companies, guaranteed variable remuneration (sign-on bonus) is paid only in connection with new recruitments and the service period is limited to one year.

Remuneration policies for the Group are described in the Corporate governance section, pages 36-38.

Severance pay

Severance pay is paid when employment is involuntarily terminated prior to reaching retirement age or when an employee voluntarily resigns in exchange for severance pay. The Group reports a cost for a severance payment when the company is demonstrably committed, without realistic possibility of withdrawal, by a formal detailed plan to terminate employment before the normal time. When compensation is offered to encourage voluntary termination, a cost is recognised if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated. Benefits falling due for payment more than 12 months after the closing date are discounted to the present value if they are significant. Pay during the notice period is recognised as an expense during that period if the employee continues working through the notice period, but are immediately expensed if the employee is relieved of duty during the notice period.

Pension commitments

A defined contribution plan is a pension plan according to which a company pays fixed fees to a separate legal entity. Thereafter, the company has no legal or constructive obligations to pay additional fees related to the employee's pension entitlement.

A defined benefit plan is a pension plan that guarantees the employee a certain amount as a pension upon retirement, usually based on several different factors, including final salary and term of service. The Group only has defined contribution pension plans.

Costs for defined contribution pension plans are recognised in profit and loss at the rate benefits are earned, which normally coincides with the date on which pension premiums are paid. Costs for special employer's contribution (in Sweden) are recognised as an expense at the rate at which retirement benefit expenses arise.

Recognition of endowment insurance

Certain individual pension commitments are guaranteed through what is called company-owned endowment insurance. Because Carnegie does not have any additional commitments to cover any declines in endowment insurance or to pay any amount above the paid premium, Carnegie considers these pension plans as defined contribution plans. Accordingly, the premium payments correspond to final settlement of the commitment to the employee. In accordance with IAS 19 and the rules for defined contribution pension plans, Carnegie therefore recognises neither assets nor liabilities with the exception of the special employer's contribution related to these endowment insurance policies.

Current and deferred income tax

Tax expense/income for the period is the sum of current and deferred tax. Taxes are recognised in profit and loss except when the tax refers to items reported in 'Other comprehensive income' or is charged directly against equity. In such cases, the tax is also reported in Other comprehensive income or, respectively, equity. Current tax is the tax that is calculated on taxable profit for a reporting period. Taxable profit for the year differs in comparison with recognised profit before tax, since taxable profit is adjusted for non-deductible expenses and non-taxable income and other adjustments, such as a result of double-taxation agreements with other countries. The Group's current tax liability is calculated according to the tax rates established or in practice approved (announced) in each country on the closing date.

Deferred tax is reported according to the balance sheet method. Deferred tax is reported according to the balance sheet method, by which deferred tax liabilities are recognised in the balance sheet for all taxable timing differences based on differences between carrying amounts and values for taxation of all assets and liabilities. Deferred tax assets are included on the balance sheet for tax-deductible loss carryforwards and tax-deductible timing differences to the extent that it is probable that these amounts may be used against future taxable surplus amounts. The carrying amount of deferred tax assets is assessed at each closing date and reduced to the extent that it is not probable that there will be sufficient taxable surpluses available in the future which can be used against tax-deductible loss carryforwards and/or tax-deductible timing differences. Deferred tax is recognised based on the tax rates expected to apply for the period in which the debt is settled or the asset recovered.

Tax assets and tax liabilities are accounted in net amounts in the balance sheet where there is a legal right to offset them and when the intention is either to receive or pay a net amount or to receive payment for the claim and pay the liability at the same time.

Non-current assets (or disposal groups) held for sale and discontinued operations

Assets and liabilities attributable to operations that are committed for sale are recognised in the balance sheet separately from other assets and liabilities. Non-current assets (or disposal groups) are classified as held for sale as of the date a decision is taken that its carrying amount will be recovered principally through a sale transaction and a sale is considered highly probably. They are measured at the lower of their carrying amounts and their fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits and financial assets that are exempt from this measurement requirement.

Non-current assets, including such included in a disposal group, are not depreciated as long as they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate line of business or geographical area of operations. Gains or losses from discontinued operations are presented separately in the income statements for the current financial year and the comparison year.

Financial assets and liabilities

Financial assets reported on the balance sheet include cash and cash equivalents, accounts receivable, shares and other equity instruments, loan and bond receivables and derivatives. Liabilities include accounts payable, issued debt instruments, loan obligations, derivative instruments and short positions in various forms of spot instruments.

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. A liability is included when the counterparty has performed a service and there is a contractual payment obligation, even if an invoice has not yet been received. A financial asset is eliminated from the balance sheet when the contractual rights have been realised or have expired or when the company loses control over them. The same applies for a portion of a financial asset. A financial liability is eliminated from the balance sheet when the contractual obligation is fulfilled or otherwise expires. The same applies to a portion of a financial liability.

Transaction date accounting is applied to derivative instruments, as well as the sale and purchase of money and capital market instruments on the spot market.

The classification of a financial instrument is determined based on the company's business model and whether or not the cash flows constitute solely payment of principal or interest.

Financial assets are classified as belonging to one of the following categories:

- Amortised cost
- Financial assets at fair value through profit or loss
  - Obligatory measurement at fair value through profit or loss
  - Measurement at fair value through profit or loss from initial recognition
- Financial assets at fair value through other comprehensive income

Financial liabilities are classified as belonging to one of the following categories:

- Amortised cost
- Financial liabilities at fair value through profit or loss
  - Obligatory measurement at fair value through profit or loss
  - Measurement at fair value through profit or loss from initial recognition

Financial assets with cash flows that are not solely payments of principal and interest are classified at fair value through profit or loss. All other assets are classified according to the business model. If the objective of holding the financial instrument is to collect contractual cash flows, classification and measurement are at amortised cost. If the objective of the holding is instead achieved by collecting contractual cash flows and selling the asset, classification and measurement are at fair value through other comprehensive income. If the objective of the holding is neither of these two alternatives but rather according to another business model, classification and measurement are at fair value through profit or loss.

All financial assets and liabilities are recognised at fair value at initial recognition. Thereafter, this classification is the basis for how the instrument is subsequently measured in the balance sheet and the recognition of changes in the fair value of the instrument. The categories applied by Carnegie are amortised cost and fair value through profit or loss.

Fair value

If market prices in an established marketplace are available, they are used for measurement. When there is no active market or when quoted prices are temporarily unavailable, Carnegie determines the fair value using various measurement techniques. These methods include Black-Scholes-based models. A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends, which are obtained from observable market data to the greatest extent possible. Changing the assumptions with regard to these parameters may affect the recognised value of the financial instrument. The assumptions used are in accordance with the instructions defined by the Capital, Risk and Credit Committee (CRC). The measurement methods are primarily used to measure derivative instruments. Measurements of derivative instruments are regularly validated by the internal risk control function and quarterly by an external independent party.

The above models are applied consistently from one period to the next to ensure comparability and continuity in measurements over time. Each new measurement model is approved by Group Risk Management and all models are reviewed regularly. For financial instruments for which the fair value deviates from the carrying amount, information regarding the fair value is provided in a note.

Cash and bank deposits with central banks
Cash and balances with central banks are categorised as financial assets measured at amortised costs and are measured at amortised cost.

Loans to credit institutions
Lending to credit institutions consists of loan receivables that are payable on demand and which are not listed on an active market, as well the Group's invested surplus liquidity. These are categorised as loan receivables and accounts receivable and are measured, after the date of acquisition, at amortised cost using the effective rate method.

Loans to the general public
Lending to the general public consists of loan receivables that are payable on demand and which are not listed on an active market. These are categorised as loan receivables and accounts receivable and are measured, after the date of acquisition, at amortised cost using the effective rate method. Loans extended by Carnegie are virtually exclusively linked to securities financing. The bank does not extend loans for consumption. Carnegie's client base is well-diversified and consists largely of private individuals and small/medium-sized enterprises, and the risk of credit losses is linked to each client's collateral, which normally consists of market-listed securities.

Bonds and other interest-bearing securities
Bonds and other interest-bearing securities consist of chargeable government bonds, municipal bonds, housing bonds and other interest-bearing instruments. The categorisation is at amortised cost and they are measured, subsequent to acquisition date, at amortised cost using the effective rate method.

Shares and participations
Shares and participations consist mainly of shareholdings intended for trade and are measured at fair value. Changes in fair value for shares and participations are recognised in profit and loss under 'Net profit/loss from financial items at fair value'.

Derivative instruments
All derivative instruments are measured at fair value through profit and loss. Changes in fair value are recognised as "Net profit/loss from financial transactions." In cases where the fair value is positive, it is recognised as an asset. In cases where the fair value is negative, the derivative instrument is recognised as a liability.

Liabilities to credit institutions
Liabilities to credit institutions consist mainly of short-term borrowing. They are categorised as measured at amortised cost and measured at amortised cost using the effective rate method.

Deposits and borrowing from the general public
Deposits and borrowing from the general public consist primarily of short-term borrowing from the general public. These liabilities are categorised as measured at amortised cost and are measured at amortised cost using the effective rate method.

Lending of securities and short equity positions
The securities that Carnegie lends remain on the balance sheet. Borrowed securities are not included as assets in the balance sheet. In connection with short selling, a liability is recognised corresponding to the fair value of the sold security. Received collateral in the form of cash is recognised under
"Liabilities to credit institutions." Pledged collateral in the form of cash is recognised on the balance sheet under "Lending to credit institutions."

Expected and actual credit losses
Impairments due to credit risk are applied to financial instruments classified in either the "Amortised cost" or "Fair value through other comprehensive income" category. For assets measured at amortised cost, the loss allowance is accounted for as a debit item together with the asset. For exposures that are not recognised in the balance sheet, the loss allowance is accounted for as a provision on the liability side. Changes in the loss allowance are recognised in profit or loss as "Credit losses, net". Refer to Note 18 for calculation and recognition of allowances for expected credit losses. The principle for what is classed as an actual credit loss is that they are losses established through bankruptcy procedures or composition agreements.

Credit loss allowances
The loss allowances are based on statistical quantitative models based on Group data, assumptions and methods manifested in policies and instructions, as well as frequent assessments by management. Due to the Group's composition of credit portfolios, the following factors have material impact on the allowances:

- Equity market volatility
- Individual credit decisions
- General default rate and recovery rate
- Forward-looking macro economic scenarios
- The measurement of 12-month expected credit losses (ECL) as well as lifetime ECL

Assessment of expected credit losses
Separate models have been prepared for margin loans, mortgages and the portion of loans unsecured by collateral. Margin loans and mortgage loans are handled using the general approach. The others are handled using the simplified approach. All models are based on the same logic, where the probability of default (PD) is multiplied by the loss given default (LGD) and the outstanding exposure at default (EAD). The models were developed internally but with external support to generate assurance that they are consistent with industry practice and applicable regulations.

The Group bases its analysis of PD on a scale of 1 to 10. On this scale, 1 represents the lowest risk and 10 represents bankruptcy. This analysis is based on a quantitative risk classification model, which can be adjusted based on a qualitative and quantitative credit analysis. The qualitative parameters include account management statistics and risk appetite, while the quantitative parameters are focused on financial indicators used to analyse and forecast financial stability and forward-looking repayment capacity.

The PD and LGD models are forward looking and take macroeconomic changes into account. There are PD curves in this structure that make estimation in accordance with the IFRS 9 standard possible for the full spectrum of a PD from day 1 to a lifetime perspective. Macrostatistics including GDP, consumption and unemployment are used for these models. These factors were selected following single-factor analysis and multi-factor analysis of various parameters such as GDP, unemployment, consumer price index, exports, imports, consumption and house price index. Usage of these models as based mainly on data and forecasts from public sources. The forecast subsequently used in calculating the shape of the PD curves is projected through the use of a weighting of three scenarios: a base scenario, a growth scenario and a recession scenario. Given the composition of the credit portfolio, where a very high share of lending to private individuals is secured with strong collateral and that the exposure to financial institutions is to institutions classified within ECAI 1 and ECAI 2, according to the Capital Requirements Regulation, this forward-looking model is permitted to have only marginal effect on the expected credit losses.

The Group also uses forward-looking models to estimate LGD. These models are based on financial indices and their implicit volatility to estimate LGD for each financial instrument pledged in clients' margin lending portfolios. These indices were selected based on portfolio composition in order to arrive at the highest correlation with historical outcomes. The volatility from the historical periods in which different weights are given between the indices is used to control the forward-looking volatility, along with the choice of various durations of perspectives in order to capture changes in volatility. The Group's internal market analysis is used to guide the weighting among the three different scenarios within this model.

Significant increase in credit risk
The definition of significant increase in credit risk is based on factors included in the composition of the models. These are based on both qualitative and quantitative factors. They are used to assess a significant increase in credit risk. As an example, a move down to risk class 9 or that a period. As regards margin loans, there are additional parameters included in the assessment of significant increase in credit risk. These take into consideration the explicit and forecast market volatility of the pledged financial instruments included in the margin loan basis.

PD (Probability of Default)
The model for PD addresses the probability of default expected to occur within the next 12 months and for the full remaining term to maturity. PD is based on statistical models for assessing credit risk that are forward-looking and based on information as of the reporting date. The models are differentiated based on counterparty category. If there is a deterioration in the macro-forecasts and statistics included, the PD curves used by the models will change shape, increase the loss allowances and change the composition of the number of counterparties in Stage 1 and Stage 2.

- Stage 1 - financial instruments for which there has been no significant increase in the credit risk since initial recognition and for which counterparties are covered by the Group's definition of low credit risk.
- Stage 2 - financial instruments for which there has been a significant increase in credit risk since initial recognition but where there is no objective evidence that the receivable is doubtful.
- Stage 3 - financial instruments for which objective evidence that the receivable is doubtful has been identified.

LGD (Loss Given Default)
The estimated expected loss given default is calculated taking into account the expected value of disposal of collateral, future recoveries, when in time the recoveries are expected to occur and the time value of money. The estimation of LGD is based on type of counterpart and type of collateral, which is based on underlying loan agreements. The estimation models applied to collateral are based on historical information and statistical models pertaining to the volatility of relevant financial instruments and applicable recovery processes. Forward-looking factors are reflected in the LGD estimations through their effect on the market volatility of the financial instruments included in the margin loan. Various scenarios are used, which is affected by the macro-forecast in effect at the close of books. Deterioration in macro outlooks generate higher LGD, which affects the loss allowances.

EAD (Exposure at Default)
Exposure at default is estimated based on expected maturity and the exposure trend for all exposure categories. This is controlled based on the underlying terms of loan agreements and the observed behaviour of counterparties. This also includes off-balance sheet commitments. The final EAD estimation shows the forecast credit exposure for a future date of potential default.

The expected maturity is different for different exposure categories. For the Group's margin lending product, which has a mix of fixed maturities and revolving maturity clauses, the expected maturity is thus controlled by observed behaviour, the term of the contract and whether or not early termination is possible. The Group applies a behavioural maturity model to its mortgage loan exposure. The Group applies a general model to other products, where the expected maturity is limited by the contractual maturity.

Individual assessment of significant bad debts
The Group has further developed its management of bad debt to correlate with the definitions provided in IFRS 9 regarding treatment of significant increases in credit risk. The current loss allowance is assessed individually for significant bad debts within Stage 3.

This assessment is based on various factors for the relevant exposure category. An estimation is made for the margin loan product based on EAD and possible recovery based on the most probable scenario. The cash flows derived are discounted to estimate the current loss allowance at the reporting date. Factors that affect this estimation include counterparty-specific factors that affect repayment capacity as well as collateral-specific aspects, which may include e.g. portfolio volatility, liquidity in underlying instruments and forecasts regarding the future development of these parameters. In addition to these exposure-specific parameters, the Group considers potential recovery costs that may be affected by factors such as contract structure, jurisdiction and counterparty structure. As the recovery process may vary based on the unique circumstances of each case, new assessments are made as the recovery process progresses.

Margin loans
The Group's credit exposure to margin loans is reported according to the general approach and is presented in Note 18. The estimations are based on the logic presented above. Transfers between the stages are based mainly on the performance of client margin lending portfolios.

The Group's exposure to central governments and financial institutions is within the absolute majority of exposures to counterparties that have external credit assessments within ECAI 1 and ECAI 1 as defined in the Capital Requirements Regulation (No 575/2013). Due to the low credit risk attached to the counterparties, the Group's loss allowance for this exposure category is low compared to the exposure volume. Exposure arises as a result of the Group's liquidity management. As expected credit losses are low, ECL is reported according to the simplified approach.

Central governments and financial institutions
The Group's exposure to central governments and financial institutions is within the absolute majority of exposures to counterparties that have external credit assessments within ECAI 1 and ECAI 1 as defined in the Capital Requirements Regulation (No 575/2013). Due to the low credit risk attached to the counterparties, the Group's loss allowance for this exposure category is low compared to the exposure volume. Exposure arises as a result of the Group's liquidity management. As expected credit losses are low, ECL is reported according to the simplified approach.

Mortgages
The Group's exposure to mortgages consists of financing of homes in Sweden. The customer base is made up of private individuals with extremely strong repayment capacity and the loan to value ratio is below 50 percent for the absolute majority of the exposure. This results in a very low loss allowance, which is consequently reported according to the simplified approach.

Accounts receivable
Based on the counterparty risk and loss recovery percentage applied by the Group, the loss allowance for trade receivables is very low.

Guarantees
A very large proportion of the Group's guarantees are covered by collateral with large surplus values, which affects the calculation of the size of the loss allowance. The calculation is based on the size of the underlying guarantee volume and its counterparty risk and loss recovery percentage. Consequently, the simplified approach is not applied to guarantees.

Intangible assets
Intangible assets consist of capitalised development costs related to in-house development of IT systems.
An internally developed intangible asset, meaning development expenses, is recognised as an asset only if the following conditions are satisfied:

- The asset is identifiable
- It is probable that the asset will provide economic benefits
- The company has adequate resources and intends to complete the asset
- It is technically feasible to complete the asset
- The company has the ability to use the asset
- The cost of the asset can be measured reliably

Internally developed intangible assets are initially recognised as the sum of expenses that arise as of the first date on which the intangible asset satisfies the above criteria up until the date on which the asset can be used. Internally developed intangible assets are amortised straight-line over their estimated useful life, which is three to five years and are tested for impairment need when an indication of impairment exists.

SaaS (Software as a service)
SaaS arrangements are contracts that give the Group the right to access applications via a cloud service. The costs of configuration, adaptation and ongoing fees for access to the cloud provider's applications are recognised as current operating expenses when the services are received.

Tangible fixed assets
Tangible fixed assets are recognised at cost less accumulated depreciation and any impairment losses. Tangible fixed assets consist of capitalised refurbishment costs, computer equipment and other equipment.

Depreciation according to plan is based on the cost and estimated useful life of the asset. Capitalised refurbishment costs are depreciated according to plan over ten to twenty years. Computer equipment and other equipment are depreciated according to plan over three to five years. The gain or loss that arises from divestment or scrapping of tangible fixed assets is recognised in profit and loss.

Leases
Under the application of IFRS 16 Leases, all leases that meet the definition of a lease contract must be recognised as a right-of-use asset and as a corresponding liability on the balance sheet. A cost for depreciation of the leased asset and an interest expense for the financial liability are recognised on the income statement. In the statement of cash flow, lease payments are divided between interest paid in cash flow from operating activities and repayments of lease liabilities within financing activities.

The standard permits exceptions for the recognition of leases with a term of twelve months or less (short-term leases) and leases of low-value assets. Short-term and low-value leases are recognised as an expense directly in the income statement. The ROU asset and the liability are initially measured at the present value of future lease payments.

Carnegie is also a lessor through the sub-letting of parts of office premises. The sub-letting has only immaterial effect on the financial statements.

Impairment of intangible assets and tangible fixed assets with determinable useful lives
An impairment loss is recognised when the carrying amount of an intangible asset or a tangible fixed asset exceeds its recoverable amount. The carrying amounts for fixed assets are established on each closing date to determine whether impairment is required. If there is such an indication, the asset's recoverable amount is estimated. The recoverable amount is the higher of the value in use and fair value less costs to sell.
In calculating the value in use, future cash flows are discounted at an interest rate before tax that is intended to take into account the market's expectations for a risk-free interest rate associated with the asset in question. For an asset that does not generate cash flows independently of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. This means that impairment testing takes place at the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

Provisions
Provisions for restructuring costs, legal claims or similar are recognised when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation has been estimated in a reliable manner. The amounts recognised as provisions are the best estimates of the outflows that will be required to settle the existing obligation on the closing date. When the effect of the time value of money is material, the net present value is calculated for future outflows expected to be required to settle the obligation.

A provision for restructuring costs is recognised only when a constructive obligation exists to restructure. A constructive obligation arises only when a detailed, formal restructuring plan exists and an entity has raised a valid expectation that it will be carried out in a time frame that makes changes to the plan unlikely, and the implementation of the plan has commenced or the main features of the plan have been announced.

Parent company accounting policies
The parent company's annual accounts were prepared in accordance with the *Swedish Annual Accounts Act* (ARL 1995:1554) and recommendation *RFR 2 Accounting of Legal Entities* issued by the Swedish Financial Accounting Standards Council and applicable statements. RFR 2 requires the parent to apply all IFRS and interpretations approved by the EU to its annual accounts for the legal entity to the extent possible within the framework of the Annual Accounts Act and with the consideration taken to the relationship between accounting and taxation.

Accordingly, the parent applies the same accounting principles as the Group except as specified below.

Financial assets
The parent company's holdings of shares in subsidiaries are recognised according to the historical cost method, by which acquisition costs are included in the recognised value and the assets are subject to impairment testing.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised when the formal decision has been taken in the subsidiary or the parent otherwise has full control over the decision process before the parent company publishes its financial statements.

Group contributions and shareholder contributions
Group contributions received are recognised according to the same principles as an ordinary dividend, that is, as financial income. As a main rule, Group contributions paid are recognised, like shareholder contributions, as an increase in the parent company's investment.

Deferred tax in relation to untaxed reserves
Due to the relationship between accounting and taxation, the parent does not separately report deferred tax liabilities attributable to untaxed reserves. These liabilities are thus recognised as gross amounts in the balance sheet, which also applies to appropriations in the income statement. Any amounts allocated to untaxed reserves consist of timing differences.

Note 6 Risk, liquidity and capital management

Credit risks
Reported amounts refer to the Group. Ratings from recognised rating institutes are used to report the credit quality of assets not yet due for payment and whose value has not been impaired. In addition to the amounts shown on the table below, there is credit risk exposure related to unutilised limits in the amount of SEK 5,798 509 thousand (3,983,325); margin requirements for derivatives in the amount of SEK 1,731,219 thousand (747,382) and trade receivables in the amount of SEK 200,258 thousand (167,240). Credit risk relating to unutilised limits and margin requirements for derivatives are fully collateralised, mainly by securities in custody accounts.

Carnegie's total credit risk exposure per exposure class

Group, 31 Dec 2021, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating available	Past due but not reserved	Provisions
Governments and central banks	7,814,204	–	–	–	–	-376
Institutional exposures	3,431,585	3,725,176	–	11,713	–	-648
Corporate exposures	–	–	–	3,018,322	–	-8,537
Retail exposures	–	–	–	1,176,898	–	-7,794
Total	**11,245,790**	**3,725,176**	–	**4,206,933**	–	**-17,355**

Group, 31 Dec 2020, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating available	Past due but not reserved	Provisions
Governments and central banks	3,973,925	–	–		–	–
Institutional exposures	3,022,130	2,299,061	–	820	–	-1,455
Corporate exposures	–	–	–	2,863,223	–	-190,888
Retail exposures	–	–	–	679,812	–	-5,942
Total	**6,996,055**	**2,299,061**	–	**3,543,855**	–	**-198,284**

Pledged assets
Carnegie's corporate and retail exposures are primarily collateralised with pledged liquid financial securities (known as custodian account loans). Of total corporate and retail exposures, SEK 36 million is unsecured (in blanco).

Margin lending exposures are secured by a diversified portfolio of financial collateral. Clients in this category have assets whose worth far exceeds the utilised credit amount. No margin lending client had credit exposure exceeding the market value of pledged assets. However, there are large differences in loan-to-value amongst individual clients. Equities are the most common form of collateral used in margin. No individual security accounts for more than 10 percent of utilised collateral.

'Other collateral' refers to funds, structured products, guarantees and pledged custodian accounts with underlying financial collateral.

Loss provisions
Impairments are based on individual assessments for each counterparty (specific reserves). Carnegie has identified this method as the most appropriate because the portfolio contains few homogeneous groups.

Carnegie considers various parameters in assessing whether an impairment need is indicated. These parameters are described in Carnegie's internal control documents. An impairment need may arise as a result of various events, such as increased risk due to changes in the client's financial statements and/or changes in the composition of pledged collateral. Carnegie performs regular reviews of specific impairment requirements in accordance with internal policies and instructions and the IFRS 9 accounting standard. The closing balance for 2021 includes an allowance for expected credit losses of SEK 17 million, in accordance with the IFRS 9 standard.

As of 31 December 2021, the value of collateral the Group is holding for loans where the value has been impaired was SEK - million (-).

No receivables have been renegotiated due to repayment difficulties.

Financial assets past due for payment for which no provisions have been made are handled according to Carnegie's procedures for doubtful receivables and are assessed regularly in operations. Individual decisions are taken in every case and may include the realisation of collateral through the sale of pledged listed securities. The value of assumed financial assets was SEK - (-) at the end of the period.

Note 6 Risk, liquidity and capital management, cont.

Liquidity risk
The table below provides a maturity analysis of the contracted maturity of financial assets and liabilities. Deposits and borrowing from the public are reported as payable on demand. However, this borrowing has a longer behavioural maturity in that a significant portion of deposits are covered by the Swedish government's deposit insurance scheme. Carnegie calculates and stress tests the liquidity reserve from an operational perspective and an LCR perspective daily to ensure that liquidity targets are met and that liquid assets are available to meet contractual and modelled cash flows. There are other assets, such as tax receivables and tax liabilities with a maturity of less than one year in addition to recognised financial assets and liabilities.

Contracted maturities of financial assets and liabilities, 31 Dec 2021

Group, 31 Dec 2021, SEK 000s	Upon demand	<3 months	>3 months but < 1 year	>1 but < 2 years	>2 but < 5 years	> 5 years	Total
Cash and bank deposits with central banks	–	1,289,229	–	–	–	–	1,289,229
Negotiable government securities	–	4,771,733	1,252,469	500,398	–	–	6,524,599
Loans to credit institutions	5,536,503	–	–	–	–	–	5,536,503
Loans to the general public	3,300,483	17,047	80,241	–	45,652	735,465	4,178,889
Bonds and other interest-bearing securities	–	–	1,116,479	516,202	–	–	1,632,681
Total financial assets	**8,836,986**	**6,078,009**	**2,449,189**	**1,016,600**	**45,652**	**735,465**	**19,161,901**
Liabilities to credit institutions	53,614	–	–	–	–	–	53,614
Deposits and borrowing from the general public	14,354,700	–	–	–	–	–	14,354,700
Lease liability	–	22,532	58,079	71,828	193,995	21,749	368,183
Other liabilities	–	536,526	–	–	–	–	536,526
Accrued interest expenses	–	1,539	–	–	–	–	1,539
Total financial liabilities	**14,408,314**	**560,597**	**58,079**	**71,828**	**193,995**	**21,749**	**15,314,562**
Derivatives							
Assets at market value	–	9,577	351	319	–	–	10,248
Liabilities at market value	–	9,292	3,133	127	–	–	12,552

Contracted maturities of financial assets and liabilities, 31 Dec 2020

Group, 31 Dec 2020, SEK 000s	Upon demand	<3 months	>3 months but < 1 year	>1 but < 2 years	>2 but < 5 years	> 5 years	Total
Cash and bank deposits with central banks	–	14,004	–	–	–	–	14,004
Negotiable government securities	459,459	2,000,133	1,500,330	–	–	–	3,959,922
Loans to credit institutions	3,709,607		–	–	–	–	3,709,606
Loans to the general public	2,454,275	6,487	125,879	–	–	561,280	3,147,921
Bonds and other interest-bearing securities	0		611,062	1,214,307	1,411	–	1,826,780
Total financial assets	**6,623,341**	**2,020,624**	**2,237,271**	**1,214,307**	**1,411**	**561,280**	**12,658,233**
Liabilities to credit institutions	136,653	–	–	–	–	–	136,653
Deposits and borrowing from the general public	9,748,965	–	–	–	–	–	9,748,965
Lease liability		19,346	58,037	73,089	72,823	11,753	235,048
Other liabilities	–	443,958	–	–	–	–	443,958
Accrued interest expenses	–	1,392	–	–	–	–	1,392
Total financial liabilities	**9,885,618**	**464,686**	**58,037**	**73,089**	**72,823**	**11,753**	**10,566,016**
Derivatives							
Assets at market value	–	10,398	3,968	227	–	–	14,593
Liabilities at market value	–	4,829	27,960	–	–	–	32,789

Note 6 Risk, liquidity and capital management, cont.

Market risks
Recognised amounts refer to the Group and the sensitivity analyses were calculated before tax. Amounts for the preceding year are stated in brackets.

Equity price risk
Carnegie's own exposure to equity and equity-related instruments consists of both assets and liabilities among balance sheet items. At year-end, the total gross value of these assets and liabilities amounted to SEK 130 million (552). Of that amount, SEK 114 million (507) related to shares and SEK 15 million (45) to derivative instruments. The net value at year-end was SEK 1 million (438).

Assets and liabilities are measured at fair value, which corresponds to the carrying amount. Equity positions consist of both long and short positions in shares and share-based derivative instruments, primarily listed in Sweden and other Nordic marketplaces. A simultaneous price change of -3% of all equity holdings in the Group's trading book would have had an effect on earnings of SEK -0.1 million (-0.7) at year-end. A +3% price change at the same date would have had an effect on earnings of SEK 0.4 million (1.0) in the Group. Derivative positions consist of held or issued forward contracts, call options and put options.

Volatility risk
Exposure to volatility risk is measured in Vega, which describes the change in value of the position if the volatility in the position increases by one percentage point. At year-end, Carnegie had volatility risk of Vega SEK -0.1 million (0.1). The exposure in the Group represents the net of positions with negative or positive Vega exposure.

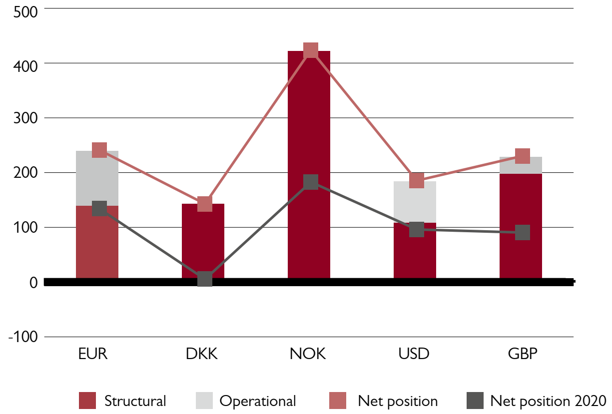
Scenario analysis
The risks in operations where risk-taking is an element of the business consist mainly of equity price risk and volatility risk. These risks are measured by simulating the effect on earnings of a combined change of share prices and volatility. Carnegie focuses on and has limits for the maximum potential loss for two specific scenarios: a medium scenario and a stress scenario. The medium scenario means that prices in the entire equity market change by ±3% simultaneously with a change in market volatility of ±10 percent.

The greatest potential loss in such a scenario is called the Medium Max Loss and was at year-end SEK 0.9 million (0.9). The stress scenario means that prices in the entire equity market change by ±10% and that market volatility changes by ±40 percent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 0.9 million (1.8) at year-end.

The market risk for structured products is based on parameters that are relevant to the instruments in the portfolio. These are stress-tested at the level that applies to equity-related products, but consist of risk factors other than share price and volatility. At year-end, the aggregate portfolio risk within Structured Products was SEK 0.1 million (0.3) for MML and SEK 0.3 million (0.3) for SML.

Currency risk
Currency risk is divided into structural and operational currency risk. Structural currency risk arises in financing of foreign subsidiaries and branches with equity or subordinated loans in another currency. Operational currency risk arises in ongoing business operations. Carnegie has limited operational currency exposure and includes only liquid currencies.

Currency exposure for the Group at 31 December 2021 (SEKm)



Interest risk in the trading book
Carnegie's own trading book is affected by interest-rate changes through holdings of bonds and derivative instruments. At year-end, the effect on earnings of the trading book in connection with an interest rate increase of 200 basis points was SEK 0.1 million (-0.3). The interest risk in the trading book is limited and is calculated and reported daily to risk management and senior management.

Interest risk in other operations
The bank places portions of its liquidity in bonds with varying tenors. Average duration is kept short, in line with risk appetite. The holdings entail exposure to interest rate risk in the bank book.

Carnegie regularly performs sensitivity analyses that calculate the effects on the balance sheet of interest rate changes. In the analysis, an interest-rate shock is simulated that corresponds to a sudden and sustained parallel shift of 200 basis points applied on the yield curves to which the positions are linked. At year-end, the outcome from such an upward shift of 200 basis points was SEK 69.8 million (41.2).

Note 6 Risk, liquidity and capital management, cont.

SEK 000s	31 Dec 2021	31 Dec 2020
Capital adequacy		
Capital base	2,219,529	1,997,725
Risk exposure amount	9,415,611	7,560,553
Capital requirements	753,249	604,844
Surplus capital	1,466,280	1,392,880
Common Equity Tier 1 capital ratio (CET1), %	23.6%	26.4%
Tier 1 capital ratio, %	23.6%	26.4%
Capital adequacy ratio, %	23.6%	26.4%
Capital buffer requirement		
Institution-specific CET 1 requirement including buffer requirement.	7.1%	7.1%
Whereof capital conservation buffer, %	2.5%	2.5%
Whereof countercyclical capital buffer, %	0.1%	0.1%
CET1 available as buffer, %	15.6%	18.4%
Other capital base requirements (Pillar 2)	2.5%	2.5%
Total capital base requirement	13.1%	13.1%
Capital buffer requirement		
Institution-specific CET 1 requirement including buffer requirement.	668,003	534,312
Whereof capital conservation buffer	235,390	189,014
Whereof countercyclical capital buffer	8,910	5,073
CET1 available as buffer	1,466,280	1,392,880
Other capital base requirements (Pillar 2)	235,390	189,014
Total capital base requirement	1,232,940	987,945
Capital base		
Equity instruments and associated premium reserve	921,976	921,976
Retained earnings and reserves	2,523,939	1,482,491
Planned dividend	-1,200,000	-300,000
Goodwill and intangible assets	–	-26,230
Deferred tax asset	-1,584	-7,763
Further value adjustments	-469	-610
Other comprehensive income	-24,332	-72,140
Total common equity Tier 1 capital	**2,219,529**	**1,997,725**
Additional Tier 1 capital		
Preference shares	–	–
Total Tier 1 capital	**2,219,529**	**1,997,725**
Tier 2 capital		
Perpetual convertible debentures	–	–
Total capital base	**2,219,529**	**1,997,725**

Capital requirement for credit risks

Carnegie applies the standard method for calculating credit risks.

The table below shows the capital requirements for all risk categories at Carnegie. The corresponding risk exposure amount is calculated as the capital requirement divided by 8 percent.

SEK 000s	31 Dec 2021	31 Dec 2020
Capital requirements from exposures to:		
Central counterparties	99	3,085
Institutional exposures	71,483	53,778
Corporate exposures	34,965	24,216
Retail exposures	7,564	13,469
Exposures secured by real estate property	20,593	15,716
Exposures in the form of covered bonds	13,005	14,593
Equity exposures	0	0
Other items	91,280	68,654
Total capital requirement for credit risks	**238,989**	**193,511**
Capital requirement for market risks		
Settlement risk	1,079	35
Total capital requirement for settlement risks	**1,079**	**35**
Equity price risk		
Specific risk	2,655	4,817
General risk	604	1,095
Non-delta risk	0	1,201
Total capital requirement for equity risks	**3,259**	**7,114**
Interest rate risk		
Specific risk	131	213
General risk	48	107
Total capital requirement for interest risks	**179**	**320**
Currency risk	97,783	40,825
Total capital requirements for currency risks	**97,783**	**40,825**
Capital requirement from credit valuation adjustment risk		
Credit valuation adjustment risk	1,065	1,606
Total capital requirement for credit valuation adjustment risk	**1,065**	**1,606**

Carnegie applies the base method for calculating operational risks. The capital requirement is calculated as 15% of the income indicator, which represents the average operating revenue of the three most recent financial years.

Income indicator	2,738,635	2,409,553
Capital requirement for operational risks	**410,795**	**361,433**

Note 7 Reporting by country

As required by Swedish Financial Supervisory Authority Regulation FFFS 2008:25, the following table provides information about the nature of the business, geographical territory, average number of employees, operating income, operating profit/loss before tax and tax on profit for each country in which Carnegie is established, meaning where Carnegie has a physical presence.

Carnegie is considered to have a physical presence in a country if Carnegie has a subsidiary or branch in that country. Carnegie has not received any government subsidies. The group designated 'Other' includes the countries where each country's total income is less than 8% of total income for the Group. The division by country aligns with the legal structure of the Group.

GROUP			2021				2020			
Country	Business[1]	Geographical territory	Average number of employees	Operating income, SEK 000s	Profit/loss before tax, SEK 000s	Tax, SEK 000s	Average number of employees	Operating income, SEK 000s	Profit/loss before tax, SEK 000s	Tax, SEK 000s
Denmark	IB, SEC, PB	Denmark	85	475,179	107,226	-24,079	82	305,698	9,277	-2,434
Norway	IB, SEC	Norway	94	833,642	331,463	-74,416	82	461,493	135,511	-46,889
Sweden	IB, SEC, PB	Sweden	403	3,348,062	1,257,280	-237,737	363	2,127,158	602,500	-151,487
Other	IB, SEC	UK, USA, Finland	69	760,013	267,280	-33,581	70	567,672	118,962	-22,219
Eliminations			–	-188,214	-241,082	2,072	–	-173,379	-29,831	25,671
Total			**650**	**5,228,682**	**1,722,168**	**-367,741**	**597**	**3,288,643**	**836,420**	**-197,358**

[1] IB=Investment Banking, SEC=Securities, PB=Private Banking

Note 8 Geographical distribution of income

GROUP	COMMISSION INCOME		INTEREST INCOME		NET PROFIT FROM FINANCIAL TRANSACTIONS		TOTAL INCOME	
SEK 000s	2021	2020	2021	2020	2021	2020	2021	2020
Denmark	474,545	309,619	2,494	3,057	-569	-4,114	476,471	308,562
Norway	832,075	462,069	11,841	9,363	–	150	843,915	471,582
Sweden	3,338,119	2,109,450	73,827	63,743	-2,792	-3,709	3,409,154	2,169,484
Other	858,323	651,128	–	–	-7,670	-577	850,653	650,550
Eliminations	-235,264	-218,949	-922	-1,466	-875	3,009	-237,062	-217,406
Total	**5,267,798**	**3,313,317**	**87,239**	**74,697**	**-11,906**	**-5,241**	**5,343,132**	**3,382,773**

Income in the parent company refers to Sweden.

Note 9 Net commission income

	GROUP	
SEK 000s	2021	2020
Commission income	970,088	775,015
Advisory services income	4,284,353	2,518,724
Other income	13,357	19,577
Total commission income	**5,267,798**	**3,313,317**
Marketplace fees	-58,321	-54,483
Other commission expenses	-19,611	-12,533
Total commission expenses	**-77,932**	**-67,016**
Net commission income	**5,189,866**	**3,246,300**

Note 10 Net interest income

SEK 000s	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Interest income				
Interest income from loans to credit institutions	-143	580	–	–
Interest income from loans to the general public	81,411	69,764	–	–
Interest income from interest-bearing securities	864	2,336	–	–
Other interest income	5,107	2,016	–	–
Total interest income	**87,239**	**74,697**	**–**	**–**
Interest expenses				
Interest expenses related to liabilities to credit institutions	-12,344	-11,060	-1	-2
Interest expenses related to deposits/borrowing from the general public	-1,488	-1,409	–	–
Interest expenses related to interest-bearing securities	-7,816	-1,646	–	–
Interest expenses, finance leases (IFRS 16)	-14,571	-12,837	–	–
Other interest expenses	-299	-161	–	–
Total interest expenses	**-36,518**	**-27,113**	**-1**	**-2**
Net interest income	**50,722**	**47,584**	**-1**	**-2**
Whereof amounts for balance sheet items not measured at fair value:				
Interest income	87,239	74,697	–	–
Interest expenses	-36,518	-27,113	-1	-2
Total	**50,722**	**47,584**	**-1**	**-2**

Note 11 Profit/loss from investments in subsidiaries

SEK 000s	PARENT COMPANY 2021	PARENT COMPANY 2020
Anticipated dividends from subsidiaries	1,200,000	161,100
Group contribution received	9,300	143,900
Total profit from investments in subsidiaries	**1,209,300**	**305,000**

Note 12 Net profit/loss from financial transactions

2021

Group, SEK 000s	Realised changes in value	UNREALISED CHANGES IN VALUE[1] Market price (Level 1)	Observable market data (Level 2)	Non-observable market data (Level 3)	Effect of exchange rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	101	–	1,912	–		2,013
Shares and participations and attributable derivatives	-11,378	-5,555	3,296	-9,766		-23,403
Other financial instruments and attributable derivatives	253	–	–	–		253
Exchange-rate changes					9,231	9,231
Net profit/loss from financial transactions	**-11,024**	**-5,555**	**5,208**	**-9,766**	**9,231**	**-11,906**

2020

Group, SEK 000s	Realised changes in value	UNREALISED CHANGES IN VALUE[1] Market price (Level 1)	Observable market data (Level 2)	Non-observable market data (Level 3)	Effect of exchange rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	-1,335	–	102	–		-1,232
Shares and participations and attributable derivatives	380	36,063	-35,176	-2,257		-990
Other financial instruments and attributable derivatives	383	–	–	–		383
Exchange-rate changes					-3,401	-3,401
Net profit/loss from financial transactions	**-571**	**36,063**	**-35,074**	**-2,257**	**-3,401**	**-5,241**

[1] Unrealised profits/losses are attributable to financial items measured at fair value.

Fair value is based on the following measurement methods:
- Market price: The value is based on a price listed on an exchange or other marketplace.
- Observable market data: The value is based on a price that was calculated with a measurement technique using assumptions consisting of observable market data.
- Non-observable market data: The value is based on a price that was calculated with a measurement technique using assumptions that could not be based on observable market data.
- Other method: The value is based on a price that was calculated using another technique, such as the historical cost or equity method.

Note 13 Personnel expenses

SEK 000s	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Salaries and fees	-2,073,737	-1,403,381	-691	-752
Social insurance fees	-491,357	-329,972	-173	-159
Pension expenses for Board of Directors and CEO	-3,488	-2,334	–	–
Pension expenses for other employees	-144,804	-133,873	–	–
Other personnel expenses	-54,306	-31,112	0	-59
Total personnel expenses	**-2,767,692**	**-1,900,672**	**-864**	**-970**

Salaries and fees specified by category

SEK 000s	2021	2020	2021	2020
Salaries and fees to directors, CEO and members of Group management	-65,420	-49,752	-691	-752
Salary and remuneration to other employees not included in the Board of Directors or Group management	-880,484	-795,671	–	–
Total salaries and fees	**-945,904**	**-845,423**	**-691**	**-752**

Average number of employees (of whom women)

	2021	2020	2021	2020
Denmark	85 (23)	82 (21)	85 (23)	82 (21)
Finland	30 (8)	29 (9)	30 (8)	29 (9)
Norway	94 (14)	82 (13)	0 (0)	1 (1)
UK	28 (12)	29 (12)	28 (12)	29 (12)
Sweden	403 (114)	363 (102)	403 (114)	363 (102)
USA	11 (4)	11 (4)	-	-
Total	**650 (175)**	**597 (159)**	**546 (157)**	**505 (144)**

Remuneration to the Board of Directors [1]

SEK 000s	2021	2020	2021	2020
Anders Johnsson, chairman	1,300	800	700	200
Ingrid Bojner	350	350	100	100
Klas Johansson	250	250	63	63
Harald Mix	250	250	63	63
Andreas Rosenlew	350	350	100	100
Anna-Karin Celsing	500	355	150	107
Total	**3,000**	**2,355**	**1,175**	**632**

[1] Directors also receive fees from Carnegie Holding AB.

Remuneration to the CEO and other senior executives[1]

2021 SEK 000s	Gross salary and benefits	Variable pay	Pensions and comparable benefits	Severance pay
CEO Björn Jansson	12,017	15,500	3,488	–
Other senior executives [2]	50,403	43,097	4,235	–

[1] No fees were paid in the parent company, Carnegie Holding AB.
[2] Other senior executives have received salary and benefits from Carnegie Investment Bank AB or its subsidiaries. Amounts relate to the period they held positions as other senior executives. The group includes nine individuals: Anders Antas, Jacob Bastholm, Christian Begby, Elisabeth Erikson, Henric Falkenberg, Fredrik Leetmaa, Helena Nelson, Jonas Predikaka and Ulf Vucetic. All senior executives were part of executive management for the entire year.

2020 SEK 000s	Gross salary and benefits	Variable pay	Pensions and comparable benefits	Severance pay
CEO Björn Jansson	8,564	10,805	2,334	
Other senior executives [2]	38,833	27,520	3,807	

[1] No fees were paid in the parent company, Carnegie Holding AB.
[2] Other senior executives have received salary and benefits from Carnegie Investment Bank AB or its subsidiaries. Amounts relate to the period they held positions as other senior executives. The group includes nine individuals: Anders Antas, Jacob Bastholm, Christian Begby, Elisabeth Erikson, Henric Falkenberg, Fredrik Leetmaa, Helena Nelson, Jonas Predikaka and Ulf Vucetic. All senior executives were part of executive management for the entire year.

Note 13 Personnel expenses, cont.

Gender distribution
The current Board of Directors consists of 20 percent (33) women and 80 percent (67) men. The current management group consists of 20 percent (20) women and 80 percent (80) men.

Remuneration
Principles for remuneration to the CEO are prepared by the Remuneration Committee and decided by the Board of Directors. The Remuneration Committee also establishes principles and general policy for salaries, benefits and pensions for senior executives in the Group prior to decision by the Board.

Notice period and severance pay
There are no agreements on severance pay for non-executive directors. The notice period for the CEO is twelve months, whether the CEO resigns or is terminated by Carnegie. In the event of immediate termination by Carnegie, the CEO receives severance pay equal to six months' pay in addition to his salary during the period of notice. Other senior executives at Carnegie have mutual notice periods that vary between three and twelve months.

Pensions
Carnegie makes salary-based provisions for pension insurance (payments are based on total salary excluding any allocation of profit sharing) in accordance with customary rules in each country. These provisions amounted to 13 percent (13) in relation to total salary costs in the Group. All of Carnegie's pension commitments consist of defined contribution pension plans with external insurance companies. Carnegie has no outstanding pension commitments and makes no pension provisions for non-executive directors. The CEO is entitled to retire at 65, and the company also has the right to require retirement. Other senior executives are covered by the terms prevailing in each country and may retire at the age of 65-67. Reaching retirement age does not entail any further costs for Carnegie.

Endowment insurance
Individual pension commitments that are fully guaranteed through company-owned endowment insurance and for which Carnegie has no further obligations in addition to the premiums already paid are treated according to the rules for defined contribution plans. However, Carnegie has an obligation, recognised in the balance sheet, concerning future payroll tax on these pension commitments, which varies with changes in thee market value of the endowment insurance policies. The total market value amounts to: In the Group, SEK 425,977 thousand (424,627), and in the parent company SEK– thousand (–). Premiums paid during the year amounted to SEK 3,629 thousand (2,574) in the Group, whereof SEK - thousand (-) in the parent company.

Note 14 Other administrative expenses

	GROUP		PARENT COMPANY	
SEK 000s	2021	2020	2021	2020
Other administrative expenses include the following amounts paid to elected auditors:				
Statutory auditing	-4,042	-4,673	-130	-65
Other auditing	–	-126	–	–
Tax advice	-138	-788	–	–
Other consultancy assignments	–	-334	–	–
Total	-4,180	-5,921	-130	-65

The statutory audit is an audit of annual financial statements and accounting, the management of the company by the Board of Directors and CEO, other tasks required of the company's auditors and providing advice or other assistance as a result of observations during the audit or the implementation of such other tasks. Other auditing includes reviews of interim reports, government reporting and services related to the provision of certifications and opinions. Tax advice includes general services for foreign residents and other taxation issues. Other consultancy assignments include for example advice on accounting issues, services in connection with corporate acquisitions/business transformation, operational efficiency and assessment of internal controls.

Note 15 Depreciation and amortisation of tangible fixed assets and intangible assets

	GROUP	
SEK 000s	2021	2020
Computer equipment and other equipment	-6,955	-5,641
Renovations	-4,215	-3,973
Right-of-use assets	-74,039	-65,261
Other intangible assets	-26,230	–
Total depreciation and amortisation of tangible fixed assets and intangible assets	-111,439	-74,875

Note 16 Credit losses, net

	GROUP	
SEK 000s	2021	2020
Changes for the year by credit stage		
Loans in Stage 1	-7,196	-2,511
Loans in Stage 2	-1,107	4,290
Loans in Stage 3	516	164
Total	-7,786	1,943

Older changes attributable to the financial crisis of 2007/2008 that were previously reserved were impaired by SEK 188,716 thousand during the year and the corresponding provision has been reversed.

Note 17 Taxes

SEK 000s	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Current tax expense				
Tax expense for the year	-400,892	-185,065	-6	–
Adjustment of tax attributable to previous years	22,569	-1,454	-43	–
Total current tax expense	**-378,323**	**-186,518**	**-48**	**–**
Deferred tax expense (-) tax income (+)				
Deferred tax, change for the year	14,804	20,468	–	–
Deferred tax, previous years	-546	5,067	–	–
Tax effect of changed tax rate	-3,675	–	–	–
Deferred tax expense in the tax value of loss carryforwards capitalised during the year	–	-36,375	–	-30,379
Total deferred tax expense/income	**10,583**	**-10,840**	**–**	**-30,379**
Total recognised tax expense/income	**-367,740**	**-197,358**	**-48**	**-30,379**

Reconciliation of effective tax

Group, SEK 000s	2021 Tax rate, %	2021 Amount	2020 Tax rate, %	2020 Amount
Profit before tax		1,722,168		836,420
Tax according to prevailing tax rate for the parent company	20.6	-354,767	21.4	-178,994
Tax effects in respect of:				
Other tax rates for foreign companies	1.2	-20,801	0.9	-7,227
Non-deductible expenses	0.6	-10,652	1.5	-12,133
Non-taxable income	-0.1	1,656	-0.5	4,021
Increase in loss carryforwards without corresponding capitalisation of deferred tax	0.0	-12	–	–
Utilisation of non-capitalised loss carryforwards	0.2	-2,875	0.7	-5,996
Deferred tax, previous years	0.2	-4,221	-0.6	5,067
Tax attributable to previous years	-1.3	22,569	0.2	-1,454
Adjustment of taxable profit	-0.1	1,362	0.1	-643
Recognised effective tax	**21.4**	**-367,740**	**23.6**	**-197,358**

Reconciliation of effective tax

Parent company, SEK 000s	2021 Tax rate, %	2021 Amount	2020 Tax rate, %	2020 Amount
Profit before tax		1,200,025		303,225
Tax according to prevailing tax rate for the parent company	20.6	-247,205	21.4	-64,890
Tax effects in respect of:				
Non-deductible expenses	0.0	0	0.0	0
Non-taxable income	-20.6	247,200	-11.4	34,475
Tax attributable to previous years	0.0	-43	–	–
Adjustment of taxable profit	0.0	0	0.0	36
Recognised effective tax	**0.0**	**-48**	**10.0**	**-30,379**

Note 18 Loans to the general public

Group, 31 Dec 2021, SEK 000s	Stage 1	Step 2	Step 3	2021
Amortised cost	4,069,437	74,594	48,502	**4,192,534**
Credit loss allowance	-11,851	-1,225	-569	**-13,645**
Total loans to the general public	**4,057,586**	**73,369**	**47,933**	**4,178,889**
Margin loans				
Amortised cost	3,332,243	74,594	48,502	3,455,340
Credit loss allowance	-10,123	-1,225	-569	-11,917
Total	**3,322,121**	**73,369**	**47,933**	**3,443,423**
Mortgages				
Amortised cost	737,194	–	–	737,194
Credit loss allowance	-1,728	–	–	-1,728
Total	**735,465**	**–**	**–**	**735,465**

Group, 31 Dec 2020, SEK 000s	Stage 1	Step 2	Step 3	2020
Amortised cost	2,830,409	121,846	393,951	**3,346,206**
Credit loss allowance	-5,177	-118	-1,085	**-6,381**
Provision for impairment of receivables, financial crisis 2007/2008	–	–	-188,716	**-188,716**
Total loans to the general public	**2,825,232**	**121,728**	**204,150**	**3,151,109**
Margin loans				
Amortised cost	2,269,129	121,846	393,951	**2,784,926**
Credit loss allowance	-4,000	-118	-1,085	**-5,203**
Provision for impairment of receivables, financial crisis 2007/2008	–	–	-188,716	**-188,716**
Total	**2,265,129**	**121,728**	**204,150**	**2,591,007**
Mortgages				
Amortised cost	561,280	–	–	**561,280**
Credit loss allowance	-1,177	–	–	**-1,177**
Total	**560,103**	**–**	**–**	**560,103**

Total loans to the general public ECL 2021, SEK 000s	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance, 1 Jan 2021	**5,177**	**118**	**1,085**	**6,381**
Transfers:				
From Stage 1 to Stage 2	-40	40	–	**–**
From Stage 1 to Stage 3	-562	–	562	**–**
From Stage 2 to Stage 3	–	–	–	**–**
From Stage 3 to Stage 2	–	392	-392	**–**
From Stage 2 to Stage 1	194	-194	–	**–**
From Stage 3 to Stage 1	1,069	–	-1,069	**–**
Write-offs/Amortisation	–	–	–	**–**
New assets	4,528	670	–	**5,198**
FX and other changes	1,485	199	383	**2,066**
Closing balance, 31 Dec 2021	**11,851**	**1,225**	**569**	**13,645**

Total loans to the general public ECL 2020, SEK 000s	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance, 1 Jan 2020	**4,405**	**4,408**	**1,249**	**10,063**
Transfers:				
From Stage 1 to Stage 2	-99	99	–	**–**
From Stage 1 to Stage 3	-16	–	16	**–**
From Stage 2 to Stage 3	–	–	–	**–**
From Stage 3 to Stage 2	–	–	–	**–**
From Stage 2 to Stage 1	36	-36	–	**–**
From Stage 3 to Stage 1	318	–	-318	**–**
Write-offs/Amortisation	-100	-38	-10	**-148**
New assets	551	–	99	**650**
FX and other changes	83	-4,315	49	**-4,183**
Closing balance, 31 Dec 2020	**5,177**	**118**	**1,085**	**6,381**

Credit loss allowances were recognised in 2020 for state and financial institutions, accounts receivable and guarantees under loans to the general public. These were moved in 2021 to the respective balance sheet items.

Note 19 Financial instruments

Classification of financial instruments 2021

Group, 31 Dec 2021, SEKm	Amortised Cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
Assets				
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**
Total	**19,609**	**393**	**162**	**20,164**
Liabilities				
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**
Total	**16,913**	**75**	**111**	**17,100**

Classification of financial instruments 2020

Group, 31 Dec 2020, SEKm	Amortised Cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
Assets				
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	–	535	–	**535**
Derivative instruments	–	15	–	**15**
Other assets	389	–	104	**492**
Prepaid expenses and accrued income	16	–	57	**72**
Total	**13,060**	**553**	**160**	**13,773**
Liabilities				
Liabilities to credit institutions	137	–	–	**137**
Deposits and borrowing from the general public	9,749	–	–	**9,749**
Short positions, shares	–	24	–	**24**
Derivative instruments	–	33	–	**33**
Other liabilities	625	–	29	**654**
Accrued expenses and prepaid income	1,111	–	–	**1,111**
Total	**11,621**	**57**	**29**	**11,707**

Note 19 Financial instruments, cont.

Fair value 2021

Group, 31 Dec 2021, SEKm	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value				
Bonds and other interest-bearing securities	–	6	–	**6**
Shares and participations	342	–	35	**377**
Derivative instruments	–	10	–	**10**
Total	**342**	**16**	**35**	**393**
Financial assets recognised at fair value for disclosure purposes				
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**
Total	**1,626**	**17,982**	**–**	**19,608**
Financial liabilities recognised at fair value				
Short positions, shares	63	–	–	**63**
Derivative instruments	–	13	–	**13**
Total	**63**	**13**	**–**	**75**
Financial liabilities recognised at fair value for disclosure purposes				
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**
Total	**–**	**16,913**	**–**	**16,913**

Fair value 2020

Group, 31 Dec 2020, SEKm	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value				
Bonds and other interest-bearing securities	–	3	–	**3**
Shares and participations	493	–	42	**535**
Derivative instruments	–	15	–	**15**
Total	**493**	**18**	**42**	**553**
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**
Total	**1,825**	**11,236**	**–**	**13,061**
Financial liabilities recognised at fair value				
Short positions, shares	24	–	–	**24**
Derivative instruments	–	33	–	**33**
Total	**24**	**33**	**–**	**57**
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**
Total	**–**	**11,621**	**–**	**11,621**

Note 19 Financial instruments, cont.

Financial assets and liabilities subject to offsetting 2021

Group, 31 Dec 2021, SEKm	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables[1)]	3,083	-2,983	100
Liabilities			
Trade and client payables[2)]	3,134	-2,983	151

Financial assets and liabilities subject to offsetting 2020

Group, 31 Dec 2020, SEKm	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables[1)]	1,686	-1,465	222
Liabilities			
Trade and client payables[2)]	1,534	-1,465	69

[1] Included in the balance sheet item 'Other assets'.
[2] Included in the balance sheet item 'Other liabilities'.

Note 20 Other information on financial assets

	GROUP	
SEK 000s	31 Dec 2021	31 Dec 2020
Bonds and other interest-bearing securities		
Listed	1,631,324	1,827,419
Unlisted	–	–
	1,631,324	**1,827,419**
Swedish government bodies	–	–
Other Swedish issuers	1,631,501	1,826,607
Foreign government bodies	–	–
Other foreign issuers	209	813
Credit loss allowances	-386	–
	1,631,324	**1,827,419**

All credit loss allowances are attributable to Stage 1.
Credit loss allowances for 2020 were recognised under loans to the general public.

Shares and participations		
Listed	342,010	493,380
Unlisted	34,960	41,557
	376,970	**534,936**

Note 21 Shares and participations in Group companies

	PARENT COMPANY	
SEK 000s	31 Dec 2021	31 Dec 2020
Opening balance, cost of shares and participations in Group companies, 1 January	1,780,084	1,780,084
Closing balance, cost of shares and participations in Group companies, 31 December	**1,780,084**	**1,780,084**

2021	Corporate Reg. No.	Reg. office	No. of shares	Carrying amount 2020	Equity 2021[1]
Carnegie Investment Bank AB (publ)[2)]	516406-0138	Stockholm	400,000	1,780,084	2,156,419
Branches of Carnegie Investment Bank AB					
Carnegie Investment Bank, filial af Carnegie					
Investment Bank AB (publ), Sweden	35521267	Copenhagen			
Carnegie Investment Bank AB, Finland Branch	1439605-0	Helsinki			
Carnegie Investment Bank AB, UK Branch	3022 (FC 018658)	London			
Subsidiaries of Carnegie Investment Bank AB					
Carnegie, Inc.	13-3392829	Delaware	100		
Carnegie AS[2]	936310974	Oslo	20,000		
Carnegie Ltd	2941368	London	1		
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776	Karlstad	1,000		
Carnegie Properties AB	556680-5288	Stockholm	1,000		
Carnegie AB	556946-9355	Stockholm	50		
Carnegie Fastigheter AB	556946-9371	Stockholm	50		
Carnegie Fund Services S.A.	B 158409	Luxembourg	500		
Total				1,780,084	2,156,419

[1] Equity in subsidiaries is recognised less anticipated dividends to the parent company. All of the above shares are unlisted and owned 100%.
[2] Entities classified as credit institutions.

Note22 Intangible assets

SEK 000s	GROUP 31 Dec 2021	31 Dec 2020
Other intangible assets [1]		
Cost on the opening date	65,690	39,804
Translation differences	201	-344
Acquisitions during the year	–	26,230
Sale/scrapping	-56,542	–
Cost on the closing date	**9,349**	**65,690**
Amortisation on the opening date	-39,460	-39,804
Translation differences	-201	344
Sale/scrapping	56,542	–
Amortisation/impairments for the year	-26,230	–
Amortisation on the closing date	**-9,349**	**-39,460**
Total other intangible assets	**0**	**26,230**

[1] Consists of systems developed in-house

Note 23 Tangible fixed assets

SEK 000s	GROUP 31 Dec 2021	31 Dec 2020
Computer equipment and other equipment		
Cost on the opening date	194,458	203,531
Translation differences	6,639	-10,391
Acquisitions during the year	14,401	4,181
Sale/scrapping	-40,541	-2,863
Cost on the closing date	**174,957**	**194,458**
Depreciation on the opening date	-168,333	-174,502
Translation differences	-6,107	9,567
Sale/scrapping	40,523	2,243
Depreciation for the year	-6,955	-5,641
Depreciation on the closing date	**-140,872**	**-168,333**
Computer equipment and other equipment	**34,085**	**26,125**
Renovation of leased premises		
Cost on the opening date	98,156	101,827
Translation differences	2,986	-4,382
Acquisitions during the year	2,315	746
Sale/scrapping	–	-35
Cost on the closing date	**103,458**	**98,156**
Depreciation on the opening date	-87,507	-87,359
Translation differences	-2,640	3,789
Sale/scrapping	–	35
Depreciation for the year	-4,215	-3,973
Depreciation on the closing date	**-94,362**	**-87,507**
Total renovation of leased premises	**9,096**	**10,649**
Right-of-use assets (IFRS 16)		
Cost on the opening date	333,012	285,962
Translation differences	8,875	-11,865
Acquisitions during the year	167,554	60,145
Sale/scrapping	-350	-1,230
Cost on the closing date	**509,091**	**333,012**
Depreciation on the opening date	-113,852	-57,068
Translation differences	-3,087	2,562
Sale/scrapping	309	5,915
Depreciation for the year	-74,039	-65,261
Depreciation on the closing date	**-190,669**	**-113,852**
Total right-of-use assets	**318,422**	**219,160**
Total tangible fixed assets	**361,603**	**255,934**

Note 24 Deferred tax assets/liabilities

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Deferred tax assets				
Pensions	87,751	90,870	–	–
Capitalised loss carryforwards[1]	1,584	7,763	–	–
Other	72,378	49,454	–	–
Total deferred tax assets	**161,713**	**148,086**	**–**	**–**

Changes for the year – deferred tax assets	Opening balance	Deferred tax in income statement	Recognised directly against equity, exchange-rate differences, acquisitions and eliminations	Closing balance
Group, 2021, SEK 000s				
Pensions	90,870	-3,119	–	87,751
Capitalised loss carryforwards[1]	7,763	-6,608	430	1,584
Other	49,454	20,309	2,615	72,378
Total	**148,086**	**10,582**	**3,045**	**161,713**

[1] Capitalised loss carryforwards in the Group refer to Carnegie, Inc.

Note 25 Other assets

	GROUP	
SEK 000s	31 Dec 2021	31 Dec 2020
Trade and client receivables	99,899	221,719
Accounts receivable	200,258	167,240
Issue proceeds	34,343	–
Other	83,654	103,531
Total other assets	**418,154**	**492,489**

Other assets have a remaining maturity of less than one year. The ECL allowance for accounts receivable amounted to SEK 2,099 thousand (1,733) on 31 December. All credit loss allowances are attributable to Stage 1. Credit loss allowances for 2020 were recognised under loans to the general public.

Note 26 Prepaid expenses and accrued income

	GROUP	
SEK 000s	31 Dec 2021	31 Dec 2020
Accrued interest	55	458
Personnel-related expenses	2,824	2,550
Accrued income	119,708	15,317
Prepaid expenses	75,526	54,146
Total prepaid expenses and accrued income	**198,113**	**72,471**

Prepaid expenses and accrued income have a remaining maturity of less than one year.

Note 27 Other liabilities

SEK 000s	GROUP 31 Dec 2021	GROUP 31 Dec 2020	PARENT COMPANY 31 Dec 2021	PARENT COMPANY 31 Dec 2020
Trade and client payables	150,827	69,365	–	–
Trade accounts payable	238,690	227,291	–	669
Issue proceeds	35,789	118,028	–	–
Lease liability	315,710	209,938	–	–
Other	111,221	29,274	16	–
Total other liabilities	**852,236**	**653,896**	**16**	**669**

Other liabilities have a remaining maturity of less than one year, except for the lease liability.

Note 28 Accrued expenses and deferred income

SEK 000s	GROUP 31 Dec 2021	GROUP 31 Dec 2020	PARENT COMPANY 31 Dec 2021	PARENT COMPANY 31 Dec 2020
Accrued interest	1,539	1,392	–	–
Personnel-related expenses	1,687,549	1,084,960	–	–
Accrued expenses	61,185	24,537	17,980	114
Other	13,618	–	§14	–
Total accrued expenses and prepaid income	**1,763,891**	**1,110,890**	**17,994**	**114**

Accrued expenses and prepaid income have a remaining maturity of less than one year.

Note 29 Other provisions

SEK 000s	GROUP 31 Dec 2021	GROUP 31 Dec 2020
Restructuring provisions		
Opening balance	11,320	11,320
Translation differences	–	–
Utilised amounts	–	–
Reversal, unutilised amounts	–	–
Provisions for the year	–	–
Closing balance,restructuring reserve	**11,320**	**11,320**
Other provisions		
Opening balance	50,433	21,404
Translation differences	132	-163
Utilised amounts	-654	-6,127
Reversal, unutilised amounts	-190	-14
Provisions for the year	587	35,333
Closing balance,provisions	**50,308**	**50,433**
Total other provisions	**61,628**	**61,753**

Most of the provisions are expected to be utilised during 2022 and refer mainly to provisions related to disputes. ECL allowances for guarantees are included in the carrying amount in an insignificant amount. Credit loss allowances for 2020 were recognised under loans to the general public.

Note 30 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Assets pledged for own debt				
Pledged assets for:				
Deposited securities	687,609	252,042		–
whereof pledged cash	687,609	252,042		–
Derivative instruments	46,483	31,474		–
whereof own pledged securities	46,483	31,474		–
whereof pledged cash	–	–		–
Other liabilities	10,940	10,946		–
whereof pledged cash	10,940	10,946		–
Total pledged assets for own liabilities	**745,032**	**294,462**		**–**
Other pledged assets				
Pledged assets for:				
Deposited securities on clients' account	440,558	408,976		–
whereof own pledged securities	353,693	347,913		–
whereof pledged cash	86,865	61,063		–
Derivative instruments on clients' account	216,639	297,617		–
whereof own pledged securities	181,890	232,501		–
whereof pledged cash	34,749	65,116		–
Trade in securities on clients' and own account	60,314	66,176		–
whereof own pledged securities	–	–		–
whereof pledged client securities	631	2,708		–
whereof pledged cash	59,683	63,468		–
Total other pledged assets	**717,510**	**772,769**		**–**
Contingent liabilities and guarantees				
Contingent liabilities[1]	112,509	112,509	112,509	112,509
Guarantees	289,344	391,060	–	–
Total contingent liabilities and guarantees	**349,027**	**503,569**	**112,509**	**112,509**

[1] The parent company has certain commitments to the Swedish National Debt Office that may be paid in particular circumstances.

The assets in endowment insurance plans held for individual pension commitments to employees (see Note 13 for amounts) have been pledged to the benefit of the employees.

Note 31 Related-party transactions

The following disclosures are presented from Carnegie Holding's perspective, that is, how Carnegie Holding's figures were affected by transactions with related parties. Lending has taken place on market terms. Information on remuneration to key persons in executive positions is presented in Note 13.

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Related-party transactions with the CEO, board of directors and group management				
Deposits/liability	17,827	22,471	–	–
Interest expenses	8	8	–	–
Lending/assets	4,463	10,389	–	–
Interest income	59	3	–	–
Pledged assets and guarantees	30,700	12,000	–	–
Related-party transactions with Group companies				
Deposits/liability			–	773
Interest expenses			1	1
Lending/assets			13,024	–
Related-party transactions with the owners				
Deposits/liability	99	32	–	–
Purchases	6,029	12,642	–	–
Sales	3,632	–	–	–

For other transactions with owners, see 'Consolidated statements of changes in equity' (page 58) and 'Parent company statements of changes in equity' (page 61).

	GROUP		PARENT COMPANY	
Related-party transactions with others				
Deposits/liability	6,938	4,514	–	–
Lending/assets	7,124	10,718	–	–
Purchases	3,321	2,426	–	–
Sales	49,513	49,025	–	–

Carnegie Personal AB, Stiftelsen D. Carnegie & Co and companies owned by Altor Fund III are considered other related parties.

Note 32 Information on statements of cash flows

SEK 000s	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Dividends received	–		305,000	–
Interest paid	-36,371	-27,310	-1	-2
Interest received	87,642	74,651	–	–
Adjustment for items not affecting cash flow				
Anticipated dividends and Group contributions, subsidiaries	–	–	-1,209,300	-305,000
Depreciation, amortisation and impairment of assets	111,439	74,875	–	–
Change in provisions for balance sheet items	-838	29,029	–	–
Unrealised changes in value of financial instruments	10,113	1,417	–	–
Total adjustments for items not affecting cash flow	**120,714**	**105,321**	**-1,209,300**	**-305,000**

SEK 000s	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Cash and cash equivalents[1]				
Cash and bank deposits with central banks	1,289,229	14,004	–	–
Negotiable government securities	6,524,599	3,959,922	–	–
Loans to credit institutions	5,536,503	3,709,606	3,820	1,906
Loans to credit institutions, not payable on demand	-1,528,401	-68,138	–	–
Less: client funds	-997,769	-216,470	–	–
Less: pledged cash	-118,262	-267,519	–	–
Cash at end of year	**10,705,899**	**7,131,404**	**3,820**	**1,906**

[1] Cash and cash equivalents consist of cash and bank balances with banks and comparable institutions and short-term liquid investments that can easily be converted to a known amount of cash and are exposed to only insignificant risk of changes in value. Accordingly, loans that are not payable on demand, pledged cash and client funds are not included.

Note 33 Disputes

A number of Danish institutional investors commenced legal proceedings in 2016 in a Danish court against several defendant parties, including OW Bunker A/S in bankruptcy, with regard to the losses of approximately DKK 770 million plus interest expenses incurred by the investors as a consequence of the bankruptcy of OW Bunker A/S. The shareholders' association, Foreningen OW Bunker-investor, commenced similar proceedings the same year in respect of approximately DKK 300 million plus interest and costs. Carnegie was one of the banks that assisted OW Bunker A/S and its owners in connection with the flotation of the company on Nasdaq Copenhagen in March 2014. By reason thereof, the institutional investors expanded the legal proceedings in 2017 to also include the two banks, including Carnegie. This is in addition to the legal proceedings commenced by a number of international investors in 2017 against two of the banks, including Carnegie, regarding a claim by reason of the bankruptcy of approximately DKK 530 million plus interest and costs. The legal proceedings continued during 2021 and are still ongoing. Carnegie has entered into an agreement with Foreningen OW Bunker-investor and a number of other parties in connection with the ongoing legal proceedings to mutually reserve the right to take legal measures in the future, but to hold the matter in abeyance until further notice. Carnegie applies customary processes and procedures to provide due and proper assistance in connection with initial public offerings. Carnegie is vigorously contesting the demands that have been presented or which may be presented in the future.

During the year, the Stockholm District Court upheld the sanction order decided by Finansinspektionen in the amount of SEK 35 million for alleged violation of market abuse regulations in relation to Carnegie's forced sale of shares pledged by a client as collateral for margin loans. Carnegie appealed the ruling and maintains its position that the bank acted appropriately based on contractual and statutory obligations as regards forced sale of shares due to the client's over-indebtedness. Proceedings are ongoing in the Court of Appeal.

Carnegie is otherwise involved in legal disputes to an extent that can be expected in a business of the type operated by Carnegie.

Note 34 Significant events after 31 December 2021

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.

As the annual report was being written, Europe was embroiled in one of the worst foreign policy crises in many years. The invasion of Ukraine is a disaster that affects not only the people of Ukraine but the entire world, and it is difficult to say how it will affect our society in the future. Carnegie condemns the illegal invasion of Ukraine and our thoughts are with the millions of people suffering as a result of the war.

The annual report was approved for publication by the Board of Directors on 28 March 2022.

Not 35 Disposition of profit

Disposition of profit	
At the disposal of the annual general meeting, SEK	
Share premium reserve	683,165,000
Retained earnings	863,537,147
Net profit for the year	1,199,977,081
Total	**2,746,679,227**
The Board of Directors proposes the following allocation of profit:	
Dividend to shareholders	1,200,000,000
To be carried forward	1,546,679,227
Total	**2,746,679,227**

Certification

The Board of Directors and the CEO hereby certify that the annual report was prepared in accordance with the Swedish Annual Accounts Act (ÅRL), the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual reports for credit institutions and securities companies (FFFS 2008:25) and recommendation RFR 2 Reporting of Legal Entities; that it provides a fair presentation of the parent company's financial position and earnings and that the Board of Directors' report provides a fair presentation of the company's operations, financial position and earnings; and that it describes significant risks and uncertainties facing the company.

The Board of Directors and the CEO also certify that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU; the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL); FFFS 2008:25; and RFR 1, Supplementary Accounting Principles for Corporate Groups; that the consolidated financial statements provide a fair presentation of the Group's financial position and earnings; and that the Board of Directors' Report provides a fair presentation the Group's operations, financial position and earnings and describes significant risks and uncertainties facing the companies included in the Group.

Stockholm, 28 March 2022

Anders Johnsson
Board Chair

Ingrid Bojner

Klas Johansson

Andreas Rosenlew

Harald Mix

Björn Jansson
President and CEO

Our audit report was submitted 29 March 2022
Ernst & Young AB

Mona Alfredsson
Authorised Public Accountant

This is a translation of the Swedish original. If there are differences, the Swedish original applies.

Auditor's report

To the general meeting of the shareholders of Carnegie Holding AB, corporate identity number 556780-4983

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Carnegie Holding AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 41-80 in this document.

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

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

Basis for Opinions

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Commission income in Investment Banking

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described under "Accounting policies – Income recognition." Further disclosures are provided in Note 8 Geographical distribution of income and Note 9 Net commission income. Information is also provided in the Board of Directors' Report.

Description

Commission income amounts to SEK 5,268 million for the Group as of 31 December 2021.

The item consists mainly of income derived from brokerage and advisory services. A large portion of advisory services income refers to income in the Investment Banking business area. This income is based on agreements that are unique to each client and thus not standardised. Carngie often performs the related work over an extended period of time and the right to income depends on fulfilment of certain terms and conditions in the agreements that are not always satisfied at the same time. Management thus assesses whether the terms and conditions have been met at the reporting date. This in turn affects when income is recognised. In the light of the size of advisory services income and that management must make an assessment, we have considered commission income from Investment Banking a key audit matter.

How our audit matter addressed this key audit matter

In our audit, we have evaluated the company's governance and control environment related to the commission income process. We have applied a substantive-based approach to income within Investment Banking.

We have obtained the bank's policies and instructions and evaluated the control functions reviews related to commission income. We have reviewed a sample of agreements to assess whether Carnegie have met the contractual terms and conditions for recognizing the income and we reviewed subsequent payments. We also assessed whether the income was recognised in the correct period and verified the calculation of the income.

We have also reviewed disclosures in the financial statements regarding commission income.

Legal disputes and claims

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described under "Accounting policies – Provisions" and significant estimates and assumptions are described in Note 4 Critical assessment parameters. Legal disputes are described in Note 33 Disputes.

Description

Carnegie is from time to time involved in disputes that arise within the business. The outcome of claims and disputes is determined by the circumstances of the case and through negotiations between the parties or by judicial ruling.

In order to determine whether an item should be recognised in the balance sheet, management estimates the probability and consequences of possible outcomes for Carnegie. As described in the annual report, there is a dispute pertaining to advice provided in connection with a prospectus (see Note 33 Disputes). The claims presented by the counterparties are a significant amount to Carnegie. Based on the complexity of the assessment of possible outcomes and the size of the claim, we have considered legal disputes and claims a key audit matter.

How our audit matter addressed this key audit matter

In our audit, we evaluated whether Carnegie's method for recognising provisions for legal disputes is in compliance with IFRS. We applied a substantive-based approach to our audit.

We have read the claims presented and Carnegie's assessment of the claims made. We have interviewed the bank's senior management personnel and control functions. We have also read the written assessment of the statements of the case expressed by the bank's external legal counsel as a basis for the bank's assessment of the claims. We have assessed the legal dispute based on the audit procedures above.

We have also reviewed disclosures provided in Note 33.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-40 and 84-97. The Board of Directors and the Managing Director 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, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and 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, 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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies. 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated

accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 Carnegie Holding AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of the supporting documents for this in order to be able to assess the compatibility of the proposal with the Swedish Companies Act.

Stockholm 29 March 2022

Ernst & Young AB

Mona Alfredsson
Authorized Public Accountant

Sustainability disclosures

The sustainability report is an integrated part of Carnegie's annual report as our responsibility arises from the core business and the opportunity to make a difference. The sustainability report describes how Carnegie is working with the sustainability topics we consider most material to us and our stakeholders.

Carnegie's general ambition for the sustainability report is that it should be transparent and relevant and our stakeholders must be able to easily learn about our sustainability efforts and gain good understanding of our performance. This part of the sustainability report presents governance, events and outcomes for the year and provides in-depth explanations, context and details about topics that have also been addressed earlier in the annual report. The sustainability disclosures should be read as part of Carnegie's sustainability report for 2021. The disclosures are structured according to our key sustainability topics.

About the sustainability report

Carnegie's sustainability report, as required by the Annual Accounts Act (1995: 1554), describes Carnegie's business model on pages 10–11 and sustainability risks on pages 84-92. In addition, our most material risks are fully described in the Risks and risk management section on pages 47-50.

This is Carnegie's fifth sustainability report and covers the calendar year of 2021. Carnegie intends to report is sustainability work annually. Carnegie complies with the Global Reporting Initiative guidelines, GRI Standards, and reports according to the 'core option'. The GRI Index on pages 96-97 shows where disclosures according to GRI are found in the Carnegie Annual Report for 2021.

Reporting profile and delimitations

The sustainability report describes the areas in which Carnegie has significant influence. Unless otherwise specified, the disclosures refer to the Carnegie Group, which comprises the parent company, Carnegie Holding AB, and the wholly owned subsidiary Carnegie Investment Bank AB, in which all business is conducted. The delimitations of the report are described in each section or in remarks on charts and tables. The figures reported refer to the 2021 financial year and the comparative year, 2020.

Accounting policies

The accounting policies applied to financial reporting are provided in the section on Group accounting policies on pages 61-66. The employee data based on verified figures and are reported within the framework of regular reporting.

Stakeholder engagement

Carnegie's business affects people, communities and the environment. Open and frequent engagement with the company's stakeholders is critical to understanding their expectations, and it is also a way to improve our company. Engagement is managed in day-to-day operations because Carnegie believes that stakeholder trust is a joint effort.

Carnegie has numerous forms of engagement and paths of communication with clients and other key stakeholders. In addition, we endeavour to maintain frequent and transparent public disclosure of information.

Carnegie has previously identified a number of key stakeholder groups who all affect or are affected by the business in various ways. We have identified our key stakeholders as clients, employees and owners.

Carnegie also engages in dialogue with other stakeholder groups, including:

- Industry organisations
- Trade unions
- Non-profit international interest organisations
- Politicians
- Suppliers
- Media
- Higher education institutions

Clients

The most important engagement takes place in the client encounters that occur every day by phone, email or digital meetings and, in isolated cases, face-to-face meetings. Engagement also takes place through digital client meetings, distribution of analyses and reports, talks and other client communications. Carnegie gains better understanding of their expectations by maintaining close relationships with our clients. The topics include products and services, customer service and fees. It is increasingly important to clients that Carnegie conducts its business responsibly. In addition to direct engagement, Carnegie monitors the customer satisfaction surveys performed by independent market research firms.

Employees

Motivated, committed employees are a prerequisite for our success and one of the most important drivers of successful goal attainment. Regular departmental meetings for information and dialogue are held with employees in relation to profit performance, goals and other current and relevant issues that affect the company. Employee opinions are catered for through employee surveys and performance reviews.

Owners

Carnegie Holding AB is owned by Altor Fund III and employees of Carnegie. The owners exert governance primarily through the general meeting and the Board of directors appointed by the meeting.

Society

Carnegie engages in ongoing dialogue with supervisory authorities such as Finansinspektionen and regulatory bodies in the Nordic region and other countries where Carnegie operates. The focus of shareholder engagement at Carnegie in 2021 was on aspects related to climate impact, equal opportunity, enterprise and entrepreneurship.

Material topics

Carnegie's capacity to make a difference to sustainable development is found primarily in our advisory services and is based on our market position. Our potential to stimulate responsible investment and ensure effective capital allocation affect both the growth of new companies and economic growth overall.

Issues related to sustainability and responsibility are found in all aspects of our advisory, from allocation of capital to how we invest in discretionary management as well as within equity research. We look at both the risks and the business opportunities through clear investor's glasses with the ultimate objective of enabling our clients to create value in society.

Carnegie must stand on solid financial ground, with sound and sustainable growth and profitability. This is prerequisite for our ability to play an active and prominent role in the financial value chain. Our entire business must be operated responsibly, with a sound and prudent risk culture, high ethics, integrity and confidentiality, good governance and regulatory compliance.

As a responsible employer, we must create the optimal conditions for enhancing employee engagement and work to achieve greater diversity and equal opportunity.

We have categorised our most material sustainability topics in three areas: responsible advisory, responsible business and responsible employer.

Focus areas and key sustainability topics

Responsible advisory

- Business ethics
- Privacy and confidentiality
- Service, knowledge and tailored advisory
- Responsible investment

Responsible business

- Profitable growth and long-term competitive advantage
- Sound risk culture and good governance
- Regulatory compliance
- Effective capital allocation

Responsible employer

- Skills development
- Equal opportunity and diversity
- Compensation
- Health and safety

Sustainability risks

Carnegie runs its business with a low risk appetite and surveys show high risk awareness among employees. We are working continuously to further develop risk management and have included a number of sustainability risks in our risk framework.

Actively working with sustainability risks is important from the financial and legal perspectives, but also from a reputational perspective. As with other risks, responsibility for managing sustainability risks lies where the risk arises. This means that every employee is responsible for managing sustainability risks in their own area of responsibility.

Sustainability risks are linked to areas such as business ethics, anti-corruption, human rights, the environment, climate and employees. Sustainability risks could arise in any area of the bank's operations in its capacity as an asset manager, service provider, lender, employer and buyer.

Carnegie's most material risks and how they are managed are described in detail in the Risks and risk management section on pages 61-64.

Focus area	Risk description	Risk consequences	Risk prevention
Responsible advisory			
Business ethics and anti-corruption	Risk of poor compliance with Carnegie's code of conduct and ethics policy. Risks associated with inadequate understanding of core values or policy documents that can harm clients and the financial market's trust in Carnegie.	Unethical conduct could entail losses for our clients and damage trust in Carnegie as an adviser.	The banking and financial services industry is regulated and authorisation is mandatory. Public trust is dependent upon good business ethics and professionalism in everything that Carnegie does. Carnegie's code of conduct applies to all employees and compliance is required. Any violations of the code are reported and investigated. Our clients' interests must always be put before our own. Carnegie's corporate ethics are based on clear allocation of responsibility and policy documents, such as the conduct and ethics policy and the purchasing policy.
Responsible investment	Risk that clients, based on our advice and investment recommendations, will invest in companies that fall short in relation to ethical, environmental or social issues.	Inadequate capacity to keep up with developments and consider sustainability in investments could lead to loss of clients and market shares due to new demands on products and services. Risk of losing clients if we are unable to meet client expectations on our business and/or our products and services.	Taking sustainability into account when making investment decisions involves mitigating risks and generating better risk-adjusted return for our clients. Carnegie considers environmental and social issues in advisory services, company analysis and investment management. Our responsible investment policy applies mainly to actively managed funds and the portfolios and funds in which Carnegie or an external fund manager makes direct investments in equities and corporate bonds. Equity research at Carnegie includes sustainability topics. Each year, we publish Socially Responsible Investing, a report of the sustainability work of analysed companies.

Sustainability disclosures, cont.

Focus area	Risk description	Risk consequences	Risk prevention
Privacy and confidentiality	Risk of shortcomings in procedures intended to protect clients' privacy or failures to uphold bank confidentiality. As well, the general risk within the financial industry that could lead to indirect damage to Carnegie's reputation.	Risk of being unable to retain or attract new clients due to insufficient trust in the financial market or in Carnegie.	The banking and financial services industry is regulated and authorisation is mandatory. We observe bank confidentiality in everything we do. Our work with information security is focused on availability, accuracy, confidentiality and traceability. Information must not be disclosed to unauthorised parties and must only be used to the extent required for the task. An ongoing project within Carnegie is aimed at raising employee awareness of information security by means including mandatory training and information initiatives.
Service, knowledge and customised advisory	Risk that clients will not receive the best service or access to good advice tailored to the client's circumstances.	Risk that our services will not live up to clients' expectations. If advice is not tailored to the client's circumstances, the risk to the client's invested capital could be increased.	Variable remuneration is not based on sales of specific products. We aim to find investment opportunities and financial products that are always based on the client's risk profile and other preferences at the time.
Responsible business			
Sound risk culture and good governance	Risk of unsustainable risk-taking due to inadequate governance and internal control.	Exaggerated risk-taking could have negative impact on Carnegie's capital base and financial stability.	Carnegie's operations are run with a low risk appetite, which means we take only conscious and controlled risks that support our core business. The bank works actively to maintain a sound risk culture in various ways including clear accountability, effective communication and appropriate incentives.
Effective capital allocation	Risk that the emergence of new companies will be inhibited by inadequate capital and transparency.	If companies that need to invest do not find capital, it could inhibit economic growth.	Our core business is to bring capital and companies together. Carnegie plays a key economic role. We analyse more than 400 listed companies in the Nordics and their sustainability is an aspect of the research.
Regulatory compliance	Risk of non-compliance with laws and regulatory requirements. Can lead to legal sanctions or financial losses.	Inadequate compliance could lead to financial losses through the imposition of fines or withdrawal of the company's permit to conduct business.	All employees are responsible for complying with the laws and regulations that apply to their area. The compliance function plays a key role in the effort to monitor the bank's compliance and support employees in matters related to compliance, such as anti-money laundering measures. In order to keep abreast of legislation, Carnegie is an active member of industry organisations including the Swedish Securities Dealers Association.
Profitable growth and long-term competitive advantage	Risk that Carnegie's growth will decline and thus our competitive advantage in the market.	Declining growth for Carnegie could affect our clients, their growth and social progress.	Carnegie offers a range of sophisticated financial services and products in several markets. Carnegie continuously reviews its strategic position and engages in business intelligence to be prepared for changes in client demand and the competitive landscape.
Purchasing and suppliers	Risks related to management of and cooperation with suppliers and products or services that Carnegie buys.	Risk that Carnegie's reputation will be damaged and that the bank loses clients and market shares.	Carnegie's purchasing policy regulates processes for purchasing and supplier assessment. Sustainability topics are integrated in the purchasing process.
Environment and climate	Risk that we will fail to live up to clients' increasing demands for environmental and social sustainability in our products and services. Also, higher demands on understanding and managing the impact of climate change on suppliers and society as a whole.	Risk of losing clients and market shares if Carnegie is unable to meet client expectations on our products or the environmental impact of our operations.	Carnegie takes environmental aspects into account in all business areas. This applies to advisory, company analysis and wealth management. We aim to find investment opportunities and financial products that are always based on the client's risk profile and other preferences at the time. Carnegie's direct environmental impact arises mainly from energy consumption, business travel and the use of natural resources, such as use of paper.
Responsible employer			
Skills development	Risk that Carnegie will be unable to remain the market leader if employees feel they are not developing sufficiently in their roles, or that the right skills are lacking among employees. Inability to attract new employees in highly competitive markets.	A general risk of losing competitive advantage and business position in the market, with particular risk focus on not maintaining Carnegie's strong position in the financial market.	Attracting and retaining the right skills has always been Carnegie's goal, with focus on further developing as an employer. Skills development occurs regularly at various levels. Employees and their immediate managers regularly confer to ensure that the employee's individual development goals are consistent with Carnegie's overall business objectives.
Equal opportunity and diversity	Risk that we do not sufficiently leverage employees' experience, knowledge and qualities, which can lead to risk that Carnegie will not meet its business objectives-	If the experience, knowledge and characteristics of employees are not leveraged, our future development would be at risk.	We must have an inclusive culture and work actively with these matters if we are to continue strengthening our business and developing in society. Carnegie aligns with the principles of equal treatment and always strives for diversity in various types of jobs and positions in connection with recruitment. We are an active member of industry organisations.
Focus area	Risk description	Risk consequences	Risk prevention

Sustainability disclosures, cont.

Compensation and benefits	Risk that Carnegie will fail to attract and retain competent employees because our compensation and benefits are not competitive.	We must have the best employees to continue holding our strong position in the financial market. If employees do not believe compensation and benefits are sufficient, there is risk that it will be difficult to retain employees.	Carnegie offers competitive compensation. The remuneration model is aimed at supporting successful and long-term development of the Group, rewarding individual performance and encouraging long-term value creation combined with balanced risk-taking.
Health and safety	Risks connected to non-compliance with health and safety procedures, which can result in injury or increased absenteeism.	Risk that accidents will occur, employees will become ill or develop stress-related conditions.	Carnegie pursues a systematic health and safety management programme to prevent accidents, illness and stress. Any risks on the job can be discovered and corrected in time through our health and safety management.

Responsible advisory

Carnegie strives to provide professional advice to guide its clients in a world that is both complex and difficult to predict. We affect both the growth of new companies and economic growth overall by stimulating responsible investment and ensuring effective capital allocation.

Sustainability and responsibility are integral aspects of our advisory services, from allocation of capital to how we invest within discretionary management, as well as within equity research. We look at both the risks and the business opportunities through clear investor's glasses with the ultimate objective of enabling our clients to create value in society.

Carnegie takes responsibility in a carefully structured manner, both in our own operations and from our clients' perspective. Guidelines including the credit policy, instructions for provision of investment services and instructions for AML & KYC provide support for transparent risk assessments based on solid input and for rejecting business thought to entail risk of damaging trust in Carnegie among employees, clients or in general. These guidelines also indicate how employees should, in the context of business evaluations, take economic, environmental and social aspects into account.

Business ethics and anti-corruption

The banking and financial services industry is heavily regulated and operations are subject to mandatory authorisation, the grant of which is conditional upon good governance and clear procedures. In order to maintain trust, good business ethics and professionalism must characterise everything that Carnegie does. Our clients' interests must always be put before our own. Carnegie has zero tolerance of discrimination in any form and takes client complaints very seriously, which must be managed fairly and expeditiously. No client complaints related to customer privacy or inappropriate handling of client data were reported during the year.

Carnegie's corporate ethics are based on clear division of responsibility and policies, such as the conduct and ethics policy and the purchasing policy. The purchasing process and choice of suppliers must always be managed according to a consistently ethical and competition-neutral perspective. Carnegie also has rules for how gifts and employees' outside activities and share ownership must be managed in order to avoid conflicts of interest. Violations of Carnegie's policies, business principles, ethical standards and other irregularities must be reported through a whistleblowing system.

Proactively addressing risks, especially those connected to money laundering and terrorism financing, is an essential component of Carnegie's responsibility in providing advisory services to clients. Our work to continuously to minimise these risks is achieved through supportive systems, Know Your Customer processes and regular training.

Responsible investment

Carnegie considers environmental and social matters in advisory services, company analysis and investment management. We aim to find investment opportunities and financial products that are always based on the client's risk profile and other preferences at the time.

Taking sustainability into account when making investment decisions involves mitigating risks and generating better risk-adjusted return. Our responsible investment policy covers the Swedish operations and applies mainly to actively managed funds and the portfolios and funds in which Carnegie or an external fund manager makes direct investments in equities and corporate bonds.

We signed the UN Principles for Responsible Investment (UNPRI) in 2020. By supporting the UNPRI, Carnegie avoids exposure to companies that produce or distribute weapons banned under international conventions and investments in companies that do not respect human rights or that commit serious environmental crimes.

Carnegie excludes investments in companies involved in alcohol, tobacco, pornography and weapons from portfolios with direct investments, mainly in the Nordic markets. We are also restrictive with regard to gambling operations.

A large portion of assets under management is managed by external fund managers and Carnegie has a clear and established process in this regard. The primary focus is to ensure that external managers understand the value of considering both risks and opportunities related to sustainability. In addition, Carnegie checks fund exposure from a sustainability perspective in partnership with the external adviser ISS-Ethix. They perform an ESG screening of the funds' holdings and the manager is required to submit an explanation of any non-conformances. When there are shortcomings, engaging in dialogue is Carnegie's first resort, with a view to achieving improvement. If the manager's sustainability work is deemed inadequate or if the manager does not demonstrate willingness to improve, the business relationship may be terminated. In accordance with our objective, discretionary management was covered by ESG screening in 2021.

Greater transparency through the Disclosure Regulation

Through the Sustainable Finance Disclosure Regulation (SFDR), the EU has imposed requirements on financial undertakings that produce financial products and/or provide investment advice on financial products to clarify how sustainability risks are integrated. Through our capacity to be transparent about our views on sustainability risks and how we integrate these risks in our work, we are supporting our clients in their efforts to make good, socially sustainable decisions. Principle adverse impacts (PAI) on sustainable development are intended to show investors and potential investors how their investment decisions through a financial market participant could or could not have adverse impacts on sustainable development. Carnegie considers the PAI on sustainability factors in our discretionary portfolio management and investment advice.

Responsible advisory, cont.

Indicators: Responsible advisory

		2021	2020
Business ethics			
Mandatory training and licensing requirements			
Sweden			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory knowledge updates, Swedsec (AKU)	%	100	100
Annual mandatory training on internal rules	%	100	100
Norway			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory training on internal rules	%	100	100
Denmark			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory training on internal rules	%	100	100
Finland			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory training on internal rules	%	100	100
UK			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory training on internal rules	%	100	100
USA			
Introductory training	%	100	100
Annual mandatory AML training	%	100	100
Annual mandatory training on internal rules	%	100	100

		2021	2020
Clients managed within Know Your Customer processes (KYC)			
Sweden	%	100	100
Norway	%	100	100
Denmark	%	100	100
Finland	%	100	100
UK	%	100	100
USA	%	100	100
Service, knowledge and customised advisory			
Listed companies in Sweden whose sustainability work has been analysed	Number	400	350
	%	100	100
Rankings and awards			
Best Nordic equity research (Institutional Investors All-Europe)	Rank	1	1
Best equity research, equity sales and corporate access (Extel)	Rank	1	1
Best individual analysts, top ten rankings (Extel)	Rank	1	1
Best equity research and best individual analysts (Financial Hearings)	Rank	1	1
Best Nordic equity house (Kantar Sifo Prospera)	Rank	1	1
Best Swedish Private Banking Provider (Kantar Sifo Prospera)	Rank	1	1
Best equity research, equity sales services and corporate access in the Nordics (Kantar Sifo Prospera)	Rank	1	1
Best Nordic adviser for corporate transactions (Kantar Sifo Prospera)	Rank	1	1
Foremost Back Office in Sweden (Kantar Sifo Prospera)	Rank	1	1
Responsible investment			
Assets under management covered by screening			
Discretionary management	%	100	100

Responsible business

Based on our essential function in the capital market, Carnegie aims to create value from a wider perspective: for our clients, for an efficient and sustainable capital market and for a sustainable society. We are convinced that well-managed companies are a cornerstone of a dynamic business sector and a sustainable national economy. This involves looking at ourselves and business from a more expansive perspective. Based on our position, Carnegie aims to promote enterprise and the emergence of new companies.

Through being a member of the UN initiatives Principles for Responsible Investment (UNPRI) and the Global Compact, Carnegie is demonstrating our support and respect for international principles of fundamental human rights and sustainable development, such as the UN Universal Declaration of Human Rights, ILO Fundamental Conventions on Rights at Work, the Rio Declaration and the UN Convention against Corruption.

External suppliers and partners are a key component of the business. Each year, Carnegie purchases supplies and other products and services such as IT systems, office supplies, consultancy services and external management services from numerous suppliers. Several policies, including the conduct and ethics policy and the purchasing policy, support careful purchasing and good control over the efficient use of resources.

Sound risk culture and regulatory compliance

Carnegie believes that a sound risk culture and robust risk management are critical to long-term economic success. Operations are run with a low risk appetite and take only conscious and controlled financial risks that support our core advisory business.

Responsible business, cont.

The internal survey to measure the risk culture was conducted for the fifth time in 2021. The results are once again considered very good at the individual, departmental and managerial levels, and exceed our targets. The survey was based on the ABC model, where all three aspects (Activators, Behaviour and Consequences) received high scores. The ambition is to follow up the survey on an annual basis.

Carnegie has several forums and committees at board and management level that have clear decision mandates and which comply with structured descriptions of business and risk assessments and regulatory compliance. The risk management and compliance functions are both independent of business operations. In order to ensure satisfactory risk control, particular deliberations are escalated naturally to the superior decision forum.

In order to assure a strong compliance culture and minimise the risk of legal sanctions and economic losses due to inadequate compliance, Carnegie works continuously to observe the laws and regulations that apply to our business. This includes ensuring that our policies and procedures provide employees the necessary conditions to work in accordance with applicable regulations.

Further information is provided concerning risk, liquidity and capital management at Carnegie in the Risk, liquidity and capital management section on pages 48-52 and concerning compliance in the Corporate governance section on page 39.

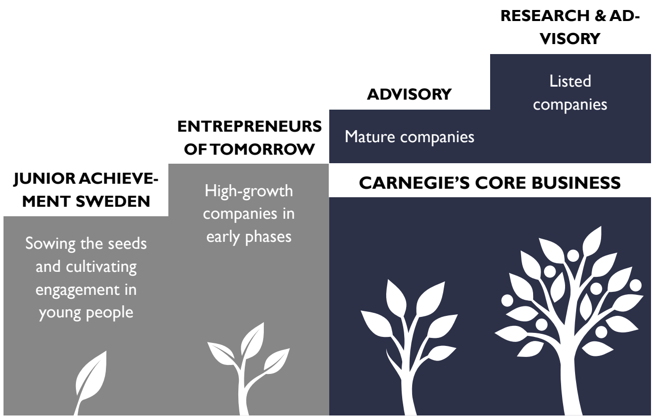
Effective capital allocation

An important component of Carnegie's social responsibility is expressed in commitment to enterprise and the growth of new businesses. We lead and engage in several initiatives, such as Junior Achievement Sweden, the Svenska Dagbladet Business Achievement Award and Entrepreneurs of Tomorrow, to help Swedish entrepreneurs realise their growth potential. This is important to our business over the long term and is a way to use our knowledge to contribute to society, as a complement to our core business.

Like the financial industry as a whole, Carnegie plays an important role in ensuring effective capital allocation, in bringing capital and new technology together to create sustainable solutions to climate and demographic challenges, for example, and in upholding due scrutiny and transparency in relation to listed companies. Our contributions include analysing around 400 of the listed companies in the Nordic countries every year. At the end of 2021, this corresponded to 93 percent of total market capitalisation on Nasdaq Nordic.

The sustainability perspective has been a distinct aspect of our company coverage for a long time. All companies that Carnegie covers are also analysed from a sustainability perspective: how well they have integrated sustainability in their strategies to be innovative and drive growth and how they are working to prevent incidents related to the environment or corruption.

Carnegie presented the Carnegie Sustainability Award for the third time in 2021, aimed at putting the spotlight on sustainability metrics that create shareholder value and present good examples to inspire companies and investors.



Indicators: Responsible business

	2021	2020
Economic value generated and distributed		
Operating income	5,229	3,254
Economic value generated	5,229	3,254
Operating expenses	619	478
Employee pay and compensation	2,768	1,901
Dividends*	300	-
Tax	381	78
Economic value distributed	4,068	2,457

*Refers to ordinary dividends.

		2021	2020
Sound risk culture and good governance			
Risk culture measurement, KPI	%	84	85
Response frequency	%	94	92
Effective capital allocation			
Analysed companies in the Nordics	Number	400	360
- of total market capitalisation in the Nordic countries*	%	95	93

* Refers to capitalisation of Nasdaq All-Share for Stockholm, Copenhagen and Helsinki and for the Oslo Stock Exchange All Share at year-end 2021.

Responsible employer

Competent, committed employees are the foundation of Carnegie's success. Creating a stimulating, rewarding work environment where employees want to stay and the next generation's talents want to begin is critical to longevity and retaining the role of Nordic market leader.

Carnegie strives to be an attractive and responsible employer. Being responsible requires a long-term perspective. Skills development, diversity, compensation and health are high-priority issues.

Our work is governed by applicable laws and regulations in the markets where Carnegie operates, as well as several policies such as guidelines for systematic health and safety management and delegation, conduct, ethics and diversity policies.

Health and safety

The purpose of our systematic health and safety management programme is to prevent accidents, illness and stress. Any risks on the job can be discovered and corrected in time through systematic health and safety management.

If accidents or incidents occur, the responsible manager must investigate the cause and take action. In accordance with Swedish law requiring occupational injury insurance, all occupational injuries must be reported to the Swedish Social Insurance Office. In addition, the manager must immediately inform the Swedish Work Environment Authority of any serious accidents at work.

Skills development

Remaining the market leader also requires continues skills development in relation to issues involving external and regulatory changes. The Carnegie Professional Development Foundation gives employees in Sweden, Denmark and the UK the opportunity to broaden their skills by taking courses twice a year in subjects outside their area of expertise. In addition, employees are continuously trained in operations-related subjects in order to maintain leading-edge skills. In 2021, 111 employees signed up for one of the more than 215 courses offered during the year.

Employees and their immediate managers regularly confer to ensure that Carnegie's overall business objectives are in line with the employee's individual development goals. Structured evaluations in the Performance Management Process are performed on a full-year and half-year basis and assessed against both financial and non-financial criteria.

Equal opportunity and diversity

By embracing people's unique experiences, knowledge and characteristics, Carnegie can shape a creative working environment that fosters personal development and improves the conditions for achieving optimal performance. Carnegie aims to be a workplace where all employees enjoy equal rights, opportunities and duties in all areas.

Carnegie aligns with the principles of equal treatment and always strives for diversity in various types of work and position in connection with recruitment. In addition, Carnegie does not tolerate any form of harassment or discrimination and we strive to ensure that this also applies to wage determination. All employees are treated with respect and consideration for every individual's rightful demands for privacy, regardless of gender, transgender identity or expression, ethnicity, sexual orientation, disability or age.

Compensation and benefits

Carnegie aims to offer competitive compensation. The remuneration model is aimed at supporting successful and long-term development of the Group, rewarding individual performance and encouraging long-term value creation combined with balanced risk-taking. Fixed pay is the base of the remuneration model. Each employee's performance is evaluated in an annual process. Eligibility for variable remuneration is governed by the attainment of individual targets and the performance of the unit and the group.

The standard benefits that Carnegie offers its employees may vary somewhat from one country to the next, but usually include various types of insurance, such as pension and medical insurance, life insurance, disability insurance and health insurance. Carnegie also makes pension provisions in various forms. The fitness and wellness benefits are generous and employees are offered a range of medical insurance policies and regular physical examinations. In addition, Carnegie has an active sports club that offers benefits such as running coaches.

Indicators: Responsible employer

		2021	2020
Skills development			
Training within Carnegie Professional Development			
Sweden			
Employees who applied	Number	78	80
Total number of course days	Number	142	151
UK			
Employees who applied	Number	6	29
Total number of course days	Number	17	75
Denmark			
Employees who applied	Number	27	57
Total number of course days	Number	27	148

		2021	2020
Equal opportunity and diversity			
Average number of employees			
Women	%	26	27
Men	%	74	73
Age			
< 30	%	19	15
30-50	%	58	59
> 50	%	23	26
Employee ownership			
Employee ownership interest	%	29.8	29.8
Employees as part owners	Number	Approx. 400	Approx. 400
Health and safety			
Absenteeism	%	2.8	1.9
Employee turnover	%	10	10

Carnegie's ambition is to make it easier for all employees to combine work and family life by providing supplementary parental leave benefits, allowing employees to retain selected benefits while on leave and, to the extent possible, accommodating flexible working hours.

It is important to generate internal commitment to the company's development and to ensure that employees have the same incentives as the owners to create long-term value. Carnegie therefore offers employee ownership schemes.

Environment

As a service company, Carnegie's operations have limited direct environmental impact. Nevertheless, we prioritise the issue because we know it is important to run the business in a way that minimises our ecological footprint. Carnegie has chosen to integrate environmental protection with business and due diligence processes in which all aspects are considered from the risk and added value perspectives.

Internal environmental management involves continuous adaptation of operations, improved procedures and continuous updates of knowledge and information management related to environmental issues. Our car and travel policies have an explicit environmental focus. For example, train travel is required for all business trips of less than four hours travel time. Office premises, IT equipment, supplies and travel are examples of the direct environmental impact resulting from our operations.

The greatest environmental impact is indirect and is linked to our clients' investments in the Private Banking business. Making responsible investments is an important aspect of the management mandate. We take environmental, social and governance aspects into account through an established process for ESG investments. In the investment context, this is a matter of reducing the risk. See also the Responsible Investment section on page 26.

The environment topic has been assessed internally and by our key stakeholders as less important to Carnegie at this time and no key figures or targets are therefore reported in this area. However, they are continuously monitored and evaluated.

Membership of associations

Carnegie supports international principles of fundamental human rights and sustainable development and intends to actively contribute to global initiatives to create sustainable transition and development.

Carnegie is a member of several industry organisations including the Swedish Securities Dealers Association and SwedSec.

Carnegie also supports Junior Achievement Sweden, which sows the seeds of interest in entrepreneurship in Swedish schools and, over the long term, promotes the growth of new businesses.

UN Principles of Responsible Investment

Carnegie signed the UN initiative Principles for Responsible Investment (UNPRI) in 2020. This means that Carnegie acts in accordance with the six principles on investment analysis, ownership policies, information disclosure, promotion of acceptance and implementation, cooperation and reporting.

UN Global Sustainable Development Goals

The United Nations adopted 17 global Sustainable Development Goals (SDGs) in 2015, with the clear expectation that states, the public sector and business should contribute to solutions to common challenges. When the global SDGs were adopted by the UN member states, it provided an opportunity to take on the sustainability challenges the world is confronting in a concrete manner. Business, the financial industry not least importantly, has an important role to play in developing scalable solutions and driving the transformation that is critical to attaining the goals by 2030,

Based upon Carnegie's vision, business principles and role in society, the assessment is that six SDGs are relevant to our business and to which Carnegie can make valuable contributions.

UN Global Compact

Carnegie has been a signatory to the UN Global Compact since 2017. In so doing, Carnegie has committed to supporting and respecting the ten principles of the Global Compact.

THE GLOBAL GOALS
For Sustainable Development

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour and employment conditions

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Reporting under the EU Taxonomy Regulation

Method description
Public-interest entities with more than 500 employees are covered by the Taxonomy Regulation and their sustainability reporting must therefore align with the Taxonomy. The bank's reporting is based on the consolidated situation as required under Regulation (EU) No 575/2013.

Qualitative information
Data used for reporting in alignment with the Taxonomy Regulation regarding on-balance-sheet assets is found in the bank's internal system, which is also used for capital requirements reporting. In Carnegie's voluntary Taxonomy report, assets have been classified based on assessment of the economic activities of underlying clients and counterparties using the client/counterparty's applicable NACE code and, where relevant, adjusted for knowledge of the customer. NACE is the European statistical classification of economic activities.

Assets	SEK 000s	%
Exposure to ***Taxonomy non-eligible*** and ***Taxonomy-eligible*** economic activities[1]	9,321,037	44%
Exposure to governments, central banks and supranational issuers and derivatives.	8,103,760	39%
Exposure to companies not subject to NFRD	2,401,916	11%
Trading portfolio	376,970	2%
Other assets	763,346	4%
Total assets	**20,967,029**	**100%**

The six environmental objectives of the EU taxonomy are: (1) Climate change mitigation (2) Climate change adaptation (3) Sustainable use and protection of water and marine resources (4) Transition to a circular economy (5) Pollution prevention and control (6) Protection and restoration of biodiversity and ecosystems.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Carnegie Holding AB, corporate registration number 556780-4983

Engagement and responsibility

It is the board of directors who are responsible for the statutory sustainability report for the year 2021 on pages 84-92 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 29 March 2022
Ernst & Young AB

Mona Alfredsson
Authorised Public Accountant

GRI INDEX

Contents in accordance with GRI

Carnegie complies with the Global Reporting Initiative guidelines, GRI Standards, and reports according to the 'core option'. Reporting at the Core level means that Carnegie has identified the sustainability topics that are material to the company and reports at least one indicator per area. The following GRI Index shows were disclosures in accordance with GRI are found in Carnegie's Annual Report for 2021.

GRI Standard	Disclosure		Page reference	Remarks
General disclosures				
GRI 102: General disclosures 2016				
Organisational profile				
	102-1	Name of the organisation	Front cover	
	102-2	Activities, brands, products and services	1, 9-11	
	102-3	Location of headquarters	96	
	102-4	Location of operations	1	
	102-5	Ownership and legal form	36-38, 41	
	102-6	Markets served	1, 10-11	
	102-7	Scale of the organisation	2-3, 42	
	102-8	Information on employees and other workers	28, 68, 90	
	102-9	Supply chain	88	
	102-10	Significant changes to the organisation and its supply chain	41	
	102-11	Precautionary principle or approach	91	
	102-12	External initiatives	91	
	102-13	Memberships of associations	91	
Strategy				
	102-14	Statement from senior decision-maker	4-5	
Ethics and integrity				
	102-16	Values, principles, standards and norms of behaviour	8–9, 19, 28-29	
Governance				
	102-18	Governance structure	36-38	
Stakeholder engagement				
	102-40	List of stakeholder groups	84	
	102-41	Collective bargaining agreements	Carnegie offers terms of employment and benefits at or above the level stipulated in collective bargaining agreements i the financial industry, and has not itself entered into any collective bargaining agreements.	
	102-42	Identifying and selecting stakeholders	84	
	102-43	Approach to stakeholder engagement	84-85	
	102-44	Key topics and concerns raised	84-85	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	84	
	102-46	Defining report content and topic boundaries	85	
	102-47	List of material topics	85	
	102-48	Restatements of information	No material changes.	
	102-49	Changes in reporting	No material changes.	
	102-50	Reporting period	84	
	102-51	Date of most recent report	84	
	102-52	Reporting cycle	84	
	102-53	Contact point for questions regarding the report	96	
	102-54	Claims of reporting in accordance with the GRI Standards	84	
	102-55	GRI Index	93-94	
	102-56	External assurance	No external assurance. The auditor's opinion on the statutory sustainability report is on page 92.	

GRI Standard	Disclosure		Page reference	Remarks
Specific disclosures				
Economic performance				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	10-13	
GRI 201: Economic performance 2016	201-1	Economic value generated and distributed	89	
Anti-corruption				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	85, 87	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	88	
Employment				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	28-29, 87, 90-91	
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90-91	
Education				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	8–12, 28-29, 86, 90	
GRI 404: Training and education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	90	
	404-3	Percentage of employees receiving regular performance and career development reviews	28-29	
Equal opportunity and diversity				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	13, 28, 86, 90	
GRI 405: Equal opportunity and diversity 2016	405-1	Diversity of governance bodies and employees	67, 90	
Product and service labelling				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	2, 8, 12, 18, 20, 22-23, 26 85, 87	
GRI 417: Product and service labelling 2016	417-1	Requirements for product and service information and labelling	2, 12, 19, 87	
Customer privacy				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	86-87	
GRI 418: Customer privacy 2016	418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	88	
Auditing				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	12, 45-47, 85-89	
GRI FS: Auditing	FS	Risk assessment procedures	12, 45-47, 85-89	
Socioeconomic compliance				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	12, 45-48, 85-89	
GRI 419: Socioeconomic compliance 2016	419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations	89	
Active ownership				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Sustainability management	2, 12, 28, 90	
GRI FS: Active ownership	FS11	Percentage of assets under management subject to screening	88	Refers to the Swedish operations.

Definitions – Alternative Performance Measures*

Operating income*
Operating income excluding income not generated by our business areas.

Operating expenses*
Operating expenses excluding variable remuneration, financing costs and credit losses.

Operating profit or loss*
Operating profit or loss excluding variable remuneration, financing costs and credit losses.

Operating C/I ratio*
Operating expenses as a percentage of operative income.

Operating income per employee*
Operating income for the period divided by the average number of employees in continuing operations.

Operating expenses per employee*
Operating expenses for the period divided by the average number of employees in continuing operations.

Operating profit margin*
Operating profit as a percentage of operating income.

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

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.

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

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

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

Cost/income (C/I) ratio*
Total costs before credit losses as a percentage of total 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, ∑ (equity – 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 52 and the Operating income statement on page 44 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 costs.
- 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 unrelated to the business areas of SEK -11 million 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 IV)/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 the operating C/I ratio, operating income and expenses per employee and 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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