
# CARNEGIE HOLDING AB

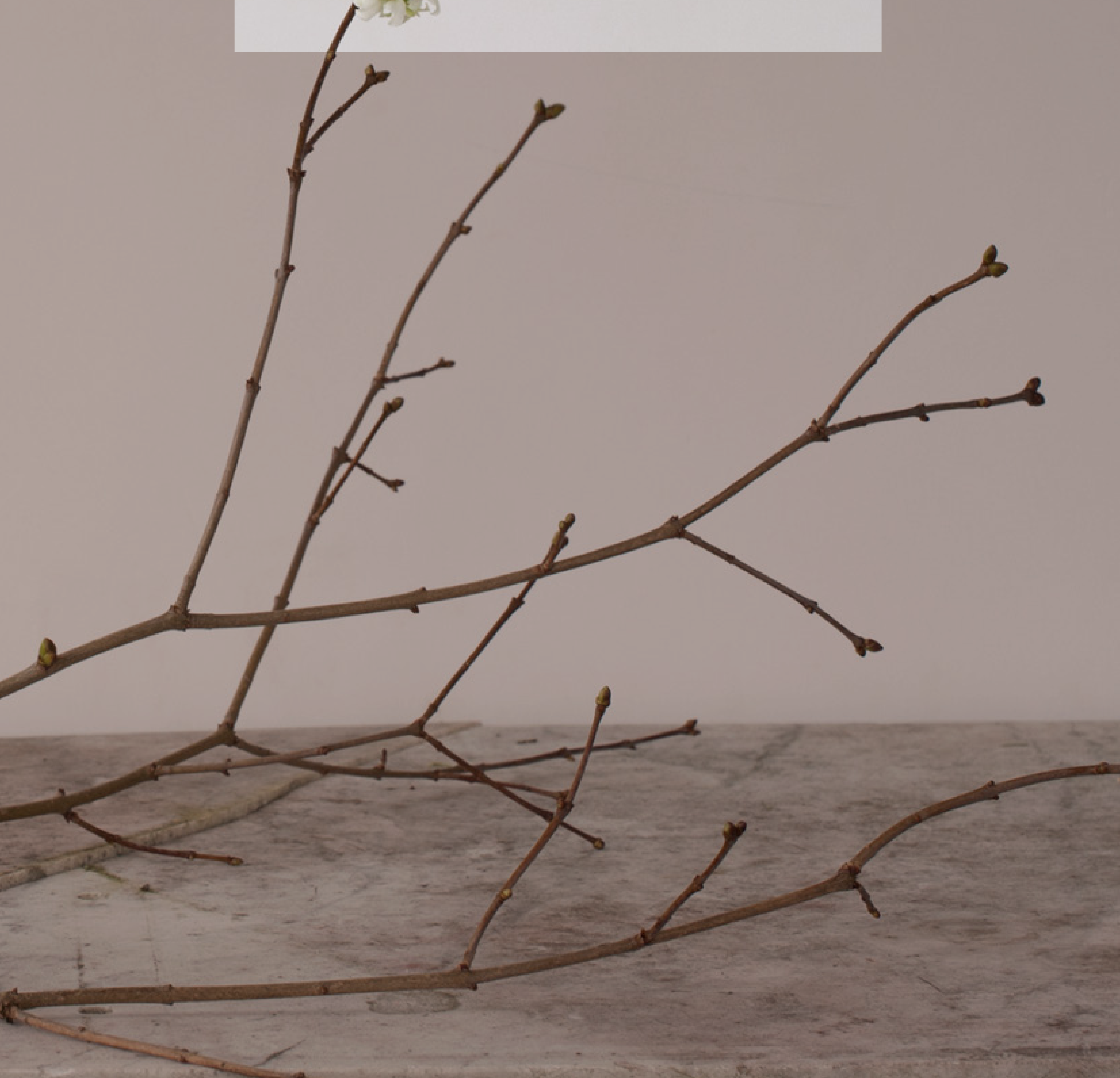
*Annual Report 2015*

Carnegie

# CONTENTS

## *The outlook is bright for long-term growth*

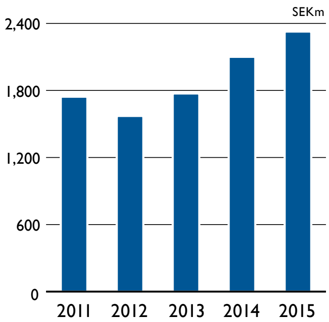
*That which was once a trading house founded in 1803 by David Carnegie is now the leading private- and investment bank in the Nordic region, where the dedicated staff includes some 50 analysts who track almost 300 listed Nordic companies. This strong research capacity accompanied by expertise in wealth management, advisory services in corporate finance and capital acquisition is a hard-to-beat combination of collective knowledge, powered by 650 employees in seven countries.*



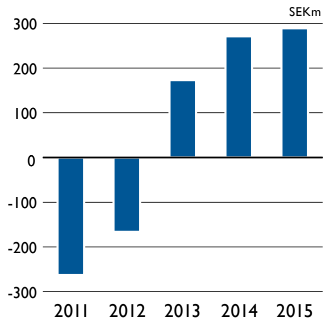
# 2015 IN SUMMARY

- With 16 IPOs valued at SEK 10.9 billion, 2015 was a new record year for Carnegie, which executed the highest number of equity capital market transactions (ECM) in the Nordics, further solidifying its market-leading position.
- At year-end, Carnegie had total assets under management of SEK 155 billion (140).
- A decision was taken in September 2015 to divest Carnegie Fonder AB.
- Björn Jansson was appointed new CEO of Carnegie Investment Bank.
- During the fourth quarter of 2015, Carnegie redeemed the preference shares and subordinated debt owned by Creades AB and Investment AB Öresund.
- Carnegie repaid its SEK 935 million debt within the framework of The Swedish National Debt Office's guarantee program during the year.
- Carnegie reinforced the business organisation in 2015 and invested in efficiency improvements and system platforms.

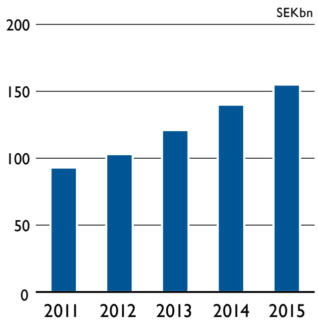
## OPERATIVE INCOME



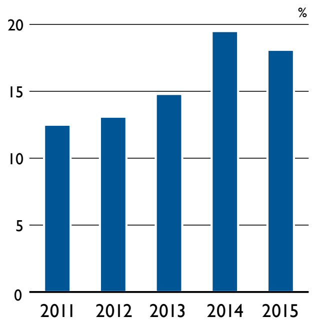

## PROFIT BEFORE TAX




## ASSETS UNDER MANAGEMENT




## COMMON EQUITY TIER I CAPITAL RATIO




# FINANCIAL KEY DATA

- Operative income amounted to SEK 2,327 million (2,101).
- Operative profit before variable remuneration and finance costs was SEK 675 million (579).
- Profit for the year amounted to SEK 214 million (235).
- The group's financial position remains strong, with equity of SEK 2.1 billion (2.4), common equity Tier I capital ratio of 18.1 percent (19.5) and capital adequacy ratio of 20.6 percent (27.2) at year-end 2015.

## OPERATIVE INCOME STATEMENT SUMMARY

| SEKm | 2014 | 2015 |
|---|---|---|
| Investment Banking & Securities | 1,218 | **1,341** |
| Wealth Management | 883 | **986** |
| **Operative income** | 2,101 | **2,327** |
| Personnel expenses before variable remuneration | -998 | **-1,104** |
| Other expenses | -523 | **-547** |
| **Operative costs** | -1,522 | **-1,651** |
| **Operative profit** | 579 | **675** |
| Finance costs, variable remuneration, etc. | -308 | **-386** |
| **Profit before tax** | 271 | **289** |
| Tax | -36 | **-75** |
| **Net profit for the year** | 235 | **214** |

## KEY DATA

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Operative profit/loss, SEKm | -206 | -17 | 385 | 579 | **675** |
| Operative C/I ratio, % | 112 | 101 | 78 | 72 | **71** |
| Return on equity, % | neg | neg | 9,7 | 10,4 | **9,1** |
| Average number of full-time equivalent employees | 808 | 704 | 631 | 633 | **642** |

# THE LEADING AND INDEPENDENT NORDIC INVESTMENT AND PRIVATE BANK


## CORPORATE FINANCE

### Corporate advisory services

With its local presence, unique knowledge and many years of experience, Carnegie has a long track record as a leading Nordic adviser in mergers and acquisitions (M&A) and equity capital market transactions (ECM) in the region. Carnegie also provides advisory services in capital acquisition and fixed income instruments (Debt Capital Markets).

Operations in Denmark, Norway and Sweden.

### Number one Nordic Adviser 2015 [1)]

Carnegie was ranked highest of all institutions in the Nordic market when TNS Sifo Prospera performed its annual survey of the Nordic investment banking market.

Carnegie was also named the best Swedish and Danish investment bank and the foremost M&A adviser in the Nordics. In Sweden, Carnegie was ranked first in both ECM and M&A.

## SECURITIES

### Research and equity sales

Carnegie Securities is a global leader in Nordic equities. Institutions and investors rely on Carnegie Securities for research, equity sales, sales trading and equity capital market transactions. The Fixed Income unit offers bond research and sales.

Securities operates primarily from the offices in Denmark, Finland, Norway and Sweden, but is also represented in the UK and the US.

### Best Nordic research house 2015 [2)]

Institutional investors rank Carnegie number one on a global level in Nordic equity research, according to the magazine Institutional Investor's ranking All-Europe 2016 Research Team, published in early February 2016.

Carnegie was named the best research house in Sweden in the Financial Hearings survey for 2015. Carnegie analysts achieved top rankings in an impressive 9 out of 20 categories. The survey was based on interviews with the largest institutional investors in Sweden

## WEALTH MANAGEMENT

### Wealth management

Carnegie Private Banking & Investment Solutions offers financial advisory services to individuals, small businesses, institutions, foundations, affiliated agents and product brokers. The staff includes experts in asset allocation, asset management, law, tax management, pensions and trading in securities and fixed-income bonds. Carnegie Private Banking & Investment Solutions operates in Denmark, Luxembourg and Sweden.

Carnegie Fonder, one of the leading independent fund managers in Sweden, also operates within the framework of Wealth Management. The Carnegie board resolved in autumn 2015 to divest Carnegie Fonder AB. The transaction is expected to be finalised during the first half of 2016.

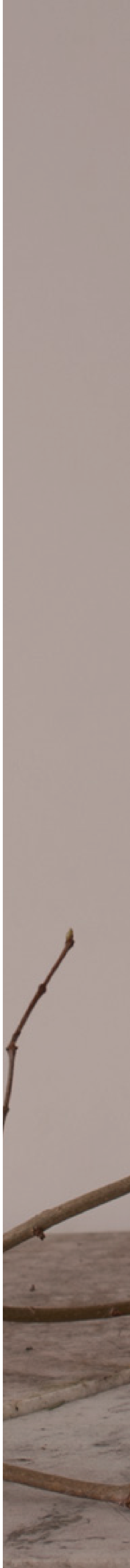
### Top-ranked management [3)]

In February 2016, Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million and topped the segment that has access to Investment Banking services, according to the annual survey made by the magazine Euromoney.

The Carnegie Nordic Equity fund has a five-star rating from fund-rating institute Morningstar. [4)]

Carnegie Fonder was named the best fund manager in Sweden when TNS Sifo Prospera presented its survey results for 2015. The survey is based on interviews with independent advisers and distributors.

1) TNS Sifo Prospera 2015. 2) Financial Hearings 2015. 3) Euromoney. 4) Based on three-year performance.




Bright outlook

Chairman's message

# "CARNEGIE HAS A BRIGHT FUTURE IN THE NORDIC CAPITAL MARKET"

Carnegie took further steps in 2015 towards adapting its business to future standards of independence and transparency in order to secure its position as a leading adviser in the Nordic market over the long term.

The strengthened market position and good earnings performance that Carnegie has demonstrated for the past five years have created new conditions for growth. The positive development also laid the foundation for the board's decision during the year to streamline the business by divesting Carnegie Fonder AB. We are thus creating more distinct conditions for continued growth in an independent advisory services business through an integrated investment and private bank.

## Strong financial position

Long-term cost consciousness is also prioritised, in addition to the board's growth strategy. Carnegie's financial strength is critically important to our client relationships and to maintaining the central role we play in the capital market by guiding clients and capital to growth opportunities while making capital available to companies that need it.

In addition, the group has developed well in recent years, which has made a more efficient capital structure. The board decided this year to repay the outstanding debt instrument issued within the framework of the Swedish National Debt Office guarantee scheme and to redeem all preference shares and parts of the convertible debenture issued in connection with the acquisition of HQ. This was accomplished while maintaining a strong financial position. This is reflected in the common equity Tier 1 capital ratio of 18.1 percent (19.5) and capital adequacy of 20.6 percent (27.2) at year-end.

## Sustainability

As part of our sustainability initiatives, we have begun stakeholder dialogues aimed at deepening our insight into what they expect from us. Through better understanding of their overall perspective on Carnegie, we can also prioritise the areas we believe will require systematic monitoring in the future.

## Outlook

When Carnegie's ownership structure changed in 2015, Ingrid Bojner and Andreas Rosenlew were elected to the board of directors, bringing new knowledge and valuable perspectives to the board concerning Carnegie's competitiveness in a future financial services market.
We have clearly advanced our positions during the year and I am convinced that Carnegie will continue playing a central role in the Nordic capital market in forthcoming years.

**Bo Magnusson,**
**Chairman**

President's message

# "GROWTH POTENTIAL IN STREAMLINED OPERATIONS"

Carnegie continued its growth journey in 2015 with good earnings performance. Reinforcements in advisory services and wealth management, combined with our independent position in the equity market and strong research position, have further strengthened our position with institutions and companies. Our core business is thus well-equipped for future years and Carnegie's long-term growth potential is inspiring.

## Business opportunities well managed in 2015

Carnegie skilfully managed its business opportunities in 2015. Carnegie executed more equity capital market transactions than any other institution in the Nordic market and participated in 16 out of 27 Nordic IPOs during the year, each valued at more than USD 50 million. The sectors and companies include Attendo, an outsourced care provider; Dometic, a manufacturer of heating and cooling products, debt management partner Hoist and Norwegian Skandiabanken. The Swedish flotation market stood out as the strongest in 15 years, measured in the number of companies introduced to Swedish marketplaces. Here as well, Carnegie demonstrated its leading position and participated in more than half of all transactions in this market. This has been the pattern for the last five years and Carnegie thus defended its dominant market position.

Carnegie's prominent market position also contributed to unique investment opportunities for our private banking clients during the year. We are delighted to have successfully managed our clients' private wealth and to have seen assets under management by Carnegie grow to SEK 155 billion (140).

## Strengthened market position

Carnegie gratefully accepted several external honours in 2015. We defended our position as the best research house in Sweden according to the Financial Hearings annual survey, and in the autumn were named the number one adviser in corporate transactions in both the Swedish and Danish markets as well as best Swedish fund manager according to client surveys performed by TNS SIFO Prospera. This achievement will remain a yardstick for our ambitions moving forward.

In parallel with these successes, we have definitively reinforced the organisation in our core business during the year, aimed at meeting the need for advisory services related to mergers and acquisitions, trading in fixed income instruments and private wealth management. This combined with the strongest research capacity in the Nordics, with some 50 analysts tracking almost 300 companies, is evidence of the breadth and depth of our knowledge, which is the defining characteristic of our competitive edge.

## Responsibility and sustainability

Carnegie's general point of departure for assuming a wider responsibility is characterised by our key role as intermediary and meeting place in the capital market. Our advisory function between investors and investment opportunities is of central importance to ensuring that capital is guided to high-growth companies that are building a stronger society and contributing to optimal conditions for a sustainable financial services market.

Against that background, Carnegie has over the past couple of years clarified its increased commitment to business and enterprise in several different ways. The foundation is the relationships upon which our business is built, but this is also based on the conviction that entrepreneurs and companies are the builders of prosperity that make Sweden a competitive country in the global market. The emergence of new companies is as critical to a sustainable economy as it is to Carnegie's long-term development.

In parallel with this, we have initiated a number of systematic stakeholder dialogues aimed at deepening our insight into what is expected of Carnegie from various perspectives with regard to sustainability and social responsibility. We are interested and open to additional areas that may be prioritised as these dialogues evolve.

## Focus on advice and wealth management

Carnegie decided during the year to divest Carnegie Fonder AB. The fund business was acquired in connection with the takeover of HQ Bank in 2010 and has since operated and contributed to the Carnegie Group as a separate legal entity with limited business synergies with other operations. Through the divestment, Carnegie is sharpening its concentration on independent private and investment banking with focus on advisory services. The synergies are that much greater within the framework of these operations. It is on this basis that we will be developing Carnegie moving forward by more clearly utilising and uniting our various areas of expertise to create new and exciting opportunities in the advisory services we provide to our clients.

## Outlook

We can once again sum up an eventful year with good earnings growth, higher income and an impressive collection of external acknowledgements. This shows that we are on the right path, but we are far from having achieved the full potential inherent in our business and in relation to our investments in 2015. Carnegie thus has every reason to be optimistic about the future and our capacity to build more and closer client relationships.

**Björn Jansson**
**President and CEO**

# RELEVANT, CONTEMPORARY ADVICE

Our top-ranked advisory services are based on insight into markets and companies, but also emanate from understanding of our clients and the attitudes and changes that are shaping our world. This interaction is the foundation of our business principles.

In globalisation are creating huge business opportunities. They are also heightening demands that corporate advisory services include and balance the complex interplay of political, legal and social forces and understand how these affect clients' transaction conditions. For example, political decisions in recent decades have altered the conditions for radio and TV, mail delivery, temporary staffing services and passenger train traffic, as well as the pharmacy business and vehicle safety inspections.

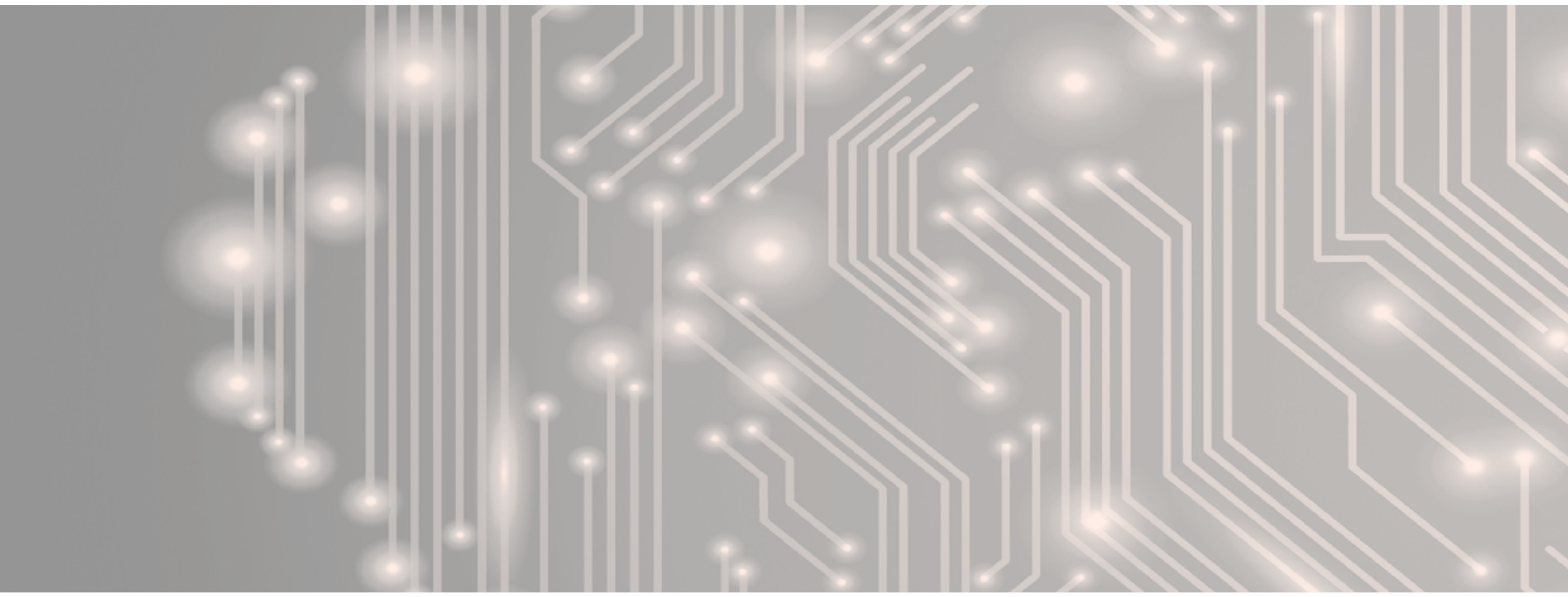
Similar change processes are ongoing in the gaming market, for example, where market forces, in response to greater digitalisation, are challenging earlier monopolistic structures.

Successful, relevant advice that is right for the times thus requires understanding of the external dynamics that affect the willingness to invest among both institutional and private investors.

**Pioneers in health and care services listed in 2015**

Two major health and care providers were introduced to Nasdaq Stockholm during the past year, denoting yet another important step in market development for the sector. Although the histories of the companies go back to the 1980s, their business models were subordinate to political uncertainty for a long time. As market reforms have successively increased citizens' options to choose their health and care service providers, the companies have been gradually afforded better opportunities to compete for market shares. In the process, private providers have begun performing an increasing share of the health and care services traditionally performed under public management.

As an adviser to companies doing business in markets characterised by similar dynamics, Carnegie analyses not only the financial aspects of the transaction, but also the deliberations investors make when evaluating the political risks and driving forces of public opinion that affect the prerequisites for the transaction.



# GUIDING BUSINESS PRINCIPLES

Our vision is based on our relationships with stakeholders. We meet their expectations by imposing high standards of client focus, expertise and dedication.

## VISION

Carnegie shall be the leading Nordic investment bank and asset manager - recognised and recommended by our clients.

### CARNEGIE'S VISION

#### STAKEHOLDERS

**CLIENTS**

We will advise our clients to better businesses through our collective knowledge and experience.

**EMPLOYEES**

We shall recruit and retain employees that are attracted by our high ambitions and professional working environment.

**OWNERS**

We shall be one of the most profitable firms in relation to comparable businesses.

**SOCIETY**

We shall be perceived as a credible and respected player on the financial markets.

## BUSINESS PRINCIPLES

To ensure that Carnegie exceeds the expectations of our stakeholders, our objectives are shaped by several key business principles.

### CARNEGIE'S BUSINESS PRINCIPLES

**CLIENT FOCUS**

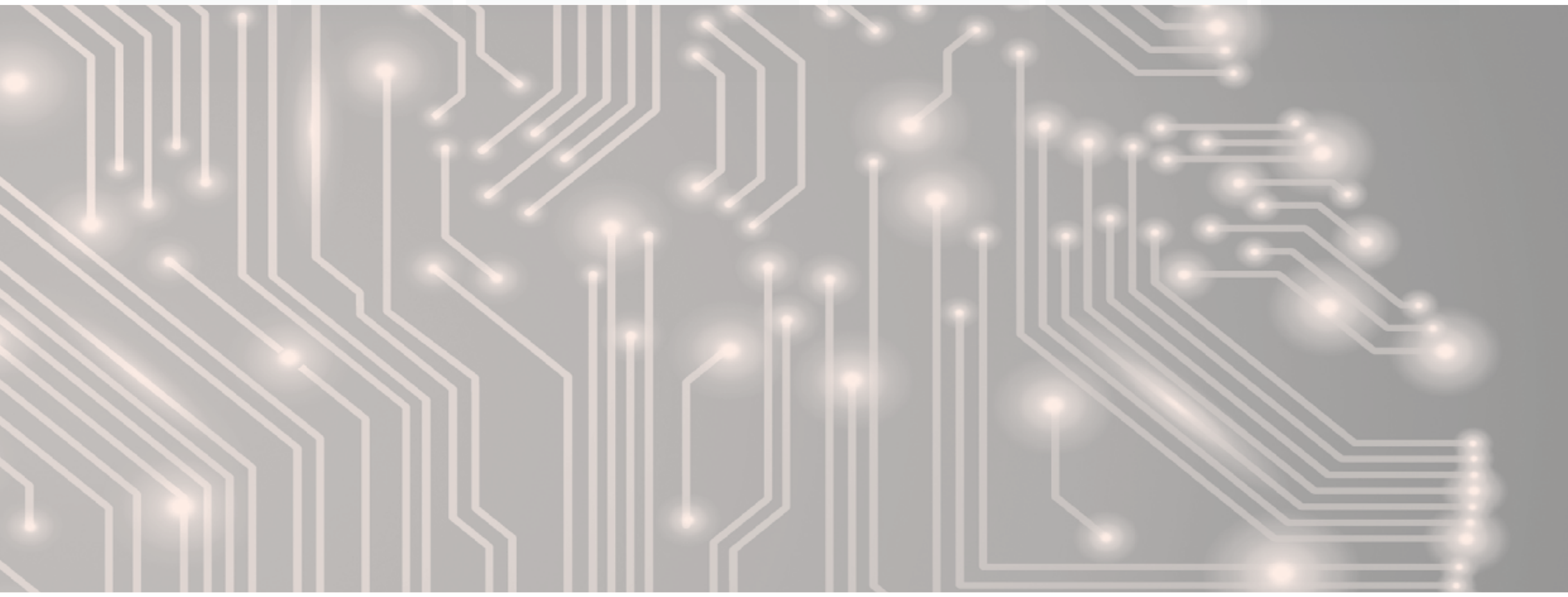
- We do our utmost to ensure products and services of the highest quality.
- We combine global reach and local presence in our business.
- Every meeting with Carnegie shall enhance the knowledge of our clients.

**EXPERTISE**

- We employ, develop and retain the best employees.
- We think outside the box to find the best solutions for our clients.
- We work together and utilise all resources of the firm to find the best solutions.

**COMMITMENT**

- Earning our stake-holders' trust is a joint effort.
- We have high moral standards and comply with rules and regulations.
- Our professionalism goes all the way down to the last detail.



# INCREASE IN NORDIC CORPORATE TRANSACTIONS

The markets for equity capital market transactions, mergers and acquisitions were characterised by record-high activity globally during 2015. In the Nordics, IPOs accounted for a significant portion of ECM transactions, particularly on Nasdaq Stockholm.

Macroeconomic challenges, falling commodities prices and weaker economies in large emerging markets like China and Brazil had adverse impact on the Dow Jones World Index, which fell by four percent, measured in USD, in 2015. Despite subdued stock exchange performance, 2015 was a year of record-high global activity in equity capital market transactions (ECM) and mergers and acquisitions (M&A) in terms of both volume and number of transactions.[1)] A large number of significant mergers of US-based multinationals was a contributing cause. Generally low interest rates, good access to financing and the endeavour to achieve growth in an environment of subdued economic outlooks created a favourable climate for these transactions.

### Nordic stock markets rising

The stock markets climbed in the Nordic countries, stimulated by an expansive monetary policy. Nasdaq Copenhagen was the clear leader with an upturn of 29.3 percent, followed by the exchanges in Helsinki (10.8 percent), Stockholm (6.6 percent) and Oslo (0.3 percent).[2)]

The total value of ECM in Europe and the Nordics declined while the number of transactions rose compared with 2014. The total number of IPOs in Europe and the Nordics was lower than in 2014, which contributed to this development.

## THE TRANSACTIONS MARKET

### More Nordic ECM transactions in 2015

The total number of Nordic ECM transactions was 284, up by 25 percent from 2014. This is the highest number since the record year of 2010.[3)]

The largest ECM transaction in the region in 2015 was the sale of 200 million shares in Telia Sonera, equal to 4.6 percent of share capital. The seller was the Finnish government and the buyers were Nordic and international institutions.

In turn, the favourable Nordic climate for ECM transactions contributed to lower activity in the M&A segment in 2015 than in 2014, measured in terms of value. However, M&A transactions increased slightly in numerical terms.

### More IPOs

IPOs accounted for a substantial portion of Nordic capital market transactions in 2015, driven by a favourable listing climate with rising share prices and low interest rates. There were a total of 26 IPOs on Nasdaq Main Market and seven on Oslo Børs.[4)] There were 51 IPOs on the First North marketplace in Stockholm, Copenhagen and Helsinki and 3 companies were introduced on Axess, the equivalent to First North on Oslo Børs.

This is an increase in IPOs for both the major and minor marketplaces compared with 2014, which was also a record year after a protracted period of low activity. Capital was acquired on Nasdaq Nordic Exchanges in 2015 to an aggregate value of SEK 54.9 billion in IPOs (including SEK 47.2bn on Nasdaq Main Market and First North in Stockholm).

The largest Nordic IPOs in 2015 were Pandox, Skandiabanken, Dometic and Attendo.

### NORDIC CORPORATE TRANSACTIONS, 2015

| % | ECM | IPO | M&A | LCM |
|---|---|---|---|---|
| Value | -14 | -5 | -16 | -10 |
| Number | +25 | +21 | +5 | -8 |

The table shows changes in value and number for equity capital market transactions, IPOs, mergers and acquisitions and loan capital market transactions compared to the corresponding figures for 2014. The data were derived from Thomson Reuters, Nasdaq Nordic Exchanges and Oslo Børs.

### Higher trading volume in Nordic equity markets

Activity rose in Nordic marketplaces in 2015. Daily average trading volume in Stockholm, Copenhagen, Helsinki and Oslo was SEK 33.4 billion, up 19 percent from 2014. The average number of trades per trading day also rose by 19 percent in 2015. The markets in Copenhagen, Helsinki and Oslo accounted for about half the number of trades, while marketplaces in Stockholm generated the remainder.[5)]

**Loan capital markets characterised by mixed economy**

The Nordic corporate bond market demonstrated powerful growth between 2008 and 2014, but has been subdued for the last two years. The fragmented state of the economy in the Nordic region shaped the loan capital markets in each country during 2015. While volumes and the number of transactions for Swedish issuers remained at a historically high level, activity dropped in the Finnish and Norwegian markets, particularly the latter. The Danish market was essentially unchanged. Overall, activity in the Nordic loan capital market declined in 2015, both in terms of volume and number of transactions.[6]

## THE WEALTH AND CAPITAL MANAGEMENT MARKET

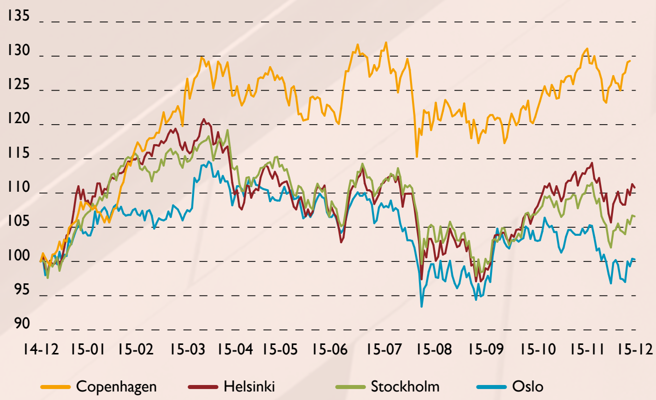
Volatility on the equity markets combined with the expansive monetary policy climate created challenging conditions for both wealth management advice and asset allocation in 2015. As a result, accelerating economic insecurity further clarified the needs of investors to diversify. Moreover, negative interest rate levels in particular made it difficult for fixed income portfolio managers to identify return opportunities.

Carnegie's clients in the private banking market include high-net worth individuals, small companies, institutions and foundations in need of wealth advisory services or wealth management. The clients are found primarily in Sweden, Denmark and Luxembourg. For many private banking clients, greater uncertainty in the global economy along with the challenge of finding returns at low risk led to a more cautious stance in 2015, with consequentially lower activity.

At the aggregate level, Swedish and Danish households experienced favourable wealth growth during 2015, with increased asset values due to rising residential real estate prices combined with higher share prices. Household debt increased at a lower rate than asset values. As a result, net wealth grew in Sweden and Denmark and historically high levels of wealth were recorded at year-end in both countries.[7]

The Swedish fund management market, where Carnegie Fonder operates, noted the highest total year-end fund assets in history, owing to both rising fund unit values and new savings. Swedish fund savings generally developed well during the year. In line with overall market conditions, however, it was primarily mixed funds that attracted new capital, at the expense of dedicated equity and fixed interest funds.[8] This tendency reflected the market challenge of taking a stance on accelerating uncertainty and volatility in the equity markets while compensating for the difficulty of finding returns at low risk in the fixed income market.

### SHARE PRICE TRENDS ON NORDIC EXCHANGES, 2015




1) Source: Dealogic.
2) OMX Copenhagen_PI, OMX Helsinki_PI, OMX Stockholm_PI and OMX Oslo 20_PI, all in local currency.
3) Source: Thomson Reuters. Nordic Investment Banking Market Information Summary 2015.
4) Source: Nasdaq Nordic Exchanges.
5) Sources: Nasdaq Nordic Exchanges and Oslo Børs.
6) Sources: Thomson Reuters and Carnegie.
7) Sources: Statistics Sweden (SCB) and Danmarks Nationalbank.
8) Source: Swedish Investment Fund Association.

# CARNEGIE EXECUTES MORE THAN HALF OF ALL NORDIC IPOS

Carnegie has a strong position in the Nordic IPO market. Carnegie was involved in 16 IPOs in 2015 to a total value of SEK 10.9 billion, thus defending its lead position in 2014.

By virtue of its research capacity, experience, placement capacity and global presence, Carnegie enjoys a leading position in the IPO market. Carnegie participated in 16 out of 27 IPOs in 2015, more than any other Nordic bank.[1)] The total value of the IPOs was SEK 10.9 billion.

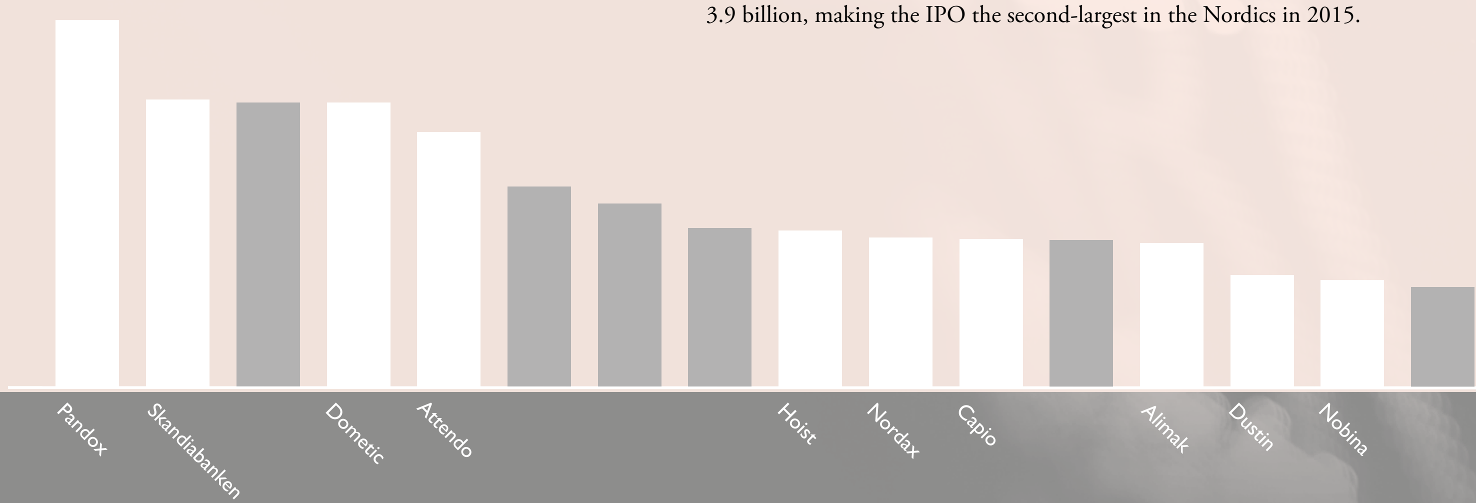
With its clients among both Nordic and international institutions, Carnegie has strong capacity to assist companies with widening their ownership and capital base inside and outside the Nordics.

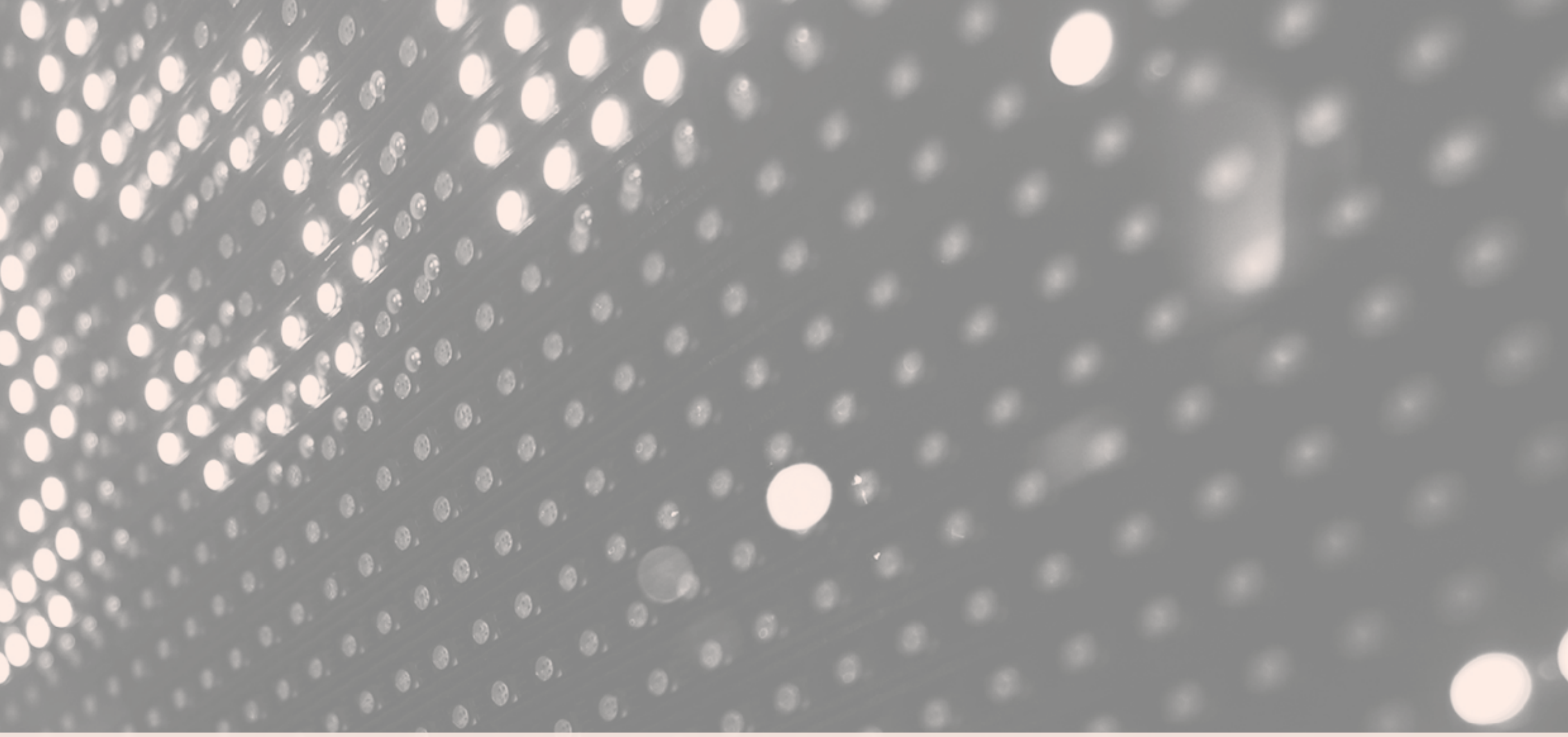
## VARIED MARKETS AND SECTORS

The companies Carnegie helped enter the stock market in 2015 varied in size and represented numerous sectors, such as engineering, technology, gaming, health and social care and banking and finance. These include Skandiabanken in Norway, the eye tracking company Tobii and Attendo, a privately run care provider.

### Norway's first on-line bank, Skandiabanken, to Oslo Børs

Skandiabanken ASA was formed in 2000 as the first online-only bank in Norway. It quickly attracted private customers with its offering of deposits, home mortgage loans and securities trading. The bank currently has 380,000 active customers and is still expanding. The IPO on Oslo Børs in November 2015 provided the bank a capital infusion of around NOK 300 million. Together with the shares sold by the owner, Skandia Liv, the value of the offered shares amounted to NOK 3.9 billion, making the IPO the second-largest in the Nordics in 2015.





After the offering, Norwegian private investors and domestic and international institutions own 70 percent of the bank and the Skandia Group owns the remaining 30 percent. Carnegie was the sole coordinator and book runner of the IPO.

## Capital for Tobii's expansion in eye tracking

Tobii is the global market leader in eye tracking technologies. Tracking eye movements provides insight into human behaviour and can be used for interaction with computers and other devices.

With customers in the US, China, Japan, Western Europe and elsewhere, the company has rapidly gained a world-leading position. Tobii was founded in 2001 and the first product was launched in 2002. The company estimates its share of the world market for eye tracking solutions at about 60 percent and hopes to further increase it. The IPO on Nasdaq Stockholm Mid Cap in April 2015 raised about SEK 400 million for continued expansion. The offering was directed to the public in Sweden and to Swedish and international institutional investors, who now own about 20 percent of the company. Carnegie was the sole coordinator and book runner of the IPO.

## Good growth opportunities for Attendo

Founded in the 1980s, Attendo has grown to become the largest outsourced care provider in the Nordic region with its some 18,000 employees and around 450 units. Personalisation and quality are the engines of the company's continued expansion in the Nordics and the rest of Europe. Demographic changes are expected to gradually contribute to increasing demand for the company's services.

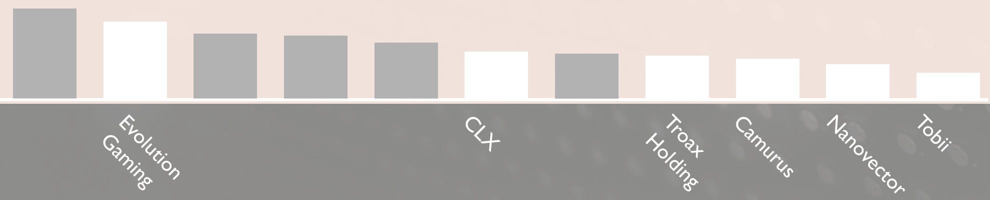
The IPO on Nasdaq Stockholm Mid Cap in December 2015 brought in a total of SEK 3.6 billion, of which 1.2 billion to Attendo. The primary sellers were the venture capital firm IK Investment Partners, which has owned Attendo since 2004. The offering was directed to the public in Sweden and institutions. Carnegie was the joint coordinator and book runner of the IPO.

1)Thomson Reuters. Refers to Nordic IPOs worth in excess of USD 50 million.

16/27

NORDIC

INITIAL PUBLIC OFFERINGS




# TRUST, INTEGRITY, ACCESSIBILITY...

Trust is a key issue for investment and private banks. High ethics, integrity and skilled performance are as important to clients as knowledge about macroeconomics, sectors and companies.

Acting as a link between investors and companies is an important function of an investment bank. That role requires both parties to trust in the intermediary's capacity to do its job well, safeguard the interests of both sides and contribute to maintaining public trust in the capital markets. Mutual trust between supervisory authorities and market players is created through permits and regulatory compliance. In addition, expectations from other social stakeholders have become equally influential, acting as guidance towards successfully building broader trust. Growing demands for independent advice, transparent pricing and open communications are placing increasingly higher demands on investment and private banks and other firms operating in the capital market.

## Trust is a key issue

Trust in investment banks is based, essentially, on two things. The first is their knowledge and capacity to perform their assignments - skills-based trust. The second is ethics and integrity - values-based trust. Leading investment banks must live up to high expectations in these areas to secure a long-term and sustainable market position. For Carnegie and its employees, this is a central aspect of our client relationships and we have established its importance in our guiding business principles.

## Clients value ethics and confidentiality highest

Every year, TNS Sifo Prospera studies clients' assessments of investment and private banks in the Nordic countries. The clients score their service providers in some fifteen areas.

Generally high scores are behind Carnegie's top ranking in this industry-leading survey among advisers in M&A and ECM in 2015. In the areas of ethics and confidentiality, team and client relationships, Carnegie had the top score, or only slightly below the top, among the studied institutions. Carnegie came in second in the private banking category. Carnegie also received high scores for ethics and accessibility - the aspects considered most important when clients rank private banks.


# ...AND KNOWLEDGE

As part of its advisory, Carnegie hosts hundreds of meetings between knowledge and capital that give clients better insight into the conditions for their investments and growth opportunities.

The market economy is a complex system whose questions rarely provide scope for simple, clear-cut answers. Instead, understanding of developments in multiple markets requires thorough analysis combined with the ability to take perspectives. An effective meeting place between knowledge and capital must be a forum that fulfills both of these conditions.

## Unique meetings and perspectives

During the past year, Carnegie has welcomed decision-makers, opinion leaders and interesting individuals in politics and business - from ministers to entrepreneurs - to unique meetings aimed at generating insight into the driving forces that are changing the global economy. The overall picture of our business environment and the forces behind financial and political decisions affect the conditions for our clients' investments. As a leading house of financial knowledge, our meeting place is a central aspect of the Carnegie client relationship - and the key to more investments that generate more growth.

## From geopolitical risks to the potential of solar energy

Carnegie arranged hundreds of meeting during 2015 in Stockholm, Oslo and Copenhagen. In Stockholm, Carnegie's clients were invited to listen to speakers including Minister of Finance Magdalena Andersson, Minister for Financial Markets and Consumer Affairs Per Bolund, and the Riksbank's First Deputy Governor Kerstin af Jochnick. In January 2016, former Prime Minister and Minister for Foreign Affairs Carl Bildt spoke about geopolitical risks in the next year. About thirty company presentations were arranged in Stockholm over two days in September 2015 for more than 250 Nordic investors. Clients in Copenhagen heard speakers including writer Christina Boutrup, who shared her views on developments in China and the geopolitical situation in the light of developments in Russia, and were given a tour of Folketinget's premises. In Oslo, clients listed to presentations on solar energy in emerging markets, the nuclear problem in Iran and talks by executives for major Norwegian listed companies, among else.

# A BANK OF KNOWLEDGE - BUILT BY ITS PEOPLE

## BUSINESS CRITICAL

Carnegie's ability to attract, retain and develop skilled and dedicated staff is critical to maintaining its market-leading position.

Carnegie's history is characterised by entrepreneurship and commitment to Nordic enterprise,where the drive and expertise of our employees has been critically important to achieving success. This heritage is reflected in our business principles: competence, commitment and client focus, which guide our employees and managers towards better business and help create a sense of shared values among colleagues.

### Leadership

Mining the full potential of employees' commitment, initiative and competence demands effective leadership. Aligning the ambitions of the organisation with those of individual employee is a shared undertaking that requires goals set jointly by employees and management, which are regularly and systematically followed up. At Carnegie, this is accomplished by means including five identified focus areas for professional development, within which goals are set and then jointly evaluated twice a year. In parallel, employees are offered training provided by Carnegie aimed at advancing personal development based on their own goals and needs.

### Nurturing talent

Constant skills development is a prerequisite for the capacity to identify business opportunities in a changing world. Carnegie strives ceaselessly to identify, develop and retain employees who share our values and who believe in our business and our visions. Formal training interacts with ongoing knowledge and experience transfer within and between departments, teams and individuals. The value of this is unmistakable

when successors can successfully take over after colleagues who are moving on to new positions inside or outside the organisation. When Lena Österberg took over as head of Carnegie's research department, her predecessor had for several consecutive years been ranked the best analyst in Sweden in all categories in Financial Hearings' annual survey of brokerage houses in Sweden. By the next year, Lena had taken over that first place, after having immediately won the same award.

According to the same survey in 2015, our analysts were ranked highest in almost half of all research sectors for the second year in a row - additional evidence of the collective breadth, consistency and continuity of Carnegie's performance.

## Attractive workplace

Carnegie's rising attractiveness as a workplace is demonstrated when, for example, Swedish economics students vote for their dream employer. Carnegie climbed 13 places in the FöretagsBarometern 2015 and is now in 37th place among the 100 most attractive employers in Universum's annual survey of Swedish university students. Further recognition of the strength of Carnegie's employer brand came when online recruiting service Jobtip named Carnegie a "Career Company" for the fourth consecutive year. According to Jobtip, Carnegie is the most exciting company in Sweden to work for based on parameters like career and development opportunities and internal and external employer brand.

*Lena Österberg,*
*Head of Research*

In a 2015 survey, Carnegie was named best research house by the biggest institutional investors in Sweden. Lena Österberg, head of the Swedish research department, was ranked the best individual analyst in all categories.

# THE ENTREPRENEURS OF TOMORROW

Carnegie stimulates the emergence of new enterprises by bringing innovators together with risk-willing capital. This is critically important to a sustainable economy and for Carnegie's long-term development.

New enterprise is an essential element of a dynamic business community and sustainable economy. Carnegie serves a central function in the capital market as a meeting place for buyers and sellers, for companies in need of capital and investors searchimg for interesting investment opportunities. Carnegie deploys its knowledge about Nordic companies to guide investors and capital to where the growth is. In other words, Carnegie is committed to a financial market where conditions are optimal for investing saved capital in projects that build a stronger society.

In the light of the understandable commitment to Nordic companies and their conditions for growth, Carnegie has chosen to gradually increase its efforts to help stimulate the emergence of new, small enterprises that are in in the early phases of development and need capital to grow. Just as giving small companies an opportunity to grow is essential to society, securing the market for future business and new potential clients over the long term is essential to Carnegie.

Carnegie's corporate clients are usually relatively mature high-growth companies facing a need for capital acquisition, mergers or acquisitions, or have a need for our capital management services, but small enterprises with attractive business models are also interesting investment opportunities for Carnegie's investor network.

The Entrepreneurs of Tomorrow initiative, a meeting place for innovative entrepreneurs and investors arranged by Carnegie, is an expression of Carnegie's commitment to small business. Entrepreneurs are given a unique opportunity to bring attention to their companies, get professional training in marketing themselves and an opportunity to present their businesses to a large audience of investors. Carnegie contributes with both access to potential investors and insights into markets and sectors that the firm's analysts study on a daily basis. Carnegie's intentions with this event are to reward exceptionalism and bring attention to the significance of entrepreneurship to economic growth and prosperity.

### Accurate diagnoses help children with learning difficulties

Optolexia, led by entrepreneurs Gustaf Öqvist Siemyr, Mattias Nilsson Benfatto and CEO Fredrik Wetterhall, was named the Entrepreneur of Tomorrow for 2015. The company has developed software that analyses eye movements. It is used for early detection of dyslexia and reading disorders in children. Notably, Optolexia uses hardware from the tech company Tobii, whose IPO in 2015 was managed by Carnegie.

### Stakeholder dialogues to understand expectations

Stakeholder expectations change in pace with social attitudes. For Carnegie's part, this requires systematic and continuous stakeholder dialogues to understand how these expectations evolve over time. Carnegie took the initiative in autumn 2015 to a series of such conversations, where representatives of clients, owners and employees, as well as the Nasdaq Nordic Exchanges marketplace contributed their unique perspectives on Carnegie. Consensus was relatively good, despite the varied points of departure. All stakeholders expected Carnegie to meet fundamental expectations for profitability, regulatory compliance and competence. All emphasised the importance of integrity, social responsibility and good ethics. In one of the dialogues, it also emerged that Carnegie is expected to contribute to strengthening the long-term position and competitiveness of Nordic capital markets.

The dialogues confirmed strong consensus between stakeholders' opinions and Carnegie's own understanding of its role in the capital markets and the responsibility that entails.

Carnegie's endeavours to meet or exceed stakeholder expectations will remain a vital component of the company's systematic sustainability initiatives going forward and will be harmonised with sustainability reporting. Understanding how trust is generated and upheld in the light of stakeholder expectations is one of many important factors that can help secure a Carnegie that remains successful and competitive in the future.

Carnegie intends to continue developing these stakeholder dialogues in 2016 with a view to more clearly defining sustainability visions and targets.


*Carnegie makes capital accessible to growing companies*

# INVESTMENT BANKING & SECURITIES

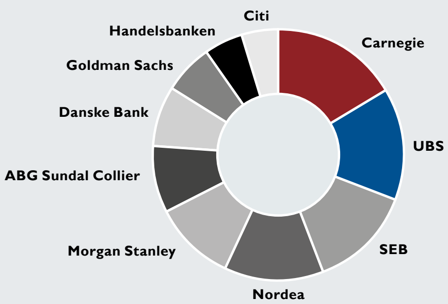
## Carnegie further strengthened its position in the Nordic corporate advisory services market in 2015.

Investment Banking & Securities business area sustained its strong development during 2015 and income rose to SEK 1,341 million (1,218). The growth was driven by higher income from advisory services in Investment Banking and increased commission income within Securities. Carnegie executed the highest number of equity capital market transactions (ECM) in the Nordics and acted as the advisor in more mergers and acquisitions (M&A) than any other Nordic bank.

### Investment Banking

Carnegie Investment Banking offers professional advisory services in ECM and M&A to Nordic companies. The positive climate for ECM transactions in the Nordics benefited the business unit, which further improved its already strong market position and increased its income.

LEADING ADVISERS IN NORDIC ECM TRANSACTIONS, 2015




The chart shows each adviser's volume share of Nordic ECM transactions in 2015. When there is more than one book runner, all book runners have been credited.

Source: Thomson Reuters

NORDIC IPOS 2015

| Adviser (book runner or joint book runner) | Volume, USDm | Number |
|---|---|---|
| Carnegie | 1,280 | 15 |
| SEB | 1,504 | 14 |
| Morgan Stanley | 1,013 | 8 |
| ABG Sundal Collier | 711 | 8 |
| Nordea | 501 | 6 |
| Danske Bank | 540 | 5 |
| Handelsbanken | 396 | 4 |
| Pareto Securities | 128 | 4 |
| Citi | 317 | 3 |
| Deutsche Bank | 264 | 3 |

Source: Thomson Reuters

**No.1 THE MOST FREQUENTLY ENGAGED CORPORATE ADVISER IN THE NORDICS 2015**

The ten largest advisers in the Nordics executed a total of 118 ECM transactions during the year, compared with 100 during 2014. Total transaction value in 2015 was SEK 145 billion (158). With 42 transactions to a value of SEK 19.4 billion, Carnegie defended its leading position in 2014 among Nordic and international advisers. Carnegie remains in the lead in the IPO market and acted as adviser during the year in an impressive 16 out of 27 Nordic IPOs, with a leading role in 15.[1)]

In the M&A market, Carnegie was the Nordic bank that acted as adviser in the highest number of deals in 2015, thus defending its strong position in the Mid-Market and Small Cap segments.

Nordic companies ranked Carnegie the top adviser in Corporate Transactions in the 2015 survey conducted by TNS Sifo Prospera. Carnegie was also named the best Swedish and Danish investment bank and the foremost M&A adviser in the Nordics. In Sweden, Carnegie was ranked the best adviser in both ECM and M&A. The business intelligence firm MergerMarket also named Carnegie "Financial Adviser of the Year" in Denmark at the European M&A Awards ceremony.

### Securities

Carnegie Securities targets institutional clients and offers services within research, equity sales, sales trading and equity capital market transactions. Some 50 Carnegie analysts track almost 300 listed Nordic companies every day, making Carnegie the leading research house in the Nordics. Securities operates primarily in Denmark, Finland, Norway, the UK, Sweden and the US.

Carnegie Securities defended its globally leading position in 2015 and increased its income while strengthening its value proposition in research and bond sales.

Once again, Carnegie was named the best research house in Sweden in the 2015 Financial Hearings' survey. Carnegie was ranked first in Investment Companies, IT, Health Care, Retail and Consumer Goods, Service & Transports, Micro Cap, Small Cap, Telecom Equipment and Telecom Operators, thus winning nine out of twenty sectors. Carnegie also won the award for the top-ranked analysts in Sweden for the sixth consecutive year.

At the global level, Carnegie received further recognition when institutional investors ranked Carnegie number one in Nordic equity research, according to Institutional Investors All-Europe 2016.

1) Thomson Reuters. Refers to IPOs with a value exceeding USD 50 million each.

# New capital to high-growth Hoist

Hoist Finance made a comeback on Nasdaq Stockholm in March 2015. Stricter requirements on the financial position of European banks are opening new opportunities for Hoist to expand. The IPO broadened ownership and injected new capital into the company.

Stricter capital requirements for European banks (Basel III rules) are the driving force for the recently listed company Hoist Finance. "The banks must bring in new equity or strengthen their balance sheets. That is where we come into the picture," says Jörgen Olsson, CEO of Hoist Finance AB.

For several consecutive years, Hoist has been one of the largest buyers in Europe of non-performing unsecured consumer loans. The sellers are primarily banks that sell the receivables they have taken over from telecom operators, electricity and water suppliers, retail chains and other large consumer companies. Specialists like Hoist relieve the banks and manage the collections process thereafter.

"With 20 years' experience, we are now one of the leading firms in Europe in the purchase of past-due receivables," says Jörgen Olsson. "We have undergone powerful expansion in recent years and are now operating in eight markets."

### Carnegie played a leading role

Carnegie shared the book runner role in the IPO with an international bank. The offering was directed at institutions and the public and raised approximately SEK 750 million for the company. The Hoist Finance share was listed on Nasdaq Stockholm Mid Cap.

Jörgen Olsson values Carnegie's contributions and expertise.

"Carnegie stands for credibility. They demonstrated proof of insight into our business, responsiveness and commitment," he says.

### Hoist Finance

*At year-end 2015, the carrying amount of Hoist Finance's acquired loan portfolios was SEK 11.3 billion.*
*The company finances its operations by means including the wholly owned subsidiary Hoist Kredit, a regulated credit market company whose internet-based deposit business HoistSpar currently has more than 65,000 active accounts.*

# WEALTH MANAGEMENT

Challenging market conditions during the year highlighted the importance of solid research and a long-term investment strategy. Wealth Management is reporting growth in both income and assets under management.

Income in Wealth Management amounted to SEK 986 million (883) in 2015, an increase of 12 percent compared with 2014, with positive contributions from both Private Banking & Investment Solutions and Carnegie Fonder. Income within Wealth Management developed well on the strength of favourable underlying market development and strong management results during the year. Assets under management increased from SEK 140 billion to 155 billion.

## Private Banking & Investment Solutions

Carnegie Private Banking & Investment Solutions provides financial advice to clients including high-net worth individuals, small companies, institutions and foundations. The business unit is staffed with experts in asset allocation, management, structured instruments, law, tax management, pensions and securities trading. The unit operates in Denmark, Luxembourg and Sweden.

Private Banking & Investment Solutions demonstrated good growth during the year. Growth drivers included positive underlying market development and strong management results. For example, Carnegie Privatbank manages the CIF NEF fund, which is oriented towards Nordic equities. Morningstar has given the fund five stars for its performance over three years. At year-end 2015, the fund had outperformed its benchmark index by about three percentage points per year for 21 years.

The unit's assets under management totalled SEK 101 billion at the end of the year. Carnegie carried out a number of selective recruitments during the year to bolster the unit's capacity to meet future needs for financial advice.

In early 2016, Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million and topped the segment that has access to Investment Banking services, according to the annual Euromoney survey.

**No.1 THE BEST FUND MANAGER AND PRIVATE BANK IN SWEDEN**

## Carnegie Fonder

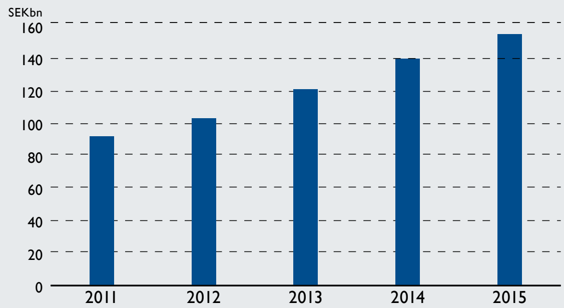
Carnegie Fonder specialises in management of equities and fixed income instruments in Sweden, the Nordics and global emerging markets. Clients include private individuals, companies and institutions. The funds invest in a limited number of assets assessed as attractively valued according to our investment philosophy: active value management. 2015 was a successful year for Carnegie Fonder, which is reporting record-high income.

Swedish fund savings generally developed well during the year. In the Swedish equity market, it was a strong year in general for small cap stocks, while the large cap index fell back, due in part to its exposure to the uncertain Chinese economy. This contributed to a significant inflow of capital to Carnegie Fonder's Småbolagsfond during the year.

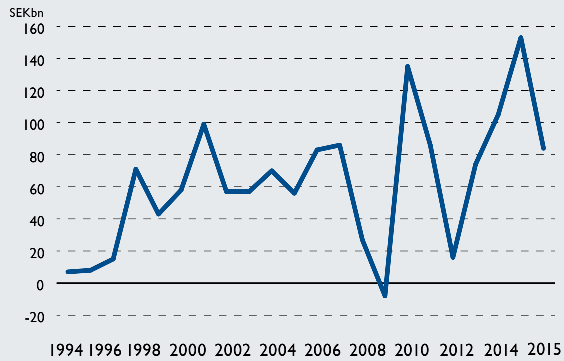
At year-end, Carnegie Fonder had total assets under management of SEK 54 billion. Personal finance magazine Privata Affärer and TNS Sifo Prospera both named Carnegie Fonder AB the best fund manager in Sweden in 2015.

1) The board of directors of Carnegie Holding AB decided during the period to divest Carnegie Fonder AB. The transaction is conditional upon customary approvals by supervisory authorities and is expected to be executed during the first half of 2016.

ASSETS UNDER MANAGEMENT WEALTH MANAGEMENT




NEW SAVINGS IN SWEDISH SECURITIES FUNDS




Source: Swedish Investment Fund Association


# A King among entrepreneurs

Sebastian Knutsson, entrepreneur and co-founder of interactive entertainment company King, is a Carnegie Privatbank client. The qualities that Sebastian appreciates the most are the specialist expertise, the good personal relationship with his adviser and the Swedish base.

The relationship with Carnegie began in 2010. Today, Carnegie Privatbank is one of several advisers and managers that Sebastian relies upon. Carnegie stands out, and not only by virtue of its Swedish roots and deep understanding of Swedish conditions. There is something in the independence from the major banking groups that also appeals to him. But, above all, he prizes Carnegie's professionalism and the relationship with his personal adviser.

"I feel confident in Carnegie's specialist expertise in wealth management," he says. "They can also provide support in other matters and have thorough understanding of Swedish law and Swedish tax issues - what the international players often lack, in other words. Since I live in Sweden, this is important to me."

Although it is not critical to the relationship with Carnegie Privatbank, Carnegie's focus on entrepreneurs also resonates with Sebastian. "As I understand it, Carnegie is on the leading edge of taking young companies to the market," he says.

### KING

*With more than 300 million users all over the world, King is a success story comparable to Skype, Spotify and other Swedish stars in computer games, technology and music. The company's biggest games include Candy Crush, Alpha Betty and Bubble Witch.*

*The company was formed in 2003 and was listed on the New York Stock Exchange in 2014. In January 2016, the American company Activision Blizzard issued a bid to acquire all shares in King that valued the company at SEK 50 billion.*

# CORPORATE GOVERNANCE

Corporate governance refers to the decision systems and processes through which the owners, directly or indirectly, govern the Group. Governance, management and control are distributed among the shareholders, the Board of Directors, Board Committees and the CEO. The Articles of Association, external regulations and standards set the operational framework of the company's business. Governance within the Carnegie Group is also regulated by internal policy documents and instructions that are updated and approved annually by the Board of Directors and the CEO.

## The Board of Directors' responsibilities

The Board of Directors' overall assignment is to manage the Group's affairs in such a manner that the owners' interests in achieving favourable return on equity over the long term are satisfied in the best possible manner. The Board establishes the general objectives and strategy for business operations, appoints the CEO, continuously evaluates operative management, monitors the Group's financial situation, ensures satisfactory risk management and legal and regulatory compliance and ensures that external information provision is objective and transparent. The Board of Directors also has final say concerning the appointment/dismissal of the Chief Risk Officer.

The allocation of duties among the Board of Directors, the Chairman and the CEO is decided annually by means of the Board's charter and instructions to the CEO. The Board of Directors held 11 meetings in 2015.

## The Board of Directors' work in 2015

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 as well as the Internal Capital Adequacy Assessment Process (ICAAP) and other stress tests. Further study and ongoing skills development relating to competition and business intelligence, the various businesses within the Group, major projects and new regulations are also carried out within the Board of Directors' remit.

## 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.

ACCR is tasked with 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 their 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 the executive who is ultimately responsible for ensuring that the strategic direction adopted by the Board and other board decisions are implemented by the business areas and subsidiaries and that risk management, governance, IT systems, organisation and processes are satisfactory, with particular consideration given to risks. 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.

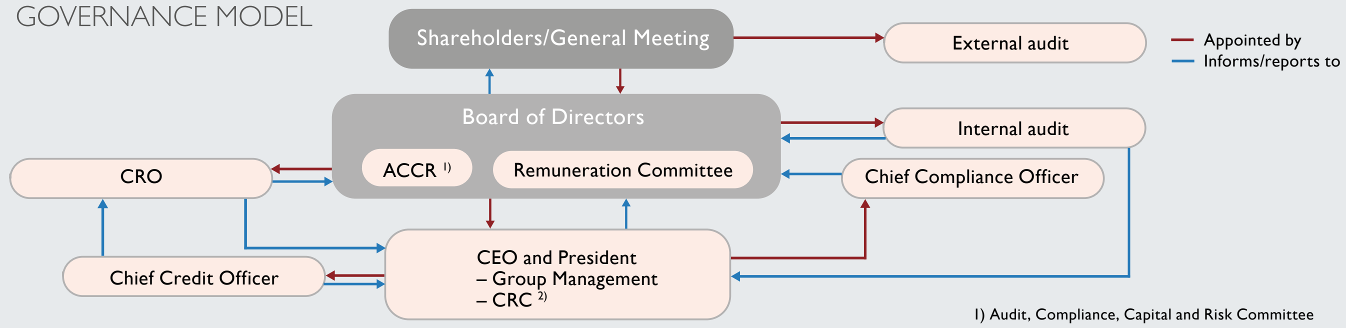
## Internal Audit

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

See pages 31-35 for a more detailed description of risk management at Carnegie.

GOVERNANCE MODEL




1) Audit, Compliance, Capital and Risk Committee
2) Credit and Risk Committee

## Remuneration principles

Carnegie's remuneration model is intended to support successful and long-term development of the Group. The system must also reward individual performance and encourage long-term value creation combined with balanced risk-taking.

### Remuneration model

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. In order to successfully attract, motivate and retain employees, Carnegie offers a competitive remuneration model. The remuneration model must support the owners' long-term objectives and include a balance between fixed and variable remuneration. Variable remuneration is an instrument designed to ensure that employee performance is fully aligned with the business objectives set by the owners and the Board of Directors. The mix of remuneration components and deferral of payments supports long-term value growth and a sound risk culture. The remuneration components are fixed remuneration (salary), other benefits including pension benefits and variable remuneration.

### Remuneration policy

The Board of Directors of Carnegie has adopted a remuneration policy that covers all employees of the Group. The policy is based on a risk assessment performed by Group Risk Management under the direction of the Chief Risk Officer (CRO). The policy is revised annually in a process assisted by the Human Resources Department and Group Treasury and Cash Management.

### Fixed remuneration

Fixed remuneration is the base of the remuneration model. Base salary depends upon several parameters, such as the employee's competence, responsibility and long-term performance. Carnegie monitors developments in the labour market to maintain its position as an attractive and competitive employer.

### Variable remuneration for the Group and each unit

Total allocations to variable remuneration for the Group as a whole are based mainly on risk-adjusted earnings. Based on risk-adjusted earnings for the full year, the CEO prepares a proposal for allocation of variable remuneration to each unit, based on:

- The extent to which the units have achieved operational targets.
- Regulations and industry standards regarding the balance between fixed and variable pay for the professional groups working in the units.
- Risk-taking and risk management within the units

The CEO presents the proposal, including an assessment based on the aforementioned factors, to the Remuneration Committee. The Remuneration Committee gives particular consideration to any risks that may be associated with the proposal to ensure that it is consistent with the Carnegie Group's preferred level of risk. 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 must be paid to ensuring there is no risk that capital targets set by the Board will 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 recommendation from the Remuneration Committee forms the basis of the Board's final decision on variable remuneration.

### Individual performance assessment

Carnegie applies a corporate-wide annual process to evaluate 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 "Defined identified staff", who are employees who exert significant influence over the company's risks that could lead to significant impairment of earnings or financial position. Defined identified staff include:

- Executive management
- Employees in leading strategic positions
- Employees responsible for control functions
- Risk-takers as defined by external regulations

For this group, 40-60 percent of variable remuneration is deferred for three to five years. The deferred portion may be withheld if criteria established in conjunction with the decision to allocate variable remuneration are not met. In addition, variable remuneration to this group 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.

### Allocations to variable remuneration for 2015

Allocations of variable remuneration to staff in 2015 amounted to SEK 271 million (216) excluding social insurance fees. For the individuals defined as risk-takers by Carnegie, as explained above, 40-60 percent of variable remuneration is deferred for three to five years. For more information about remuneration in 2015, see Note 6 Personnel expenses.

### 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 not later than in conjunction with approval of the annual accounts.

### Partnership

Through the company CIBVESTCO, employees of the Carnegie Group own 24.7 percent of equity in Carnegie Holding AB, the parent company of the Group. Employee ownership is an important aspect of generating commitment to the entire company's development and ensuring that employees have the same incentives as other owners to create long-term value. There are no ongoing incentive programmes in which employees are remunerated in shares or options.

# BOARD OF DIRECTORS

## Bo Magnusson

**Chairman of the Board**

**Born:** *1962*

**Other assignments:** *Chairman of the boards of SBAB Bank AB and Fastighetsaktiebolaget Norrparten and director of KBC Bank N.V.*

**Previous experience:** *Acting President and CEO of SEB.*

## Mårten Andersson

**Director**

**Born:** *1971*

**Other assignments:** *CEO of Volati and Chairman of Besikta Bilprovning, Corroventa and Lomond Industrier.*

**Previous experience:** *Head of European wealth management operations for Old Mutual, CEO of Skandia and chairman of the board of Skandiabanken.*

## Ingrid Bojner

**Director**

**Born:** *1973*

**Other assignments:** *Owns and operates a consultancy firm.*

**Previous experience:** *Deputy CEO and Head of Marketing at SSE IFL Executive Education. Director of Movestic Livförsäkring AB. Senior positions with Telia Sonera and McKinsey & Company.*

## Harald Mix

**Director**

**Born:** *1960*

**Other assignments:** *Founding partner of Altor Equity Partners. Chairman of CAM Group Holding A/S.*

**Previous experience:** *Co-founder and deputy CEO of Industri Kapital, The First Boston Corporation and Booz, Allen & Hamilton.*

## Andreas Rosenlew

**Director**

**Born:** *1962*

**Other assignments:** *Founder and partner, Grow AB. Director of Cabonline Group, Polarica, Kiosked and KVD.*

**Previous experience:** *Senior Partner at Lowe & Partners Worldwide and previously Executive Chairman at Lowe Brindfors. Director of Acne Holding and Avanza Bank.*

## Fredrik Strömholm

**Director**

**Born:** *1965*

**Other assignments:** *Founder and partner, Altor Equity Partners. Director of Ferrosan, Medical Devices, Q-Matic, Ampco-Pittsburgh, Curato and Ortic 3D.*

**Previous experience:** *Managing Director at Goldman Sachs and director at Nordic Capital.*

# GROUP 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.*

## Annika Agri Larsson

**Head of Human Resources since 2015**

**Born:** *1969*

**Previous experience:** *Positions as head of HR in the financial sector within both Investment Banking and Wealth Management at Avanza, SEB et.al. Former global head of HR for SEB Wealth Management.*

## Anders Antas

**Chief Operating Officer (COO) for the Group since 2013**

**Born:** *1975*

**Previous experience:** *A number of positions with Carnegie, including head of Treasury and most recently as COO of Investment Banking & Securities. Formerly an analyst with SEB Enskilda Securities.*

## 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 in Norway. Head of Equity Research at SEB Enskilda, 1996-2000.*

## 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.*

## Claus Gregersen

**Head of Carnegie Denmark since 2010**

**Born:** *1961*

**Previous experience:** *Head of Alfred Berg in both UK and Denmark and responsible for ABN Amro's equity markets activities in European and Emerging markets.*

## 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.*

## Henrik Rättzén

**Chief Financial Officer (CFO) since 2014**

**Born:** *1965*

**Previous experience:** *Group CFO for PostNord and Nordic CFO for Codan/Trygg-Hansa. Formerly a partner with KPMG.*

## 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.*

# CONTENTS

# BOARD OF DIRECTORS' REPORT

The Board of Directors and the 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 2015.

### Operations

Carnegie Holding AB is the parent company of the Carnegie Group, which comprises the wholly owned companies Carnegie Investment Bank AB (publ) and Carnegie Fonder AB. Carnegie Holding AB's business is to, directly or indirectly own, manage, provide collateral and provide loans to the banking business and other Group companies associated with financial services and to engage in related business. All operational activities within the Carnegie Group take place within Carnegie Investment Bank AB and its subsidiaries and Carnegie Fonder AB. During the period, the Board of Directors of Carnegie Holding AB decided to divest Carnegie Fonder AB. The transaction is conditional upon customary regulatory approval and is expected to be executed during the first half of 2016. Carnegie Fonder AB is presented as a discontinuing operation in the Consolidated statements of comprehensive income and the Consolidated statements of financial position.

### Ownership

Carnegie Holding AB is owned by Altor Fund III (75.3 percent) and employees of Carnegie (24.7 percent).

## MARKET & POSITION

### Equity market

The equity markets were characterised by turbulence in 2015, partly due to uncertainty about the growth outlook of the Chinese economy and severe fluctuations in emerging economies and commodities sectors, where the falling oil price exacerbated volatility in the second half. The MSCI World Index lost 0.9 percent for the full year. The Nordic equity markets (OMX Nordic 40) rose by 11.9 percent. In Stockholm, the OMXSPI went up by 6.6 percent, driven by a strong year for small cap, while the large cap index (OMX Stockholm 30) fell back, primarily as a consequence of its strong exposure to the Chinese economy.

### Corporate transactions market

#### Equity capital market transactions (ECM)

Measured in volume, ECM transactions in Europe declined by 10 percent in 2015, even though the number of deals increased. The same pattern summarised the entire Nordic market, where Nordic transaction volume declined although the number of deals increased. The Swedish ECM market, however, departed from the mainstream and grew in 2015, measured in both number of deals and transaction volume, while the total volume for Swedish IPOs was the highest in 15 years (Thomson Reuters). In all, there were 27 IPOs in the Nordics, each with a transaction value in excess of USD 50 million.

For Carnegie's part, the number of advisory assignments in ECM transactions increased significantly, as did the total volume of deals in which Carnegie was the adviser. Carnegie executed more ECM transactions than any other Nordic institution in 2015 and was an adviser in a majority of all Nordic IPOs. Carnegie was an adviser in 16 of the 27 major Nordic IPOs, acting as book runner or joint book runner in 14 of these. Of the 20 IPOs executed in the Swedish market, each valued in excess of USD 50 million, Carnegie participated as book runner or joint book runner in 13 (Thomson Reuters). Stand-outs among the Nordic IPOs in which Carnegie was involved in 2015 include the outsourced care and healthcare provider Attendo, the debt management partner Hoist, the cooling and heating products manufacturer Dometic and Norwegian Skandiabanken.

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

The M&A market grew on a global basis in 2015. M&A deals in Europe increased in volume overall while Nordic M&A volume declined, even though more transactions were executed than in the previous year. Carnegie acted as the adviser in more transactions than any other Nordic bank, with the advisory assignments equally distributed across the Scandinavian markets (Thomson Reuters).

### Capital and wealth management market

The financial assets of Swedish households rose by 7 percent as of 31 September to around SEK 11,130 billion (Statistics Sweden Savings Barometer). An increase of about 8 percent in total fund assets in Sweden since the preceding year was also recorded, amounting to SEK 3,246 billion at year-end 2015. Net deposits to fund savings in Sweden amounted to SEK 84 billion during the year. A net outflow was recorded for equity fund savings, primarily to the advantage of mixed funds (Swedish Investment Fund Association).

#### Assets under management (AuM)

Total assets under management amounted to SEK 155 billion (140) at the end of 2015, an increase of SEK 15 billion.

## GROUP FINANCIAL PERFORMANCE[1)]

Group operative income increased by 11 percent compared with 2014 to SEK 2,327 million (2,101). Operating costs during the same period amounted to SEK 1,651 million (1,522). The group is reporting operating income of SEK 675 million (579) and profit before tax of SEK 289 million (271).

### Income

#### Investment Banking & Securities

Income within Securities is generated primarily from commissions related to brokerage services and equity capital market transactions and charges for research services. Advisory services income arises within Investment Banking in connection with ECM and M&A transactions.

The Investment Banking & Securities business area sustained its strong development during 2015 and is reporting income for the full year of SEK 1,341 million (1,218), largely driven by increased commission income within Securities and augmented by higher income from advisory services.

1) Based on the operative income statement on page 28.

## Operative income statement

| January-December, SEKm | 2015 | 2014 |
|---|---|---|
| Investment Banking & Securities | 1,341 | 1,218 |
| Wealth Management | 986 | 883 |
| **Operating income** | **2,327** | **2,101** |
| Personnel expenses before variable remuneration | -1,104 | -998 |
| Expenses | -547 | -523 |
| **Operating expenses[1)]** | **-1,651** | **-1,522** |
| **Operating profit[1)]** | **675** | **579** |
| Financing expenses, variable remuneration, etc.[2)] | -386 | -308 |
| **Profit before tax** | **289** | **271** |
| Taxes[3)] | -75 | -36 |
| **Profit for the year** | **214** | **235** |
| Average number FTE employees | 642 | 633 |
| Number of employees at the end of the year | 654 | 638 |

1) Excluding variable remuneration, Group-wide amortisation of intangible assets and credit losses.
2) Including Group-wide amortisation of intangible assets and credit losses.
3) Of which SEK -59m (-31) pertained to deferred tax on loss carryforwards.

The growth of 10 percent should be considered in the light of the strong performance and high activity level last year. For the full year, Carnegie executed the highest number of equity capital market transactions in the Nordics and acted as the advisor in more mergers and acquisitions than any other Nordic bank. Carnegie participated in more than half of all Nordic IPOs valued in excess of USD 50 million.

### Wealth Management

Income in Private Banking & Investment Solutions is generated mainly from discretionary management, advisory services, commissions on sales of Carnegie's own and external equity funds, net interest income, legal and insurance-related advisory charges and charges in connection with sales of structured products. Carnegie Fonder AB generates income through fixed management charges and, to an extent, performance-based remuneration.

Income in Wealth Management amounted to SEK 986 million (883) in 2015, an increase of 12 percent compared with 2014. Positive contributions were made by both Private Banking & Investment Solutions and Carnegie Fonder. Growth in Private Banking & Investment Solutions was driven by positive development in all markets, with increased AuM and stronger management results.

The fund business delivered record-high income and profitability in 2015. Carnegie Fonder AB is reporting a net inflow of SEK 160 million and total assets under management of SEK 54 billion. The largest net inflow by far was recorded by Carnegie Småbolagsfond.

### Costs

Operative costs amounted to SEK 1,651 million (1,522) in 2015, corresponding to a 9 percent increase year-on-year. Excluding currency effects, the increase is 7 percent. Carnegie continued to invest in the business during the year through selective recruitments, efficiency improvements, investments in system platforms and major strategic projects. Overall, this increased costs for the full year of 2015, but the investments have put Carnegie into a better position going forward. Reported profit in 2015 was reduced by restructuring costs of SEK 52 million (28).

### Profit

Operative profit rose to SEK 675 million (579), an increase of 17 percent since 2014. Profit before tax amounted to SEK 289 million (271), an increase of 7 percent year-on-year and the strongest result in five years. Adjusted for restructuring costs, profit amounts to SEK 342 million (299), an increase of 14 percent. Profit after tax for the year was SEK 214 million (235). Currency effects during the period had a net negative effect of SEK 25.3 million on profit for the year.

## FINANCIAL POSITION

Carnegie has continued the effort to optimise its financial position. The outstanding debt instrument of SEK 935 million issued in 2010 within the framework of the Swedish National Debt Office guarantee scheme was repaid as planned during the first half year. During the autumn, Carnegie redeemed all outstanding preference shares and parts of the convertible debenture issued to Investment AB Öresund and Creades AB in connection with the acquisition of HQ[1)]. Notwithstanding these events, the balance sheet total is virtually unchanged compared with the preceding year. This is attributable to increased deposits and borrowing from the public.

The common equity Tier 1 capital ratio is 18.1 percent (19.5), the liquidity coverage ratio is 283 percent and the liquidity reserve amounts to SEK 3,754 million. Carnegie's financial position remains strong and resilient due to the group's low exposure to financial risks combined with good earnings.

The group's capital target states that Carnegie shall have capital adequacy ratio of 15 percent, including a margin of 150 basis points above the statutory requirement for common equity Tier 1 capital. Two thirds of the group's risk-weighted assets are comprised of currency risk and operational risk. The currency risk is structural by nature and is attributable to the group's foreign subsidiaries. About 5 percent of risk-weighted assets relate to risks in the trading book.

1) In conjunction, the remaining convertibles were transferred to Altor AM Group Holding i S.a.r.l., See Note 31

## Capital requirement and capital adequacy ratio

For the financial company group, that is, the Carnegie Holding Group, capital adequacy ratio was 20.6 percent (27.2) and the common equity Tier 1 capital ratio was 18.1 percent (19.5). Risk-weighted assets are unchanged on an annualised basis. It should be noted that risk-weighted assets comprise mainly non-financial risks. A more detailed description of Carnegie's capital adequacy is provided in Note 29 Risk, liquidity and capital management.

## Liquidity, financing and investments

The Group's financing comprises equity, issued bonds and deposits from the public. Equity and bonds account for 18 percent (30), deposits from the public account for 71 percent (60) and other debt accounts for 11 percent (10) of the balance sheet total.

As of 31 December 2015, the liquidity reserve (as defined in the prudential requirements regulation) in the Carnegie Holding Group was SEK 3,754 million. The liquidity coverage ratio was 283 percent. The liquidity reserve should always manage periods of market turbulence and must exceed the anticipated outflow of cash during a period of stress. The liquidity reserve comprised 31 percent of the balance sheet total as of 31 December 2015.

Group deposits increased during the year by SEK 1,148 million (1,716) while Group lending decreased by SEK 112 million (32). Consolidated investments in fixed assets amounted to SEK 25 million (18) during the year.

## Dividend proposal

The Board of Directors of Carnegie is proposing to the annual general meeting of 2016 that no dividends be distributed.

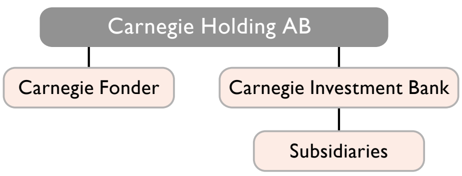
### Disposition of profit

| At the disposal of the annual general meeting, SEK | |
|---|---|
| Premium reserve | 683,165,000 |
| Retained earnings | 814,428,216 |
| Profit for the year | 677,719,187 |
| **Total** | **2,175,312,403** |
| The Board of Directors proposes the following disposition of profit: | |
| Dividend to shareholders | - |
| To be carried forward | 2,175,312,403 |
| **Total** | **2,175,312,403** |

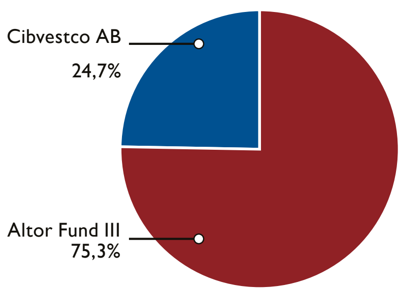
## General information on risks and uncertainties

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, 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 liquidity in day-to-day operations. Operational risk refers the risk of loss resulting from inadequate and/or failed processes or systems, the human factor, or external events. This may, for example, refer to human error or shortcoming in the advisory process. Risks within Carnegie are described in the section Risk, liquidity and capital management, pages 31-35 and Note 29 Risk, liquidity and capital management.

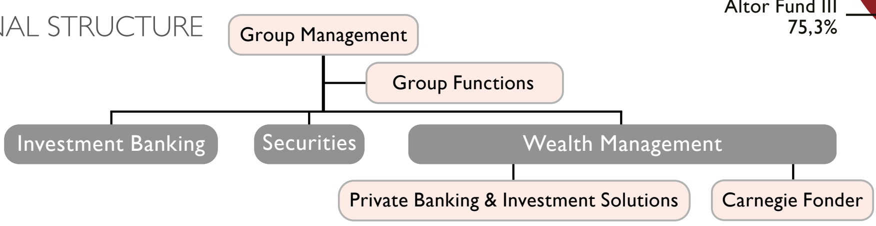
LEGAL STRUCTURE




OWNERSHIP AS OF 31 DECEMBER 2015




OPERATIONAL STRUCTURE



## Employees

President and CEO Björn Jansson is the sole employee of the parent company Carnegie Holding AB. The Carnegie Group, including Carnegie Investment Bank and Carnegie Fonder, had a total of 685 (675) employees in seven countries, representing 654 (638) full-time equivalents, at year-end 2015. 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 6 Personnel expenses.

## Environmental management

Carnegie strives to minimise the company's direct and indirect environmental impact. Environmental management involves continuous adaptation of operations, improved procedures and continuous updates of knowledge and information management related to environmental issues. Staff requirements for office premises, IT equipment, consumables, travel and energy consumption are examples of the direct environmental impact resulting from Carnegie's operations.

## Significant events in 2015

### New President and CEO

Björn Jansson acceded as president and CEO of Carnegie as of 30 September 2015.

### Changed ownership structure

During the period, Carnegie redeemed the preference shares and the majority of the subordinated debt owned by Investment AB Öresund and Creades AB since the acquisition of HQ Fonder in 2010. Consequently, Carnegie Holding AB was owned by Altor Fond III (75.3%) and employees of Carnegie (24.7%) at year-end 2015.

### Board changes

Ingrid Bojner and Andreas Rosenlew were elected directors of Carnegie Holding AB and the subsidiary Carnegie Investment Bank AB, effective 30 September. At the same date and in relation to the change in ownership structure, Erik Törnberg (Creades AB) left the board.

### Divestment of Carnegie Fonder AB

During the period, the board of directors of Carnegie Holding AB decided to divest operations within Carnegie Fonder AB through distribution to shareholders. The transaction is conditional upon customary approvals by supervisory authorities and is expected to be executed during the first half of 2016.

### Organisational and management changes

In line with Carnegie's strategic direction, executive management and the organisation have been adjusted to a more streamlined business, divided into the areas of Securities, Investment Banking and Wealth Management. The changes are also reflected in the new Group management team, effective 1 October 2015: Björn Jansson (CEO), Henrik Rättzén (CFO), Anders Antas (COO), Fredrik Leetmaa (CRO), Jonas Predikaka (Wealth Management, as of spring 2016), Ulf Vucetic (Investment Banking), Henric Falkenberg (Securities), Christian Begby (Norway), Claus Gregersen (Denmark), Annika Agri Larsson (Head of HR, as of September) and Helena Nelson (Head of Group Legal).

## Awards

A series of market surveys in 2015 confirmed Carnegie's position as a market leader.

- Carnegie was ranked first amount all Nordic institutions when Nordic companies evaluated market advisers in a survey conducted by TNS Sifo Prospera. Carnegie was also named best Swedish and Danish investment bank and the foremost Nordic adviser in M&A. In Sweden, Carnegie was ranked number one in both ECM and M&A.
- Carnegie was named the best research house in Sweden in Financial Hearings' annual survey of brokerage houses in Sweden, thus defending its leading position last year. Carnegie also won the award for the top individual analysts in Sweden.
- Carnegie Fonder AB was named best fund manager in Sweden for 2015 by both personal finance magazine Privata Affärer and TNS Sifo Prospera.
- Carnegie's Danish operations were named "Financial Adviser of the Year" by Mergermarket.

## Significant events after the end of the year

### Top rankings in Private Banking and Nordic equity research

In February 2016, Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million and topped the segment that has access to Investment Banking services, according to the annual Euromoney survey. The award was followed by further recognition when global institutional investors ranked Carnegie number one in Nordic equity research, according to Institutional Investors All-Europe 2016.

# RISK, LIQUIDITY AND CAPITAL MANAGEMENT

Risk involves uncertainty in various forms and is a natural element of all types of business. Carnegie's ability to assess and manage risks while maintaining adequate capital strength and liquidity to manage unforeseen events is critical to the Group's long-term profitability. The ultimate purpose is to ensure that risks are managed effectively and that we have sufficient capital and liquidity in relation to the risks we take.

Carnegie's risk profile consists of both financial and non-financial risks. Financial risks, such as market and credit risks, are generally low and the Group sustained no losses of material size in 2015. Non-financial risks include operational risk, compliance risk and reputational risk. Carnegie works continuously to improve protection against these types of risk. For example, Carnegie has invested in an IT system for operational risk management. The implementation began in 2014 and continued during 2015. The system support is now operational in all Group units.

## ORGANISATION AND RESPONSIBILITIES

**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 auditing (third line).**

The fundamental principle is that responsibility for risk management and control always resides with the source of the risk. This means that every employee is responsible for managing the risks in their own area of responsibility. As such, risk management encompasses all employees, from the CEO and other senior executives and downwards.

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. In addition, the external auditors perform independent audits of the company's risk management and control environment.

### First line of defence: 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 business unit bears full responsibility for the risks associated with their operations. Members of operational staff know their clients best and it is they who make 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 good control over their risks, 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, reconciliations and effective allocation of responsibility and tasks in processes and procedures.

### Second line of defence: Risk management and compliance

The control functions in the second line of defence are responsible, among else, for preparing corporate-wide processes and procedures to ensure that risks are managed in a structured way. The procedures for risk management and regulatory compliance are described in policies and instructions that are adopted by management and the Board of Directors.

The risk management function is responsible for controlling risk management by the business areas and ensuring that the level of risk is aligned with the risk appetite and tolerance as determined by the Board of Directors. The function consists of risk managers at Group and local levels. The risk management function at the Group level is headed by the Chief Risk Officer (CRO), who reports directly to the CEO and the Board of Directors. The Group function performs corporate risk management. This includes developing the risk process and risk management methods and monitoring their application.  The Group 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 of Directors 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.

In addition to the Group functions, there are local risk management functions in each unit that are responsible for local risk management. The local risk management functions perform independent risk assessments, control limits and ensure satisfactory operational controls. The local functions report to the CRO as well as local management and boards of directors.

The compliance function's remit includes verifying operational compliance with laws, regulations and internal rules. The regulatory areas for which control is particularly time-consuming concern the Markets in Financial Instruments Directive (MiFID) and regulations intended to prevent money laundering and market abuse. Control procedures are carried out independently of business operations. 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 of Directors. In alignment with the risk management function, there are compliance officers at each subsidiary and branch. They report to the CRO as well as local presidents and boards of directors.

### Third line of defence
## Internal audit

The internal audit function's remit is to systematically assess and verify the adequacy and effectiveness of internal control and risk management from a regulatory perspective and risk-based approach. This 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. The internal audit function is independent from 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 of Directors.

# RISK AREAS

**Risk represents uncertainty that may adversely impact Carnegie, for example in the form of financial loss or damaged reputation. Carnegie's operations primarily entail exposure to the following risk categories: market risk, credit risk, liquidity risk, operational risk, compliance risk, reputational risk and business risk/strategic risk.**

## Market risk

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

| | |
|---|---|
| **Equity price risk** | The risk of loss resulting from adverse changes in equity prices. |
| **Volatility risk** | The risk of loss due to adverse changes in the price volatility of an instrument. |
| **Currency risk** | The risk of loss due to adverse changes in foreign exchange rates. |
| **Interest rate risk** | The risk of loss due to adverse changes in market interest rates. |

Carnegie offers its clients a range of financial services and products in several markets. The offering includes acting as price maker in 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. Risk and risk management are also monitored by the Market Risk Department.

2015 began with an upturn in the Nordic equity markets, which developed into a downturn starting in the second quarter. The downturn accelerated in the autumn, which resulted in the highest volatility in the market since 2012.

The bank is exposed to four main types of market risk: equity risk, volatility risk, currency risk and interest rate risk. For each category, Carnegie applies complementary risk measures and limits based on sensitivities to changes in various market prices.

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 CRO, 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 instrument's price volatility. Volatility risk is found in positions in held and issued options that arise after activities within client facilitation or market making.

### Currency risk

Carnegie is exposed to structural and operational currency 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 rate risk arises both in the trading book and in other operations. Interest rate risk in the trading book is defined as the risk of declines in the value of financial instruments due to changes in interest rates. Interest rate risk in the trading book primarily arises from bond and derivative positions. 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 bank 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.*

**Counterparty risk. . . .** The risk of loss due to default by a counterparty in a financial transaction prior to final settlement of the cash flows in the transaction.

**Concentration risk . . .** Arises from concentrations in risk the credit portfolio to 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, securities lending and exposure to central banks and major banks, primarily Nordic institutions via the bank's Treasury-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.

Counterparty risk is limited and driven mainly by client-driven trading. The credit policy sets the frameworks for managing credit risk and reflects the risk appetite established by the Board of Directors.

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, repayment capacity and the quality of pledged collateral.

**Collateral:** Collateral for exposures shall primarily be in the form of cash deposits, liquid financial instruments or bank guarantees. When collateral value is determined, the Group shall always have first priority on pledge and thereby not be subordinated to other creditors.

**Diversification:** The bank's objective is to maintain a well-diversified collateral portfolio with regard to individual custody accounts and at the aggregate level.

**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.

Exposure to credit risk within Carnegie for 2015 was essentially on par with 2014. 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. The cover pool within the credit portfolio for custodian account lending is well-diversified and no credit losses arose during the year.

## Settlement risk

*Settlement risk is the risk that the bank will fulfil its commitment 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. Delivery and payment of the financial instrument are simultaneous in most transactions. 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.

## 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. These types of risks can be difficult to define and quantify. If left unmanaged, operational risk can, in the worst case, lead to consequences of sufficient magnitude to cause grave problems and significant losses. It is therefore imperative that potential operational risks are understood and assessed.

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

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 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.

In order to strengthen its risk management, Carnegie has invested in an IT system for operational risk management. The implementation began in 2014 and continued during 2015. The system is now operational in all Group entities. The use of the system has resulted in more efficient risk management processes while enabling strong monitoring and control.

Improving and further developing operational risk management is however a continuing process. This work is driven by the Group Operational Risk Manager on Group level in close cooperation with local risk management functions in each group entity. Ultimately, however the responsibility for managing operational risk lies where the risk arises. This means that each employee is responsible for managing the risks within their area of responsibility with the support of the risk management function. Raising risk awareness among all employees is therefore a key component of operational risk management.

## Compliance risk

*Compliance risk is the risk of regulatory sanctions, financial losses or damaged reputation due to non-compliance 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. A large number of new regulations are in various phases of implementation, particularly those that apply throughout the EU or in accordance with other international agreements. Carnegie works on an ongoing basis to monitor these in order to ensure compliance. Examples of such regulations of particular importance to Carnegie are:

**CRD/CRR/Basel III:** Capital and liquidity requirements on the business.

**MiFID II/MiFIR:** Comprehensive revision and EU harmonisation of regulations applicable to securities operations.

**EMIR:** Includes mandatory settlement and reporting of OTC derivative contracts.

**MAD II/MAR:** Updated regulations towards prevention of various forms of market abuse.

**CRS:** New standard within the OECD concerning exchange of tax information.

**PRIP:** Harmonised regulations on standardised information about structured products.

**GDPR:** Common data protection regulations within the EU.

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:

- The established 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 Dealers Association and SwedSec.
- Carnegie works proactively to prevent market abuse and money laundering.
- 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 other market participants.

## 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.*

Carnegie continuously reviews its strategic position and 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.

# LIQUIDITY AND FINANCING

**Carnegie implemented a number of major changes to Group financing in 2015. The outstanding debt instrument of SEK 935m issued in 2010 within the framework of the Swedish National Debt Office guarantee scheme was repaid as planned during the first half. During the autumn, Carnegie redeemed all outstanding preference shares and parts of the convertible debenture in connection with the acquisition of HQ Bank. A savings account was also initiated during the year, which has strengthened and increased the flexibility of Carnegie's financing. At year-end, 18 percent of financing was comprised of equity and bonds while deposits from the public accounted for 71 percent and other debt accounts for 11 percent.**

At year-end, the stable financing in the form of equity and deposits and borrowing from the general public was considerably greater than Carnegie's total lending. The loan-to-deposit ratio for the Group was 41 percent.

## Liquidity risk

*Liquidity risk is the risk that the bank 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.

At 31 December, the liquidity reserve amounted to SEK 3.8 billion and consists of liquid assets in the form of covered bonds, treasury bills and balances with central banks. The delegated act for the liquidity coverage requirement came into force 1 October 2015 with transitional rules in effect until 2018. As of 31 December, the regulatory requirement was 60 percent. The Group's liquidity coverage ratio was 283 percent, well in excess of the regulatory requirement.

# 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 designed an internal capital target. The target is set by the board based on regulatory requirements and the internal assessment of capital needs. The capital target is 15 percent. 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 18.1 percent (19.5) and capital adequacy ratio of 20.6 percent (27.2). This was accomplished even though Carnegie repaid the debt instrument issued within the Swedish National Debt Office guarantee scheme and repaid preference shares and the majority of the convertible debentures.

## Pillar 1: Minimum capital requirements

Carnegie must at all times have 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 several options to choose among different methods when calculating the size of capital required. Carnegie applies the standard method for calculating credit risks, 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 risks to which the Group is currently exposed or may become exposed.

As part of the ICAAP, an extensive risk analysis is performed, encompassing all potential risks that may arise within Carnegie. The Board of Directors 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 2015 are provided in the Capital Adequacy and Liquidity Report, available at www.carnegie.se.

# FIVE-YEAR REVIEW

GROUP [1]

| INCOME STATEMENT, SEKM | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Total income | 2,313 | 2,058 | 1,735 | 1,535 | 1,732 |
| Personnel expenses | -1,446 | -1,276 | -1,098 | -1,135 | -1,309 |
| Other expenses | -582 | -536 | -489 | -596 | -691 |
| Expenses before credit provisions | -2,028 | -1,812 | -1,587 | -1,731 | 2,000 |
| Operating profit/loss before credit provisions | 285 | 246 | 148 | -196 | -268 |
| Net credit provisions | 4 | 25 | 25 | 30 | 5 |
| **Profit/loss before tax** | **289** | **271** | **173** | **-166** | **-263** |
| Tax [2] | -75 | -36 | 21 | -117 | 9 |
| **Profit/loss for the year** | **214** | **235** | **194** | **-283** | **-254** |

| FINANCIAL KEY DATA | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| C/I ratio, % | 87 | 87 | 90 | 111 | 115 |
| Average income per employee, SEKm | 3.6 | 3.3 | 2.8 | 2.2 | 2.1 |
| Profit margin, % | 9.3 | 11.4 | 11.2 | neg. | neg. |
| Return on equity, % | 9.1 | 10.4 | 9.7 | neg. | neg. |
| Return on assets, % | 1.6 | 2.1 | 1.8 | neg. | neg. |
| Total assets, SEKm | 12,234 | 12,443 | 10,613 | 10,741 | 12,483 |

| CAPITAL BASE, SEKM [3] | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Equity | 2,088 | 2,369 | 2,136 | 1,964 | 2,189 |
| Additional Tier 1 capital | - | -88 | - | - | - |
| Goodwill | -422 | -423 | -424 | -426 | -431 |
| Intangible assets | -188 | -199 | -280 | -241 | -257 |
| Deferred tax assets | -306 | -365 | -441 | -451 | -572 |
| Dividends paid | - | -22 | -22 | -22 | -22 |
| **Common Equity Tier 1 Capital** | **1,172** | **1,272** | **969** | **824** | **906** |
| Additional Tier 1 capital | - | 88 | - | - | - |
| **Tier 1 Capital** | **1,172** | **1,360** | **969** | **824** | **906** |
| Tier 2 capital | 162 | 410 | 410 | 410 | 410 |
| **Total capital base** | **1,334** | **1,770** | **1,378** | **1,234** | **1,316** |

| CAPITAL REQUIREMENT, SEKM | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Capital requirement | 519 | 521 | 523 | 503 | 579 |
| Credit risk | 161 | 177 | 145 | 132 | 164 |
| Market risk | 91 | 94 | 161 | 109 | 99 |
| Operational risk | 266 | 250 | 216 | 263 | 317 |
| Tier 1 capital ratio, % | 18.1 | 19.5 | 14.8 | 13.1 | 12.5 |
| Capital adequacy ratio, % | 20.6 | 27.2 | 21.1 | 19.6 | 18.2 |

| LIQUIDITY, SEKM [4] | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Liquidity coverage ratio, % | 283 | - | - | - | - |
| Liquidity reserve | 3,754 | - | - | - | - |

| EMPLOYEES | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Average number FTE employees | 642 | 633 | 631 | 704 | 808 |
| Number of FTE employees at year-end | 654 | 638 | 622 | 653 | 758 |

1) The five-year review includes discontinuing operations. See Note 33 for further information about discontinuing operations.
2) Tax expense for the year includes SEK -59 million (-31) in deferred tax on loss carryforwards. See Note 18.
3) In compliance with the Capital Requirements Regulation (CRR) implemented in 2014, calculation of the capital base in 2014 and subsequent years has changed slightly compared with earlier years.
4) Reporting of the liquidity coverage ratio and liquidity reserve is a regulatory requirement as of 2015.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| SEK 000s | Note | Jan-Dec 2015 | Jan-Dec 2014 |
|---|---|---|---|
| **Continuing operations** | | | |
| Commission income | 1 | 1,868,048 | 1,689,081 |
| Commission expenses | | -17,207 | -9,424 |
| **Net commission income** | 2 | **1,850,841** | **1,679,657** |
| Interest income | 1 | 95,178 | 121,191 |
| Interest expenses | | -48,994 | -62,501 |
| **Net interest income** | 3 | **46,184** | **58,690** |
| Net profit from financial transactions | 1, 5 | 70,030 | 58,899 |
| **Total operating income** | | **1,967,056** | **1,797,246** |
| Personnel expenses | 6 | -1,340,702 | -1,201,894 |
| Other administrative expenses | 7 | -448,419 | -440,201 |
| Amortisation of intangible assets and depreciation of tangible assets | 8 | -22,520 | -27,330 |
| **Total operating expenses** | | **-1,811,642** | **-1,669,425** |
| **Profit before credit losses** | | **155,414** | **127,821** |
| Credit losses, net | 9 | 4,353 | 24,811 |
| **Profit before tax** | | **159,768** | **152,632** |
| Tax | 10 | -80,708 | -42,012 |
| **Profit for the year from continuing operations** | | **79,060** | **110,619** |
| **Discontinuing operations** | | | |
| Profit for the year from discontinuing operations | 33 | 135,176 | 124,182 |
| **Profit for the year** | | **214,237** | **234,800** |
| Other comprehensive income from continuing operations: | | | |
| Items that may subsequently be reclassified to the income statement: | | | |
| Translation differences, net after tax | | -16,805 | 20,063 |
| **Total comprehensive income for the year** | | **197,432** | **254,863** |

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| SEK 000s | Note | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| **Assets** | | | |
| Cash and bank deposits with central banks | | 1,580,789 | 1,832,581 |
| Negotiable government securities | | 693,655 | 290,835 |
| Loans to credit institutions 1) | 11 | 2,410,581 | 3,487,623 |
| Loans to the general public | 11 | 3,539,647 | 2,628,272 |
| Bonds and other interest-bearing securities | 12, 13 | 1,899,342 | 1,701,988 |
| Shares and participations | 12, 13 | 263,970 | 318,571 |
| Derivative instruments | 12 | 75,148 | 93,680 |
| Shares in associated companies | 15 | 9,846 | 8,963 |
| Intangible assets | 16 | 11,049 | 677,726 |
| Tangible fixed assets | 17 | 65,485 | 73,985 |
| Current tax assets | | 31,653 | 2,104 |
| Deferred tax assets | 18 | 420,385 | 476,779 |
| Other assets | 19 | 335,707 | 613,836 |
| Prepaid expenses and accrued income | 20 | 98,912 | 235,851 |
| Assets held for sale | 33 | 797,957 | - |
| **Total assets** | 24 | **12,234,127** | **12,442,795** |
| | | | |
| **Liabilities and equity** | | | |
| Liabilities to credit institutions | 11 | 3,058 | 10,407 |
| Deposits and borrowing from the general public 1) | 11 | 8,651,197 | 7,495,677 |
| Issued securities | 12 | - | 935,000 |
| Short positions, shares | 12 | 104,327 | 143,315 |
| Derivative instruments | 12 | 82,936 | 69,674 |
| Current tax liabilities | | 12,323 | 10,583 |
| Deferred tax liabilities | 18 | 12,589 | 67,204 |
| Other liabilities | 21 | 266,424 | 235,581 |
| Accrued expenses and prepaid income | 22 | 555,734 | 614,809 |
| Other provisions | 23 | 65,807 | 81,586 |
| Subordinated liabilities | 31 | 162,119 | 409,702 |
| Liabilities held for sale | 33 | 229,702 | - |
| **Total liabilities** | 24 | **10,146,216** | **10,073,538** |
| **Equity** | | | |
| Share capital (2,168,350 shares, quotient value SEK 110.135) | | 238,811 | 238,811 |
| Other capital contributions | | 683,165 | 1,101,486 |
| Reserves | | -137,285 | -120,480 |
| Retained earnings | | 1,303,219 | 1,149,439 |
| **Total equity** | | **2,087,911** | **2,369,257** |
| | | | |
| **Total liabilities and equity** | | **12,234,127** | **12,442,795** |
| | | | |
| **Memorandum items** | 25 | | |
| Assets pledged for own debt | | 628,315 | 1,456,578 |
| Other pledged assets | | 886,776 | 830,633 |
| Contingent liabilities and guarantees | | 254,025 | 505,420 |

1) Whereof client funds 138,891 (1,156,693)

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | |
|---|---|---|---|---|---|
| SEK 000s | Share capital | Other capital contributions | Translation reserve | Retained earnings | Total |
| **Equity - opening balance 2014** | **238,811** | **1,101,486** | **-140,543** | **936,654** | **2,136,408** |
| Profit for the year | | | | 234,800 | 234,800 |
| ***Other comprehensive income:*** | | | | | |
| Translation differences relating to foreign operations | | | 20,063 | | 20,063 |
| **Total comprehensive income (net after tax)** | | | **20,063** | **234,800** | **254,863** |
| Dividends paid | | | | -22,015 | -22,015 |
| **Equity - closing balance 2014** | **238,811** | **1,101,486** | **-120,480** | **1,149,439** | **2,369,257** |
| Profit for the year | | | | 214,237 | 214,237 |
| ***Other comprehensive income:*** | | | | | |
| Translation differences relating to foreign operations | | | -16,805 | | -16,805 |
| **Total comprehensive income (net after tax)** | | | **-16,805** | **214,237** | **197,432** |
| Redemption of preference shares | -21,976 | -418,321 | | | -440,297 |
| Bonus issue | 21,976 | | | -21,976 | - |
| Dividends paid | | | | -38,481 | -38,481 |
| **Equity - closing balance 2015** | **238,811** | **683,165** | **-137,285** | **1,303,219** | **2,087,911** |

# PARENT COMPANY INCOME STATEMENTS

| SEK 000s | Note | Jan-Dec 2015 | Jan-Dec 2014 |
|---|---|---|---|
| Net sales | 1 | 10,200 | 10,207 |
| Other external expenses | 7 | -16,635 | -5,262 |
| Personnel expenses | 6 | -27,571 | -10,759 |
| **Operating profit/loss** | | **-34,006** | **-5,814** |
| Other interest income and similar income | 1, 3 | - | 145 |
| Interest expenses and similar expenses | 3 | -20,917 | -20,795 |
| Profit/loss from participations in subsidiaries | 4 | 732,152 | -6,953 |
| **Profit/loss from financial items** | | **711,235** | **-27,603** |
| **Profit/loss before tax** | | **677,230** | **-33,418** |
| Tax | 10 | 489 | 135 |
| **Profit/loss for the year** | | **677,719** | **-33,284** |

# PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

| SEK 000s | Jan-Dec 2015 | Jan-Dec 2014 |
|---|---|---|
| Profit/loss for the year | 677,719 | -33,284 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **677,719** | **-33,284** |

# PARENT COMPANY BALANCE SHEET

| SEK 000s | Note | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| Shares and participations in group companies | 14 | 2,604,290 | 2,604,290 |
| Deferred tax assets | 18 | 1,689 | 1,200 |
| Total financial fixed assets | | 2,605,979 | 2,605,490 |
| Receivables from group companies | 27 | 28,395 | 78,502 |
| Current tax assets | | 1,397 | - |
| Other current receivables | | 8,747 | 6,900 |
| Prepaid expenses and accrued income | 20 | 224 | 132 |
| Cash and bank balances | | 3,741 | 6,008 |
| Total current assets | | 42,504 | 91,542 |
| **Total assets** | | **2,648,483** | **2,697,033** |
| Share capital (2,168,350 shares, quotient value SEK 110.135) | | 238,811 | 238,811 |
| Share premium reserve | | 683,165 | 1,101,486 |
| Retained earnings | | 814,428 | 908,168 |
| Profit/loss for the year | | 677,719 | -33,284 |
| **Total equity** | | **2,414,123** | **2,215,181** |
| Provisions for pensions | | 7,679 | 5,454 |
| Other provisions | 23 | 1,735 | - |
| Total provisions | | 9,414 | 5,454 |
| Convertible debentures | 31 | 162,119 | 409,702 |
| Total non-current liabilities | | 162,119 | 409,702 |
| Accounts payable | | 3,518 | 50 |
| Other current liabilities | | 32,730 | 44,055 |
| Accrued expenses and prepaid income | 22 | 26,580 | 22,591 |
| Total current liabilities | | 62,828 | 66,696 |
| **Total liabilities** | | **234,361** | **481,852** |
| **Total equity and liabilities** | | **2,648,483** | **2,697,033** |
| **Memorandum items** | 25 | | |
| Assets pledged for own debt | | - | - |
| Other pledged assets | | - | - |
| Contingent liabilities | | 115,249 | 119,858 |

# PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

| SEK 000s | Share capital | Premium reserve | Retained earnings | Total |
|---|---|---|---|---|
| **Equity - opening balance 2014** | **238,811** | **1,101,486** | **930,183** | **2,270,479** |
| Profit/loss for the year | | | -33,284 | -33,284 |
| **Total income and expenses for the year** | | | **-33,284** | **-33,284** |
| Dividends paid | | | -22,015 | -22,015 |
| **Equity - closing balance 2014** | **238,811** | **1,101,486** | **874,884** | **2,215,181** |
| Profit/loss for the year | | | 677,719 | 677,719 |
| **Total income and expenses for the year** | | | **677,719** | **677,719** |
| Redemption of preference shares | -21,976 | -418,321 | | -440,297 |
| Bonus issue | 21,976 | | -21,976 | - |
| Dividends paid | | | -38,481 | -38,481 |
| **Equity - closing balance 2015** | **238,811** | **683,165** | **1,492,147** | **2,414,123** |

# CASH FLOW STATEMENTS

| | GROUP 1) | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 2015 | 2014 | 2015 | 2014 |
| **Operating activities** | | | | |
| Profit/loss before tax | 289,122 | 270,990 | 677,230 | -33,418 |
| Adjustments for items not affecting cash flow | 132,147 | 40,804 | 8,571 | 4,324 |
| Paid income tax | -23,909 | -24,270 | - | - |
| Cash flow from operating activities before changes in working capital | 397,360 | 287,524 | 685,801 | -29,094 |
| Changes in working capital | 2,038,434 | -1,009,523 | 197,812 | -52,285 |
| Cash flow from operating activities | 2,435,794 | -721,999 | 883,613 | -81,379 |
| **Investing activities** | | | | |
| Dividends received from subsidiaries | - | - | 736 762 | - |
| Acquisitions of fixed assets | -24,953 | -18,437 | - | - |
| Cash flow from investing activities | -24,953 | -18,437 | 736,762 | - |
| **Financing activities** | | | | |
| Dividends paid 2) | -38,481 | -22,015 | -38,481 | -22,015 |
| Redemption of preference shares | -440,297 | - | -440,297 | - |
| Settlement of bond loan | -935,000 | - | -935,000 | - |
| Settlement of convertible debenture | -247,583 | - | -247,583 | - |
| Cash flow from financing activities | -1,661,361 | -22,015 | -1,661,361 | -22,015 |
| **Cash flow for the year** | **749,480** | **-762,451** | **-40,986** | **-103,394** |
| Cash and cash equivalents, opening balance 3) | 2,946,998 | 3,569,575 | 47,385 | 150,779 |
| Translation differences in cash and cash equivalents | -76,691 | 139,874 | - | - |
| **Cash and cash equivalents, closing balance 3)** | **3,619,787** | **2,946,998** | **6,399** | **47,385** |

1) The consolidated statements of cash flows include discontinuing operations. Cash flow statements for discontinuing operations are presented in Note 33.
2) Refers to dividends distributed to preference shares (Öresund/Creades), whereof SEK 22m refers to 2014 and the remaining SEK 16m was paid out in connection to the redemption of preferred shares.
3) Excluding cash and cash equivalents pledged as collateral.

For further disclosures concerning cash flow statements, see Note 30.

# ACCOUNTING PRINCIPLES

## 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 Fonder AB and Carnegie Investment Bank AB and its subsidiaries.

Carnegie is an independent Nordic investment bank operating in Securities, Investment Banking, Private Banking, Structured Finance and Funds (Carnegie Fonder). Carnegie offers financial products and services to Nordic and international clients from offices in seven countries: Sweden, Denmark, Norway, Finland, Luxembourg, the UK and the US.

Carnegie Holding AB is owned by Altor Fund III and employees of Carnegie.

## 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 the Swedish Financial Supervisory Authority (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.

Carnegie Fonder AB is presented under "Discontinuing operations" in accordance with IFRS 5 Discontinued operations. Consequently, the results of Carnegie Fonder AB, including related consolidated items, are presented separately in the Consolidated statements of financial position for both 2015 and 2014. For 2015, assets and liabilities attributable to Carnegie Fonder AB, including consolidated items, are presented separately in the Consolidated statements of financial position for 2015, but not for 2014. Additional disclosures pertaining to Carnegie Fonder AB are presented in Note 33.

The financial statements for the Group and the parent company are presented in thousands of Swedish krona (SEK 000s). The parent company's functional currency is the Swedish krona (SEK).

Accounting principles for the parent company are presented below under "Parent company accounting principles."

## New and amended accounting standards and interpretations

There are no new standards or amendments of existing standards issued by the International Accounting Standards Board (IASB) effective as of 2015 that have had any effect on the consolidated financial statements.

## Standards, amendments and interpretations that have not yet taken effect

A number of new and revised standards are not mandatorily effective until the 2016 reporting period or later and there was no early application for these financial statements.

*IFRS 9, Financial Instruments* covers the classification, measurement and reporting of financial assets and liabilities. It replaces those parts of *IAS 39* that cover classification and measurement of financial instruments. *IFRS 9* retains a mixed measurement approach, but simplifies the approach in certain respects. There will be three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument should be classified depends upon the entity's business model and the characteristics of the instrument. *IFRS 9* also introduces a new model for calculating credit loss reserves based upon expected credit losses. The classification and measurement of financial liabilities is not changed except when a liability is reported at fair value through profit or loss based upon the fair value option. Value changes attributable to changes in own credit risk must be recognised in other comprehensive income. IFRS 9 further reduces the requirements for application of hedge accounting and documentation requirements pertaining to hedge accounting have also been changed compared with IAS 39.
The standard is mandatorily effective for periods beginning on or after 1 January 2018. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the effects of implementation of the standard.

*IFRS 15, Revenue from contracts with customers* regulates how revenues must be recognised. The principles upon which IFRS 15 is based are intended to provide more useful information to users of financial statements about the entity's revenues. Under the expanded disclosure obligation, the entity must provide information about the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. Under *IFRS 15*, revenue must be recognised when control of the good or service sold is transferred to the customer and the customer obtains the benefits arising from the good or service. *IFRS 15* supersedes *IAS 18 Revenue* and becomes mandatorily effective 1 January 2018. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the effects of implementation of the standard.

*IFRS 16, Leases* The IASB published a new accounting standard for leases in January 2016 that will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires all assets and liabilities attributable to leases, with a few exceptions, to be reported on the balance sheet. Accounting is based on the perspective that the lessee has a right to use an asset during a specific timer period and a concurrent obligation to pay for that right. Accounting for the lessor will remain unchanged in all material respects. The standard is applicable to reporting periods that begin on or after 1 January 2019. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the effects of IFRS 16.

No other IFRSs or interpretations that have not yet become effective are expected to have any material impact on the Group.

## Consolidated financial statements

### Consolidation principles

■ *Subsidiaries*

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 with 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 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.

■ *Associates*

Associates are entities over which the Group has significant but not controlling influence, which refers to power to participate in the financial and operating policy decisions, usually through holdings of between 20 and 50 percent of voting power. As of the date significant influence is obtained, investments in associates are recognised in the consolidated accounts using the equity method of accounting. Under the equity method, the carrying amount of shares in associates corresponds to the Group's share in equity, consolidated goodwill and any other remaining value in consolidated surpluses and deficits. The Group's share of associates' profit or loss is recognised in the consolidated statement of comprehensive income, adjusted for any depreciation, impairments and reversals of acquired surplus or deficit values. This portion of profit or loss constitutes the main change in the carrying amount of investments in associates recognised as an asset in the balance sheet. See Note 15 for disclosures regarding Carnegies' associated company.

### Equity instruments

Equity instruments issued by the Group are recognised in the amount received less direct issue costs.

### 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.

### Revenue recognition

Revenue is recognised in profit and loss when it is probable that future economic benefits will be received and these benefits can be calculated in a reliable manner. Revenue is normally recognised during the period in which the service was performed. Performance-based fees and commissions are recognised when the income can be calculated reliably.

Commission income from banking operations includes brokerage fees, management income from discretionary asset management and fund management and advisory income.

In the consolidated financial statements, fees relating to advisory services are recognised as commission income. These fees are attributable to advisory services within Private Banking and Investment Banking. These services are recognised in profit and loss when the services have been performed and when it is probable that the future economic benefits will accrue to the company and the benefits can be calculated reliably. Interest income is recognised over the maturity period according to the effective rate method.

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 post-employment remuneration is classified and recognised in the same manner as pension commitments.

■ *Share-based remuneration – incentive programmes*
No share-based remuneration has been paid to employees within the Group.

■ *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 EU rules, guaranteed variable remuneration (sign-on bonus) is paid only in connection with new recruiting and the service period is limited to one year. Remuneration principles for the Group are described in the Corporate governance section, pages 22-23.

■ *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 is 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 are recognised as an expense at the rate at which retirement benefit expenses arise.

## Leasing
Financial leasing contracts are contracts according to which the economic benefits and risks associated with ownership of the leased object are transferred in all significant respects from the leaser to the lessee. Leasing contracts that are not financial are classified as operational. At present, Carnegie only has operational leasing contracts.

Leasing fees paid for operational leasing contracts are expensed straight-line over the leasing period. Variable fees are recognised as expenses in the period in which they arise. In cases where the Group receives benefits (such as rent rebates) upon entering an operational leasing contract, such benefits are initially recognised as a liability and thereafter as a reduction in leasing fees straight-line over the leasing period, unless some other systematic method better reflects the benefit to the Group over time.

## 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. According to this method, 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.

## 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 financial assets and liabilities depends on the intention with the acquisition of the financial item. The categories within IAS 39 applied by Carnegie are as follows:
- Financial assets measured at fair value through profit or loss

- Available-for-sale financial assets
- Loan receivables and accounts receivable
- Financial liabilities measured at fair value through profit or loss
- Other financial liabilities

Financial assets are initially measured at fair value plus transaction costs, which applies to all financial assets not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, while attributable transaction costs are recognised in profit or loss.

Financial assets and financial liabilities held for trading are measured after acquisition date at fair value in the balance sheet, while changes in value are recognised in profit and loss. 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 value derivative instruments. Measurements of derivative instruments are regularly validated by the internal risk control function, monthly by the CRC 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 loans and accounts receivable and 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. Provisions are allocated for probable credit losses after individual assessment. Provisions are made where the likelihood of default is significant and where pledges, obligations or other guarantees are not estimated to cover the claim amount.

The principle for what is classified as an actual credit loss is that they are losses established through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is recognised under "Net credit losses."

■ *Loans to the general public*

Lending to the 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 provide corporate financing and does not extend consumer loans. 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. This means that counterparty classes have the same credit characteristics and Carnegie thus does not perform impairment testing on a group basis. Following individual assessment, provisions are made for probable credit losses where the likelihood of default is significant and where pledges, obligations or other guarantees are not estimated to cover the claim amount.

The principle for what is classed as an actual credit loss is that they are losses established through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is recognised under "Net credit losses."

■ *Bonds and other interest-bearing securities*

Bonds and other interest-bearing securities consist of chargeable government bonds, housing bonds and other interest-bearing instruments. These are categorised as assets held for trading measured at fair value, with changes in fair value recognised in profit and loss under "Net profit/loss from financial transactions."

■ *Shares and participations*

Shares and participations consist mainly of shareholdings intended for trading 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 transactions'.

■ *Derivative instruments*

All derivative instruments are classified as assets held for trading. Derivative instruments are measured at fair value. Changes in fair value are recognised in profit and loss 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 "Other financial liabilities" 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 public. These liabilities are categorised as "Other financial liabilities" and measured at amortised cost using the effective rate method.

■ *Issued securities*

Securities issued are measured at amortised cost.

In May 2010, Carnegie issued a bond loan under the state guarantee scheme in the nominal value of SEK 935 million with a time to maturity of 60 months. The loan was repaid in 2015.

■ *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 cases in which a borrowed security is sold in a process known as short-selling, a liability is recognised corresponding to the divested security's fair value. Received collateral in the form of cash is recognised under "Liabilities to credit institutions" or "Deposits and borrowing from the general public," depending on the counterparty. Pledged collateral in the form of cash is included on the balance sheet under "Loans to credit institutions" or "Loans to the general public," depending on the counterparty.

### Intangible assets

Intangible assets consist of goodwill, client relationships, distribution agreements, acquired IT systems and capitalised expenses for the development of IT systems.

■ *Goodwill*

Goodwill is initially recognised as an asset measured at cost and is thereafter carried at cost less any accumulated impairment. Gains or losses arising from the divestment of an operation include the remaining carrying amount of goodwill attributable to the divested unit. Goodwill has an indefinite useful life. Goodwill is distributed among cash-generating units within the Group that are expected to benefit from the synergy effects arising in conjunction with the acquisition.

Cash-generating units to which goodwill is distributed are tested annually or more frequently when there are indications that an impairment requirement may exist. Impairment arises when the carrying amount exceeds the recoverable amount.

The recoverable amount corresponds to the higher of value in use and fair value less costs to sell. If the cash-generating unit's recoverable amount is lower than the carrying amount, the impairment is first distributed to reduce the carrying amount of any goodwill attributed to the unit and thereafter to the unit's other assets, pro-rated based on the carrying amount of each asset in the unit. An impairment of goodwill may not be reversed in a later period.

■ *Client relationships*

Contractual client relationships acquired in a business combination are recognised at fair value as of the acquisition date. Contractual client relationships have a determinable useful life and are carried at cost less accumulated amortisation.

The anticipated duration of client relationships is 20 years.

■ *Distribution agreements*

Distribution agreements acquired in a business combination are recognised at fair value at the acquisition date. Distribution agreements with a determinable useful life are amortised over eight years, which corresponds to the expected term of the contract. Distribution agreements with an indefinite useful life are not regularly amortised, but are subject to impairment testing.

■ *Capitalised expenditure for software development*

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 entity has adequate resources and intends to complete the asset
- The cost can be measured reliably

Internally developed intangible assets are initially recognised as the sum of expenses that arise as of the first date upon which the intangible asset satisfied the above criteria up until the date upon 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.

■ *Other intangible assets*

The cost of intangible assets acquired separately corresponds to the actual acquisition cost, including directly attributable expenses for preparing the asset for its intended use.

### 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.

### 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.

## Critical assessment parameters

### 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, 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. 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 Credit and Risk Committee (CRC).

The measurement methods are primarily used to value 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.

### Impairment requirement for goodwill

To assess whether there is a need for impairment of goodwill, a test is required of the goodwill value based on the cash-generating units' value in use. Value in use is calculated by discounting future expected cash flows from cash-generating units to present value. This value is then assessed in relation to the carrying amount of the asset when testing whether there is need to recognise an impairment loss.

The carrying amount of goodwill at the balance sheet date was SEK 421,823 thousand (422,615). See Note 16 Intangible assets for further information about recognised goodwill.

### Provision to restructuring reserve

In the fourth quarter of 2011, Carnegie initiated a restructuring programme aimed at reducing the cost base. The programme includes centralisation of several functions, more efficient system solutions and reduced complexity. The cost savings took effect gradually in 2012-2015 and will have continued effect in 2016. Provisions to the restructuring reserve have been based on the assessed cost of restructuring. The provision includes costs for IT systems and reductions in staff.

### Recognition of deferred tax assets

Carnegie recognises deferred tax assets attributable to timing differences and tax-deductible deficits. The largest tax deficits are in Sweden and have an unlimited useful life (meaning that there is no expiration date). 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 18 Deferred tax assets/liabilities.

### 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.

## Parent company accounting principles

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.

### 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.

# NOTES

*Notes related to the Consolidated statements of comprehensive income exclude discontinuing operations for both 2015 and 2014. Notes related to the Consolidated statements of financial position exclude discontinuing operations for 2015, but not for 2014.*

## Note 1 Geographical distribution of income

*Group*

| SEK 000s | COMMISSION - INCOME 2015 | COMMISSION - INCOME 2014 | INTEREST INCOME 2015 | INTEREST INCOME 2014 | OTHER DIVIDEND INCOME 2015 | OTHER DIVIDEND INCOME 2014 | NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS 2015 | NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS 2014 | TOTAL 2015 | TOTAL 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Denmark | 249,393 | 228,052 | 2,476 | 2,648 | - | - | 8,532 | 4,781 | 260,401 | 235,482 |
| Norway | 214,281 | 290,278 | 21,527 | 27,966 | - | - | 1,741 | -2,081 | 237,549 | 316,164 |
| Sweden | 1,109,496 | 934,068 | 52,677 | 66,476 | - | - | 16,024 | 25,793 | 1,178,196 | 1,026,336 |
| Other | 390,384 | 318,343 | 19,651 | 25,536 | - | - | 39,786 | 30,403 | 449,822 | 374,282 |
| Eliminations | -95,506 | -81,660 | -1,153 | -1,436 | - | - | 3,948 | 2 | -92,711 | -83,094 |
| **Total** | **1,868,048** | **1,689,081** | **95,178** | **121,191** | **-** | **-** | **70,030** | **58,899** | **2,033,257** | **1 869,170** |

*Parent company*

| SEK 000s | NET-SALES 2015 | NET-SALES 2014 | INTEREST INCOME 2015 | INTEREST INCOME 2014 | OTHER DIVIDEND INCOME 2015 | OTHER DIVIDEND INCOME 2014 | NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS 2015 | NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS 2014 | TOTAL 2015 | TOTAL 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sweden | 10,200 | 10,207 | - | 145 | 736,762 | - | - | - | 746,962 | 10,351 |
| **Total** | **10,200** | **10,207** | **-** | **145** | **736,762** | **-** | **-** | **-** | **746,962** | **10,351** |

## Note 2 Net commission income

| SEK 000s | GROUP 2015 | GROUP 2014 |
|---|---|---|
| Brokerage fees | 1,209,629 | 1,126,982 |
| Other commission income | 690,619 | 588,955 |
| Marketplace fees | -32,199 | -26,856 |
| Total commission income | 1,868,048 | 1,689,081 |
| Total commission expenses | -17,207 | -9,424 |
| **Net commission income** | **1,850,841** | **1,679,657** |

## Note 3 Net interest income

| SEK 000s | GROUP 2015 | GROUP 2014 | PARENT COMPANY 2015 | PARENT COMPANY 2014 |
|---|---|---|---|---|
| **Interest income** | | | | |
| Interest income from loans to credit institutions | 2,167 | 17,280 | - | 144 |
| Interest income from loans to the general public | 84,961 | 87,050 | - | - |
| Interest income from Interest-bearing securities | 2,157 | 8,622 | - | - |
| Other interest income | 5,893 | 8,238 | - | 1 |
| Total interest income [1) 2)] | 95,178 | 121,191 | - | 145 |
| **Interest expenses** | | | | |
| Interest expenses related to liabilities to credit institutions | -11,682 | -9,570 | -1,368 | - |
| Interest expenses related to deposits/borrowing from the general public | -9,618 | -9,910 | - | - |
| Other interest expenses | -27,694 | -43,020 | -19,549 | -20,795 |
| Total interest expenses [1)] | -48,994 | -62,501 | -20,917 | -20,795 |
| **Net interest income/expenses [3)]** | **46,184** | **58,690** | **-20,917** | **-20,651** |

*1) Whereof amounts for balance sheet items not measured at fair value:*

| | GROUP 2015 | GROUP 2014 | PARENT COMPANY 2015 | PARENT COMPANY 2014 |
|---|---|---|---|---|
| Interest income | 95,178 | 121,191 | - | 145 |
| Interest expenses | -48,994 | -62,501 | -20,917 | -20,795 |
| **Total** | **46,184** | **58,690** | **-20,917** | **-20,651** |
| *2) Whereof interest on doubtful receivables* | - | - | - | - |

*3) Net interest income/expenses measured at fair value is included in the item "Net profit/loss from financial transactions."*

## Note 4 Profit/loss from participations in subsidiaries

| SEK 000s | PARENT COMPANY 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Dividends received from subsidiaries | 736,763 | - |
| Anticipated dividends from subsidiaries | 25,020 | 36,000 |
| Cost of supplementary purchase consideration related to the acquisition of Carnegie Investment Bank AB [1] | -29,630 | -42,953 |
| **Total profit/loss from participations in subsidiaries** | **732,152** | **-6,953** |

1) The cost refers to additional purchase consideration paid to the Swedish National Debt Office. The subsidiary Carnegie Investment Bank AB has income of SEK 25,020 thousand (36,000) from the Valot Group attributable to its sale of Norrvidden. Accordingly, the effect in the Carnegie Holding Group is a loss of SEK -4,610 thousand (-6,953).

## Note 5 Net profit/loss from financial transactions

| *2015* | Realised changes in value | UNREALISED CHANGES IN VALUE [1] Market price | Observable market data | Non-observable market data | Other method | Effect of exchange rate changes | Total |
|---|---|---|---|---|---|---|---|
| Group, SEK 000s | | | | | | | |
| Bonds and other interest-bearing securities and attributable derivatives | 18,177 | 1 | -188 | - | - | - | 17,989 |
| Shares and participations and attributable derivatives | 38,775 | -11,375 | -10,633 | - | 3,883 | - | 20,650 |
| Other financial instruments and attributable derivatives | 57,058 | -18,448 | - | - | - | - | 38,610 |
| Exchange rate changes | | | | | | -7,219 | -7,219 |
| **Net profit/loss from financial transactions** | **114,010** | **-29,822** | **-10,821** | **-** | **3,883** | **-7,219** | **70,030** |

| *2014* | Realised changes in value | UNREALISED CHANGES IN VALUE [1] Market price | Observable market data | Non-observable market data | Other method | Effect of exchange rate changes | Total |
|---|---|---|---|---|---|---|---|
| Group, SEK 000s | | | | | | | |
| Bonds and other interest-bearing securities and attributable derivatives | 15,493 | -54 | 616 | - | - | - | 16,055 |
| Shares and participations and attributable derivatives | 7,243 | -6,075 | -704 | - | 3,207 | - | 3,672 |
| Other financial instruments and attributable derivatives | 17,327 | 1,059 | 9,021 | - | 530 | - | 27,936 |
| Exchange rate changes | | | | | | 11,236 | 11,236 |
| **Net profit/loss from financial transactions** | **40,063** | **-5,071** | **8,934** | **-** | **3,737** | **11,236** | **58,899** |

*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 established using another method, such as the historical cost or equity method.*

## Note 6 Personnel expenses

| SEK 000s | GROUP 2015 | 2014 | PARENT COMPANY 2015 | 2014 |
|---|---|---|---|---|
| Salaries and fees | -731,126 | -673,207 | -14,134 | -6,714 |
| Social insurance fees | -160,805 | -142,881 | -5,546 | -2,086 |
| Allocation to variable remuneration[1] | -289,292 | -239,786 | -4,058 | - |
| Pension expenses for Board of Directors and CEO | -3,790 | -2,331 | -3,266 | -1,821 |
| Pension expenses for other employees | -109,004 | -100,824 | - | - |
| Other personnel expenses | -46,685 | -42,865 | -567 | -139 |
| **Total personnel expenses** | **-1,340,702** | **-1,201,894** | **-27,571** | **-10,759** |

*1) Including social insurance fees*

*2) This includes the average number of employees (of whom women) of Carnegie Fonder AB with respect to 2015: 35 (11), and for 2014: 33 (11). Accordingly, the average number of employees in continuing operations in 2015 was 607 (180) and for 2014 was 600 (183).*

### *Salaries and fees specified by category*

| SEK 000s | GROUP 2015 | 2014 | PARENT COMPANY 2015 | 2014 |
|---|---|---|---|---|
| Salaries and fees to directors, CEO and members of Group | -25,821 | -15,938 | -14,134 | -6,714 |
| Salary and remuneration to other employees not included in the Board of Directors or Group management | -705,305 | -657,268 | - | - |
| **Total salaries and fees** | **-731,126** | **-673,207** | **-14,134** | **-6,714** |

### *Average number of employees (of whom women)*

| SEK 000s | GROUP 2015 | 2014 | PARENT COMPANY 2015 | 2014 |
|---|---|---|---|---|
| Denmark | 82 (19) | 75 (19) | - | - |
| Finland | 18 (6) | 18 (8) | - | - |
| Luxembourg | 45 (10) | 44 (11) | - | - |
| Norway | 73 (11) | 71 (14) | - | - |
| UK | 35 (15) | 31 (12) | - | - |
| Sweden [2] | 380 (128) | 382 (128) | 1 (-) | 1 (-) |
| USA | 10 (2) | 11 (2) | - | - |
| **Total** [2] | **642 (191)** | **633 (194)** | **1 (-)** | **1 (-)** |

## Note 6 Personnel expenses, cont.

### Remuneration to the Board of Directors

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 2015 | 2014 | 2015 | 2014 |
| Bo Magnusson, chairman | 1,554[1)] | 800 | 1,354 | 600 |
| Mårten Andersson | 500[2)] | 500 | 350 | 350 |
| Ingrid Bojner | 88[3)] | - | 63 | - |
| Fredrik Grevelius | 63[4)] | 250 | 47 | 187 |
| Harald Mix | 250[5)] | 250 | 187 | 187 |
| Andreas Rosenlew | 88[6)] | - | 63 | - |
| Fredrik Strömholm | 250[7)] | 250 | 187 | 187 |
| Erik Törnberg | 125[8)] | - | 94 | - |
| **Total** | **2,918** | **2,050** | **2,345** | **1,511** |

*1) Whereof SEK 200 thousand (200) in fees for assignments for Carnegie Investment Bank AB. The figure for 2015 includes additional fees of SEK 754 thousand for the assignment for Carnegie Holding AB.*

*2) Whereof SEK 150 thousand (150) in fees for assignments for Carnegie Investment Bank AB.*

*3) Whereof SEK 25 thousand (–) in fees for assignments for Carnegie Investment Bank AB. The fee for 2015 refers to the period of 1 October-31 December.*

*4) Whereof SEK 16 thousand (63) in fees for assignments for Carnegie Investment Bank AB. The fee for 2015 refers to the period of 1 January-14 April.*

*5) Whereof SEK 63 thousand (63) in fees for assignments for Carnegie Investment Bank AB.*

*6) Whereof SEK 25 thousand (–) in fees for assignments for Carnegie Investment Bank AB. The fee refers to the period of 1 October-31 December.*

*7) Whereof SEK 63 thousand (63) in fees for assignments for Carnegie Investment Bank AB.*

*8) Whereof SEK 31 thousand (–) in fees for assignments for Carnegie Investment Bank AB. The fee for 2015 refers to the period of 14 April-30 September.*

### Remuneration to the CEO and other senior executives

| *2015* | Gross salary and benefits | Variable remunera-tion | Pensions and comparable benefits | Severance pay |
|---|---|---|---|---|
| Parent company, SEK 000s | | | | |
| CEO Björn Jansson [1)] | 1,352 | 1,108 | 303 | - |
| Former CEO Thomas Eriksson [2)] | 10,055 | 1,980 | 2,772 | 2,640 |
| Carnegie Bank Group and Carnegie Fonder 2015 [3)] | | | | |
| Other senior executives [4)] | 15,408 | 8,505 | 3,017 | - |

*1) Björn Jansson took over as CEO on 30 September 2015. He is employed by and receives salary and benefits from the parent company Carnegie Holding AB. The remuneration refers to the period of 30 September-31 December 2015.*

*2) Thomas Eriksson stepped down a s CEO on 30 September 2015. He was employed by and received salary and benefits from the parent company Carnegie Holding AB. Salary, benefits and pensions and comparable benefits cover Mr Eriksson's tenure as CEO and the period of notice of 1 October 2015-30 September 2016.*

*3) Other senior executives have received salary and benefits from Carnegie Investment Bank AB, its subsidiaries or Carnegie Fonder AB.*

*4) Amounts relate to the period they held positions as other senior executives. The group includes nine individuals who are current senior executives and one resigning senior executive. Current: Annika Agri Larsson (14 September-31 December) Anders Antas (1 January-31 December), Christian Begby (1 November-31 December), Claus Gregersen (1 November-31 December), Henric Falkenberg (1 November-31 December), Fredrik Leetmaa (1 January-31 December), Helena Nelson (1 January-31 December), Henrik Rättzén (1 January-31 December) and Ulf Vucetic (1 November-31 December). Resigning: Björn Jansson (1 January-29 September).*

| *2014* | Gross salary and benefits | Variable remunera-tion | Pensions and comparable benefits | Severance pay |
|---|---|---|---|---|
| Parent company, SEK 000s | | | | |
| CEO Thomas Eriksson [1)] | 5,457 | - | 1,584 | - |
| Carnegie Bank Group and Carnegie Fonder 2014 [2)] | | | | |
| Other senior executives [3)] | 11,235 | 190 | 1,861 | - |

*1) Thomas Eriksson was employed by and received salary and benefits from the parent company Carnegie Holding AB.*

*2) Other senior executives have received salary and benefits from Carnegie Investment Bank AB, its subsidiaries or Carnegie Fonder AB.*

*3) Amounts relate to the period they held positions as other senior executives. The group includes five individuals who are current senior executives and one resigning senior executive. Current: Anders Antas (1 January-31 December), Björn Jansson (1 January-31 December), Helena Nelson (1 January-31 December), Fredrik Leetmaa (1 January-31 December), Henrik Rättzén (1 November-31 December). Resigning: Pia Marions (1 January-31 October).*

#### Gender distribution

*The current Board of Directors consists of 17% (0) women and 83% (100) men. The current management group consists of 20% (17) women and 80% (83) 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.*

*Senior executives at Carnegie have 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 16 percent (16) 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 endow-ment insurance and for which Carnegie does not have any further obligation to cover any losses on such insurance or any additional payment obligation above the premiums already paid are treated according to the rules for defined contribution plans.*

*The total market value amounts to: In the Group, SEK 408,394 thousand (377,958), and in the parent company SEK 7,679 thousand (5,454).*

*Premiums paid during the year amounted to SEK 2,338 thousand (1,533) in the Group, whereof SEK 1,234 thousand (1,140) in the parent company.*

## Note 6 Personnel expenses, cont.

*Report on remuneration expensed by the Carnegie Holding Group in 2015 pursuant to the Capital Requirements Regulation for Credit Institutions and Investments Firms and Regulation FFFS 2014:12 from the Swedish Financial Supervisory Authority. The table includes discontinuing operations.*

### Remuneration expensed in 2015

| | TOTAL REMUNERATION TO EMPLOYEES OF THE GROUP | | | |
|---|---|---|---|---|
| SEK 000s | Total remuneration excluding variable component 1) | Total number of employees | Variable Remuneration 1) | Number of recipients with variable remuneration |
| Total remuneration to employees in the Group | 858,728 | 664 | 271,268 | 425 |

| | SPECIFICATION OF REMUNERATION ACCORDING TO CATEGORIES | | | |
|---|---|---|---|---|
| | DEFINED IDENTIFIED STAFF 2) | | | |
| TSEK | Executive management | Other employees identified to the category | Other employees | Total |
| Fixed remuneration 1) | 96,778 | 171,410 | 590,539 | 858,728 |
| Number of employees | 30 | 105 | 526 | 664 |
| Variable remuneration 1) | 41,869 | 59,909 | 169,492 | 271,269 |
| Number of employees | 29 | 84 | 312 | 425 |
| Whereof: | | | | |
| Cash-based variable remuneration | 41,869 | 59,909 | 169,492 | 271,269 |
| Share-based variable remuneration | - | - | - | - |
| Deferred remuneration 3) | 25,457 | 23,263 | 91 | 48,810 |
| Committed and paid remuneration 4) | 113,190 | 208,056 | 759,940 | 1 081,186 |
| Severance pay (paid out) 5) | - | 4,838 | 21,376 | 26,214 |
| Number of employees | - | 3 | 30 | 33 |
| Committed severance pay (not yet paid) | 2,640 | 6,290 | 18,619 | 27,549 |
| Number of employees | 1 | 6 | 26 | 33 |
| Highest individual severance pay (not yet paid) | | | 3,835 | 3,835 |

*1) Variable remuneration is defined as remuneration whose amount or size is not predetermined. All other remuneration is reported as fixed remuneration and comprises salary, pension provisions, severance pay and benefits such as car benefits in accordance with FFFS 2011:1 and FFFS 2014:22. Reported amounts do not include social insurance fees.*

*2) Employees whose tasks have material impact on the Group's risk profile.*

*3) The amount subject to deferral ranges between 40 to 60 per cent and the period of deferral ranges between three to five years depending on the amount of variable remuneration awarded and the responsibilities and risk mandates of the identified staff in question.*

*4) Includes amounts paid out in the first quarter of 2016.*

*5) Amounts also include guaranteed variable remuneration, which occurs only in connection with recruiting of new staff.*

*Severance pay is agreed upon and paid out when employment is involuntarily terminated prior to reaching retirement age or when an employee voluntarily resigns in exchange for severance pay. Severance payments in 2015 related to cost savings or changes in management.*

## Note 7 Other administrative expenses

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 2015 | 2014 | 2015 | 2014 |
| *Other administrative expenses include the following amounts paid to elected auditors:* | | | | |
| **Statutory auditing** | | | | |
| PwC | -4,429 | -4,862 | -663 | -689 |
| Regen, Benz & MacKenzie | -422 | -343 | - | - |
| **Total statutory auditing** | **-4,851** | **-5,205** | **-663** | **-689** |
| **Other auditing** | | | | |
| PwC | -683 | -726 | -185 | -206 |
| Regen, Benz & MacKenzie | - | - | - | - |
| **Total other auditing** | **-683** | **-726** | **-185** | **-206** |

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 2015 | 2014 | 2015 | 2014 |
| **Tax advice** | | | | |
| PwC | - 1,808 | -217 | -1,148 | -217 |
| Regen, Benz & MacKenzie | - | - | - | - |
| **Total tax advice** | **-1,808** | **-217** | **-1,148** | **-217** |
| **Other consultant assignments** | | | | |
| PwC | -3,749 | - | -360 | - |
| Regen, Benz & MacKenzie | -122 | -112 | - | - |
| **Total other consultancy assignments** | **-3,871** | **-112** | **-360** | **-** |

*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 8 Depreciation and amortisation of tangible fixed assets and intangible assets

| | GROUP | |
|---|---|---|
| SEK 000s | 2015 | 2014 |
| Computer equipment and other equipment | -8,645 | -12,128 |
| Renovations | -7,604 | -6,796 |
| Recognised negative goodwill/adjustment of acquisition analysis | -4,610 | -6,953 |
| Impairment of goodwill (see Note 16) | -828 | -895 |
| Other intangible assets | -834 | -557 |
| **Total amortisation and depreciation of intangible assets and tangible fixed assets** | **-22 520** | **-27 330** |

## Note 9 Net credit losses and provisions for doubtful receivables

| | GROUP | |
|---|---|---|
| SEK 000s | 2015 | 2014 |
| Provisions for doubtful receivables on the opening date | -244,610 | -273,916 |
| Effect on income of individually evaluated credits included in profit and loss (minus is increased provision): | | |
| Reversals of previous provisions | 4,353 | 24,811 |
| Provisions for the year | - | - |
| Total net credit losses | 4,353 | 24,811 |
| Translation differences | -381 | -861 |
| Total items affecting income | 3 972 | 23,950 |
| Previously reported as doubtful receivable, now eliminated as actual | 4 | 4,387 |
| Translation differences | 10 938 | 969 |
| **Provisions for doubtful receivables on the closing date** | **-229 695** | **-244 610** |

The majority of credit provisions originate from provisions made mainly in 2008 and 2009.

## Note 10 Taxes

| | GROUP | | MODERBOLAGET | |
|---|---|---|---|---|
| SEK 000s | 2015 | 2014 | 2015 | 2014 |
| **Current tax expense** | | | | |
| Tax expense for the year | -23,486 | -17,959 | - | - |
| Tax adjustment attributable to previous years | 4 | 4,916 | - | - |
| **Total current tax expense** | **-23,483** | **-13,044** | **-** | **-** |
| | | | | |
| **Deferred tax expense (-) / tax income (+)** | | | | |
| Deferred tax related to timing | 530 | 3,343 | 489 | 135 |
| Tax effect of changed tax rate | | | | |
| Deferred tax income in the tax value of loss carryforwards capitalised during the year | -4,807 | -3,394 | - | - |
| Deferred tax income in the tax value of loss carryforwards capitalised during the year | -52,948 | -28,917 | - | - |
| **Total deferred tax expense/tax income** | **-57,225** | **-28,969** | **489** | **135** |
| **Total recognised tax expense/income** | **-80,708** | **-42,012** | **489** | **135** |

## Note 10 Taxes, cont

### *Reconciliation of effective tax*

| | 2015 | | 2014 | |
|---|---|---|---|---|
| Group, SEK 000s | Tax rate, % | Amount | Tax rate, % | Amount |
| Profit before tax | | 159,767 | | 152,632 |
| Tax according to prevailing tax rate for the parent company | 22.0 | -35,149 | 22.0 | -33,579 |
| **Tax effects in respect of:** | | | | |
| Other tax rates for foreign companies | 4.2 | -6,642 | 7.3 | -11,085 |
| Non-deductible expenses | 51.9 | -82,881 | 10.1 | -15,349 |
| Non-taxable income | -46.2 | 73,776 | -8.1 | 12,438 |
| Increase in loss carryforwards without corresponding capitalisation of deferred tax | 27.4 | -43,814 | 24.7 | -37,631 |
| Utilisation of non-capitalised loss carryforwards | -3.3 | 5,206 | -28.9 | 44,159 |
| Capitalisation of loss carryforwards in previous years | 3.0 | -4,807 | 2.2 | -3,394 |
| Revaluation of deferred tax | -8.8 | 13,999 | -0.4 | 679 |
| Tax attributable to previous years | 0.0 | 4 | -3.2 | 4,916 |
| Adjustment of taxable profit | 0.2 | -399 | 0.6 | -959 |
| Other | - | - | 1.4 | -2,208 |
| **Recognised effective tax** [1] | **50,5** | **-80,708** | **27.5** | **-42,012** |

*1) The weighted average tax rate for the Group is 26.2% (29.3).*

### *Reconciliation of effective tax*

| | 2015 | | 2014 | |
|---|---|---|---|---|
| Parent company, SEK 000s | Tax rate, % | Amount | Tax rate, % | Amount |
| Profit before tax | | 677,230 | | -33,418 |
| Tax according to prevailing tax rate for the parent company | 22.0 | -148,991 | 22.0 | 7,352 |
| **Tax effects in respect of:** | | | | |
| Non-deductible expenses | 1.4 | -9,245 | -29.0 | -9,707 |
| Non-taxable income | -24.7 | 167,594 | 23.7 | 7,920 |
| Increase in loss carryforwards without corresponding capitalisation of deferred tax | 1.4 | -9,358 | -16.7 | -5,565 |
| Revaluation of deferred tax | -0.1 | 489 | 0.4 | 135 |
| **Recognised effective tax** | **-0.1** | **489** | **0.4** | **135** |

## Note 11 Maturity information

| Group, 31 Dec 2015, SEK 000s | Payable on demand | <3 months | >3 months but than <1year | >2 but less than <2 years | >2 but less than <5 years | > 5 years | Interest effect | N/A | Total |
|---|---|---|---|---|---|---|---|---|---|
| Negotiable government securities | - | 501,164 | 192,491 | - | - | - | - | - | 693,655 |
| Loans to credit institutions | 2,308,916 | 94,809 | - | - | - | - | - | 6,857 | 2,410,581 |
| Loans to the general public | 3,013,815 | 440,845 | 84,987 | - | - | - | - | - | 3,539,647 |
| Bonds and other interest-bearing securities | - | - | 1,005,215 | 893,735 | - | - | 392 | - | 1,899,342 |
| **Total financial assets** | **5,322,731** | **1,036,818** | **1,282,693** | **893,735** | **-** | **-** | **392** | **6,857** | **8,543,226** |
| Liabilities to credit institutions | 2,223 | 835 | - | - | - | - | - | - | 3,058 |
| Deposits and borrowing from the general public | 8,498,987 | 152,210 | - | - | - | - | - | - | 8,651,197 |
| **Total financial liabilities** | **8,501,210** | **153,046** | **-** | **-** | **-** | **-** | **-** | **-** | **8,654,255** |

| Group, 31 Dec 2014, SEK 000s | Payable on demand | <3 months | >3 months but than <1year | >2 but less than <2 years | >2 but less than <5 years | > 5 years | Interest effect | N/A | Total |
|---|---|---|---|---|---|---|---|---|---|
| Negotiable government securities | - | 249,943 | 40,893 | - | - | - | - | - | 290,835 |
| Loans to credit institutions | 3,206,823 | 276,106 | - | - | - | - | - | 4,694 | 3,487,623 |
| Loans to the general public | 1,824,175 | 790,864 | 13,233 | - | - | - | - | - | 2,628,272 |
| Bonds and other interest-bearing | - | 749,707 | 906,158 | 8,414 | 36,634 | - | -767 | 1,841 | 1,701,988 |
| **Total financial assets** | **5,030,999** | **2,066,619** | **960 285** | **8,414** | **36,634** | **-** | **-767** | **6,535** | **8,108,718** |
| Liabilities to credit institutions | 4,635 | 5,771 | - | - | - | - | - | - | 10,407 |
| Deposits and borrowing from the general public | 6,146,407 | 1,349,270 | - | - | - | - | - | - | 7,495,677 |
| Issued securities | | - | 935,000 | - | - | - | - | - | 935,000 |
| **Total financial liabilities** | **6,151,042** | **1,355,041** | **935,000** | **-** | **-** | **-** | **-** | **-** | **8,441,083** |

## Note 12 Financial assets and liabilities – valuation methods and disclosures on offsetting

### *Valuation method 2015*[1)]

| | HELD FOR TRADING | | | | |
|---|---|---|---|---|---|
| Group, 31 Dec 2015, SEK 000s | Market price (Level 1) | Observable market data (Level 2) | Non-observable market data (Level 3) | Other method | Total |
| Negotiable government securities | 693,655 | - | - | - | 693,655 |
| Bonds and other interest-bearing securities | 1,862,775 | 36,567 | - | - | 1,899,342 |
| Shares and participating interests | 231,470 | 32,500 | - | - | 263,970 |
| Derivative instruments | 74,133 | 1,014 | - | - | 75,148 |
| **Total financial assets** | **2,862,034** | **70,080** | **-** | **-** | **2,932,115** |
| Short positions, shares | 104,327 | - | - | - | 104,327 |
| Derivative instruments | 80,710 | 2,227 | - | - | 82,936 |
| **Total financial liabilities** | **185,036** | **2,227** | **-** | **-** | **187,263** |

1) See Note 5 Net profit/loss from financial transactions concering measurement method

There were no significant shifts between Level 1 and Level 2 during the financial year.

### *Financial assets and liabilities subject to offsetting*

| Group, 31 Dec 2015, SEK 000s | Gross amounts | Offset | Net amounts in balance sheet |
|---|---|---|---|
| **Assets** | | | |
| Trade and client receivables | 1,692,282 | -1,484,761 | 207,521 [1)] |
| **Liabilities** | | | |
| Trade and client payables | 1,554,804 | -1,487,672 | 67,132 [2)] |

*The table above presents financial assets and liabilities that are recognised net in the balance sheet. Net accounting is applied for financial assets and financial liabilities in the balance sheet where Carnegie is legally entitled to offset transactions and has an intention to offset. At the closing date, these financial instruments comprised trade and client receivables and trade and client payables. As the scope of financial assets and liabilities for which gross accounting is applied, but which are subject to legally binding master netting agreements or the like, is marginal, these disclosures have been omitted.*

*1) Whereof SEK 27,911 thousand pertains to Carnegie Fonder AB.*

*2) Whereof SEK 29,125 thousand pertains to Carnegie Fonder AB..*

# Note 12 Financial assets and liabilities – valuation methods and disclosures on offsetting, cont.

### *Valuation method 2014*[1)]

| Group, 31 Dec 2014, SEK 000s | HELD FOR TRADING Market price (Level 1) | Observable market data (Level 2) | Non-observable market data (Level 3) | Other method | Total |
|---|---|---|---|---|---|
| Negotiable government securities | 290,835 | - | - | - | 290,835 |
| Bonds and other interest-bearing securities | 1,655,057 | 46,931 | - | - | 1,701,988 |
| Shares and participating interests | 307,242 | 11,329 | - | - | 318,571 |
| Derivative instruments | 91,585 | 2,095 | - | - | 93,680 |
| **Total financial assets** | **2,344,719** | **60,356** | **-** | **-** | **2,405,075** |
| Issued securities [2)] | - | - | - | 935,000 | 935,000 |
| Short positions, shares | 143,315 | - | - | - | 143,315 |
| Derivative instruments | 68,761 | 914 | - | - | 69,674 |
| **Total financial liabilities** | **212,076** | **914** | **-** | **935,000** | **1,147,989** |

1) See Note 5 Net profit/loss from financial transactions concering measurement method.

2) In May 2010, Carnegie issued a bond loan under the government guarantee scheme with a time to maturity of 60 months. Securities issued are measured at accrued cost.

*There were no significant shifts between Level 1 and Level 2 during the financial year..*

### *Financial assets and liabilities subject to offsetting*

| Group, 31 Dec 2014, SEK 000s | Gross amounts | Offset | Net amounts in balance sheet |
|---|---|---|---|
| **Assets** | | | |
| Trade and client receivables | 1,326,978 | -936,821 | 390,157 |
| **Liabilities** | | | |
| Trade and client payables | 956,193 | -936,846 | 19,347 |

*The table above presents financial assets and liabilities that are recognised net in the balance sheet. Net accounting is applied for financial assets and financial liabilities in the balance sheet where Carnegie is legally entitled to offset transactions and has an intention to offset. At the closing date, these financial instruments comprised trade and client receivables and trade and client payables. As the scope of financial assets and liabilities for which gross accounting is applied, but which are subject to legally binding master netting agreements or the like, is marginal, these disclosures have been omitted.*

# Note 13 Other information on financial assets

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Bonds** | | |
| Bonds, listed | 1,899,342 | 1,701,988 |
| Bonds, unlisted | - | - |
| | **1,899,342** | **1,701,988** |
| Swedish government | - | - |
| Other Swedish issuers | 1,154,579 | 1,194,218 |
| Foreign governments | - | - |
| Other foreign issuers | 744,763 | 507,770 |
| | **1,899,342** | **1,701,988** |
| **Equity** | | |
| Shares, share warrants, listed | 258,267 | 313,608 |
| Shares, share warrants, unlisted | 5,703 | 4,963 |
| | **263,970** | **318,571** |

# Note 14 Shares and participations in Group companies

| SEK 000s | PARENT COMPANY 31 dec 2015 | 31 dec 2014 |
|---|---|---|
| Cost of shares and participations in Group companies, 1 January | 2,604,290 | 2,604,290 |
| **Cost of shares and participations in Group companies, 31 December** | **2,604,290** | **2,604,290** |

## Note 14 Shares and participations in Group companies, cont.

| 2015 | Corporate Reg. No. | Registered office | No. of shares | Carrying amount 2015 | Equity 2015[1] |
|---|---|---|---|---|---|
| **Carnegie Investment Bank AB (publ) [2]** | 516406-0138 | Stockholm | 400,000 | 1,780,084 | 1,767,021 |
| *Branches of Carnegie Investment Bank AB* | | | | | |
| Carnegie Investment Bank AB, Norway branch | 976 928 989 | Oslo | | | |
| 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] | 936 310 974 | Oslo | 20,000 | | |
| Carnegie Ltd | 2 941 368 | 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 | | |
| Banque Carnegie Luxembourg S.A.[2] | 1993-2201863 | Luxembourg | 349,999 | | |
| Subsidiary of Banque Carnegie Luxembourg S.A | | | | | |
| Carnegie Fund Services S.A. | | Luxembourg | | | |
| Carnegie Fonder AB | 556266-6049 | Stockholm | 30,000 | 824,206 | 47,865 |
| **Total** | | | | **2,604,290** | **1,814,886** |

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.

## Note 15 Shares in associates

| 2015 | Corporate Reg. No. | Registered office | No. of shares | Share of equity/votes, % | Carrying amount in the parent | Carrying amount in the Group |
|---|---|---|---|---|---|---|
| Optimized Portfolio Management Stockholm AB | 556648-6832 | Stockholm | 1,000,000 | 50 | 3,819 | 9,846 |

*In conjunction with Carnegie's acquisition of HQ Bank in 2010, Carnegie also gained a right to acquire HQ AB's shares in entities including Optimized Portfolio Management Stockholm AB (OPM). Carnegie exercised this right in 2011. Payment for the option was included in the original purchase price and no further consideration has been paid. The ownership interest is, as shown above, 50%, but as controlling influence does not exist under the terms and conditions of the shareholder agreement, OPM was consolidated in the Carnegie Group as an associate under the equity method of accounting.*

*The difference of SEK 6,027 thousand between the carrying amounts in the Group and the parent company arises from the inclusion of participating interests in earnings of associates in the consolidated accounts.*

*The carrying amount in the Group was SEK 8,963 thousand at 1 January. The share of earnings from the interest in OPM affected consolidated profit in the amount of SEK 3,883 thousand. A dividend of SEK 3,000 thousand was also received, which reduced the carrying amount.*

***Other financial disclosures***

| 2015, SEK 000s | Assets | Liabilities excluding equity | Income | Operating profit |
|---|---|---|---|---|
| Optimized Portfolio Management Stockholm AB | 40,012 | 20,319 | 65,158 | 7,748 |

## Note 16 Intangible assets

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Goodwill** | | |
| Cost on the opening date | 432 961 | 433 358 |
| Translation differences | -3 795 | -398 |
| Cost on the closing date | 429 166 | 432 961 |
| Amortisation on the opening date | -10 345 | -9 207 |
| Translation differences | 3 831 | -244 |
| Amortisation during the year | -828 | -895 |
| Amortisation on the closing date | -7 343 | -10 345 |
| **Carrying amount** (including discontinuing operations)) | **421 823** | **422 615** |
| Goodwill attributable to discontinuing operations [1] | -421 823 | - |
| **Carrying amount for continuing operations** | **-** | **422 615** |

| SEK 000s | GROUP 31 dec 2015 | 31 dec 2014 |
|---|---|---|
| The carrying amount for goodwill is attributable to the following companies: | | |
| Carnegie Fonder AB [1] | 421 823 | 421 823 |
| Carnegie AS [2] | - | 792 |

1) The goodwill attributable to Carnegie Fonder AB, SEK 421,823 thousand, is included in "Assets available for sale."

2) Arose in 2013 in connection with the acquisition/merger of NRP Securities ASA.

*Impairment testing of recognised goodwill is performed annually regardless of whether there is any indication that the carrying amount is in need of impairment.*

**Impairment testing, Carnegie Fonder AB**

*A decision was taken in 2015 to divest Carnegie Fonder AB during the first half of 2016. The sale will be executed at the carrying amount; accordingly, no need for impairment existed on the closing date.*

## Note 16 Intangible assets, cont.

| SEK 000s | GROUP 31 Dec 2015 | GROUP 31 Dec 2014 |
|---|---|---|
| **Other intangible assets** [1] | | |
| Cost on the opening date | 359,778 | 376,639 |
| Translation differences | -555 | 1,765 |
| Acquisitions during the year | 10,176 | 1,795 |
| Sale/scrapping | -242 | -20,421 |
| Cost on the closing date | 369,157 | 359,778 |
| Amortisation on the opening date | -104,668 | -96,215 |
| Translation differences | 371 | -1,860 |
| Sale/scrapping | 242 | 20,427 |
| Amortisation for the year | -27,297 | -27,020 |
| Amortisation on the closing date | -131,352 | -104,668 |
| **Carrying amount** ((including discontinuing operations) | **237,805** | **255,110** |
| Less: discontinuing operations [2] | -226,757 | - |
| **Carrying amount for continuing operations** | **11,049** | **255,110** |
| **Carrying amount of intangible assets, continuing operations** | **11,049** | **677,726** |

1) Consists of systems developed in-house, client relationships and distribution agreements.

2) Intangible assets attributable to Carnegie Fonder AB are included in Assets held for sale.

## Note 17 Tangible fixed assets

| SEK 000s | GROUP 31 Dec 2015 | GROUP 31 Dec 2014 |
|---|---|---|
| **Computer equipment and other equipment** | | |
| Cost on the opening date | 200,012 | 193,066 |
| Translation differences | -7,215 | 3,856 |
| Acquisitions during the year | 7,493 | 11,566 |
| Sale/scrapping | -8,121 | -2,892 |
| Cost on the closing date | 192,170 | 205,595 |
| *Whereof Carnegie Fonder AB* | *-* | *5,583* |
| Depreciation on the opening date | -166,038 | -152,731 |
| Translation differences | 6,358 | -3,014 |
| Sale/scrapping | 8,185 | 2,222 |
| Depreciation for the year | -9,975 | -14,586 |
| Depreciation on the closing date | -161,469 | -168,109 |
| *Whereof Carnegie Fonder AB* | *-* | *-2 071* |
| **Carrying amount** | **30,702** | **37,486** |
| **Renovation of leased premises** | | |
| Cost on the opening date | 100,996 | 98,740 |
| Translation differences | -1,151 | 3,470 |
| Acquisitions during the year | 5,977 | 9,384 |
| Sale/scrapping | -112 | -10,598 |
| Cost on the closing date | 105,711 | 100,996 |
| *Whereof Carnegie Fonder AB* | *-* | *-* |
| Depreciation on the opening date | -64,497 | -64,871 |
| Translation differences | 1,139 | -2,831 |
| Sale/scrapping | 112 | 9,948 |
| Depreciation for the year | -7,680 | -6,743 |
| Depreciation on the closing date | -70,926 | -64,497 |
| *Whereof Carnegie Fonder AB* | *-* | *-* |
| **Carrying amount** | **34,785** | **36,499** |
| **Total carrying amount of tangible fixed assets** | **65,485** | **73,985** |
| *Whereof Carnegie Fonder AB* | *-* | *3,512* |

## Note 18 Deferred tax assets/liabilities

| SEK 000s | KONCERNEN 31 Dec 2015 | KONCERNEN 31 Dec 2014 | MODERBOLAGET 31 Dec 2015 | MODERBOLAGET 31 Dec 2014 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Pensions | 89,847 | 83,151 | 1,689 | 1,200 |
| Capitalised loss carryforwards [1] | 305,935 | 365,027 | - | - |
| Other | 24,604 | 28,602 | - | - |
| **Total deferred tax assets** | **420,385** | **476,779** | **1,689** | **1,200** |
| **Deferred tax liabilities** | | | | |
| Intangible assets | 2,602 | 58,554 | - | - |
| Other | 9,986 | 8,650 | - | - |
| **Total deferred tax liabilities** | **12,589** | **67,204** | **-** | **-** |

### *Changes for the year – deferred tax assets*

| Group, 2015, SEK 000s | OPENING BALANCE | DEFERRED TAX IN INCOME STATEMENT (Plus is increased asset) | RECOGNISEED DIRECTLY AGAINST EQUITY EXCHANGE-RATE DIFFERENCES, ACQUISITIONS AND ELIMINATIONS | CLOSING BALANCE (Plus is asset) |
|---|---|---|---|---|
| Pensions | 83,151 | 6,696 | - | 89,847 |
| Capitalised loss carryforwards [1] | 365,027 | -58,591 | -501 | 305,935 |
| Other | 28,602 | -3,670 | -328 | 24,604 |
| **Total** | **476,779** | **-55,566** | **-829** | **420,385** |

### *Changes for the year – deferred tax liabilities*

| Group, 2015, SEK 000s | OPENING BALANCE | DEFERRED TAX IN INCOME STATEMENT (Minus is increased liability) | RECOGNISEED DIRECTLY AGAINST EQUITY EXCHANGE-RATE DIFFERENCES, ACQUISITIONS AND ELIMINATIONS | CLOSING BALANCE (Minus is liability) |
|---|---|---|---|---|
| Intangible assets | -2,729 | 21 | 105 | -2,603 |
| Other | -8,650 | -1,681 | 345 | -9,986 |
| **Total** | **-11,379** | **-1,660** | **450** | **-12,589** |

### *Changes for the year – deferred tax assets*

| Parent company, 2015, SEK 000s | OPENING BALANCE | DEFERRED TAX IN INCOME STATEMENT (Plus is increased asset) | RECOGNISEED DIRECTLY AGAINST EQUITY EXCHANGE-RATE DIFFERENCES, ACQUISITIONS AND ELIMINATIONS | CLOSING BALANCE (Plus is asset) |
|---|---|---|---|---|
| Pensions | 1,200 | 489 | - | 1,689 |
| **Total** | **1,200** | **489** | **-** | **1,689** |

*1) Capitalised loss carryforwards of the Group: The majority of the opening balance of capitalised loss carryforwards is attributable to Carnegie Investment Bank AB, Sweden, and the Norwegian branch. Carnegie Investment Bank AB, Sweden, and the Norwegian branch each utilised a portion of their loss carryforwards during the year. At 31 December, the capitalised loss carryforward in Carnegie Investment Bank AB, Sweden, amounted to SEK 289,264 thousand, and in the Norwegian branch to SEK 9,716 thousand. The remainder of capitalised loss carryforwards is attributable to Carnegie Inc., in the amount of SEK 6,955 thousand. Total loss carryforwards in the Group at 31 December amounted to SEK 1,587,790 thousand (,1 737 ,368), whereof SEK 80,766 thousand (80,766) is attributable to the parent company. Of the total amount SEK 263,833 thousands is blocked and cannot be used until the 2017 fiscal year.*

*The basis for capitalised loss carryforwards is the budget for coming years, which shows that Carnegie will post positive earnings.*

## Note 19 Other assets

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Trade and client receivables | 179,610 | 390,157 |
| Accounts receivable | 92,185 | 118,998 |
| Other | 63,912 | 104,681 |
| **Total other assets [1)]** | **335,707** | **613,836** |

1) The remaining maturity period is less than one year.

## Note 20 Prepaid expenses and accrued income

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 31 dec 2015 | 31 dec 2014 | 31 Dec 2015 | 31 Dec 2014 |
| Accrued interest | 6,665 | 20,761 | - | - |
| Rent | 17,866 | 17,039 | - | - |
| Fees | 4,253 | 3,583 | - | - |
| Personnel-related | 9,956 | 12,515 | - | - |
| Pensions | 628 | 681 | 224 | 132 |
| Accrued income | 25,363 | 50,642 | - | - |
| Other | 34,181 | 130,631 | - | - |
| **Total prepaid expenses and accrued income [1)]** | **98,912** | **235,851** | **224** | **132** |

1) The remaining maturity period is less than one year.

## Note 21 Other liabilities

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Trade and client payables | 38,007 | 19,347 |
| Accounts payable | 101,822 | 70,096 |
| Other | 126,594 | 146,138 |
| **Total other liabilities [1)]** | **266,424** | **235,581** |

1) The remaining maturity period is less than one year.

## Note 22 Accrued expenses and prepaid income

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2015 | 31 Dec 2014 | 31 Dec 2015 | 31 Dec 2014 |
| Accrued interest | 8,803 | 23,064 | 7,967 | 20,770 |
| Rent | - | 635 | - | - |
| Fees | 6,528 | 4,184 | - | 567 |
| Personnel-related | 457,647 | 391,868 | 14,086 | 826 |
| Pensions | 3,865 | 3,041 | - | - |
| Other | 78,892 | 192,018 | 4,526 | 429 |
| **Total accrued expenses and prepaid income1r [1)]** | **555,734** | **614,809** | **26,580** | **22,591** |

1) The remaining maturity period is less than one year.

## Note 23 Other provisions

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2015 | 31 Dec 2014 | 331 Dec 2015 | 31 Dec 2014 |
| **Restructuring provisions** | | | | |
| Opening balance | 31,621 | 16,956 | - | - |
| Translation differences | - | 21 | - | - |
| Utilised amounts | -494 | -5,356 | - | - |
| Reversal, unutilised amounts | -604 | - | - | - |
| Provisions for the year | - | 20,000 | - | - |
| Closing balance | 30,523 | 31,621 | - | - |
| **Other provisions** | | | | |
| Opening balance | 49,965 | 36,451 | - | - |
| Translation differences | 39 | 281 | - | - |
| Utilised amounts | -19,655 | -9,005 | - | - |
| Reversal, unutilised amounts | -4,000 | - | - | - |
| Provisions for the year | 8,936 | 22,238 | 1,735 | - |
| Closing balance | 35,284 | 49,965 | 1,735 | - |
| **Total other provisions** | **65,807** | **81,586** | **1,735** | **-** |

*Most of the provisions are expected to be utilised during 2016.The increase in the restructuring reserve for the comparison year is an adjustment of provisions in previous years, relating to IT systems and organisational changes.The increase in other provisions for the year primarily comprises an adjustment of the provision for legal expenses made in 2014.*

## Note 24 Classification of financial assets and liabilities

| Group, 31 Dec 2015, SEK 000s | Held for trading | Financial assets available for sale | Loan and accounts receivable | Other financial liabilities | Non-financial assets/liabilities | Total |
|---|---|---|---|---|---|---|
| Cash and bank deposits with central banks | | | 1,580,789 | | | 1,580,789 |
| Negotiable government securities | | | 693,655 | | | 693,655 |
| Loans to credit institutions | | | 2,410,581 | | | 2,410,581 |
| Loans to the general public | | | 3,539,647 | | | 3,539,647 |
| Bonds and other interest-bearing securities | 1,899,342 | | | | | 1,899,342 |
| Shares and participations | 257,832 | 6,138 | | | | 263,970 |
| Derivative instruments | 75,148 | | | | | 75,148 |
| Shares in associates | | | | | 9,846 | 9,846 |
| Intangible assets | | | | | 11,049 | 11,049 |
| Tangible fixed assets | | | | | 65,485 | 65,485 |
| Current tax assets | | | | | 31,653 | 31,653 |
| Deferred tax assets | | | | | 420,385 | 420,385 |
| Other assets | | | 335,707 | | | 335,707 |
| Prepaid expenses and accrued income | | | 6,665 | | 92,247 | 98,912 |
| Assets held for sale | | | 83 785 | | 714 172 | 797 957 |
| **Total assets** | **2,232,322** | **6,138** | **8,650,829** | **-** | **1,344,838** | **12,234,127** |

## Note 24 Classification of financial assets and liabilities, cont.

| Group, 31 Dec 2015, SEK 000s | Held for trading | Financial assets available for sale | Loan and accounts receivable | Other financial liabilities | Non-financial assets/liabilities | Total |
|---|---|---|---|---|---|---|
| Liabilities to credit institutions | | | | 3,058 | | 3,058 |
| Deposits and borrowing from the general public | | | | 8,651,197 | | 8,651,197 |
| Short positions, shares | 104,327 | | | | | 104,327 |
| Derivative instruments | 82,936 | | | | | 82,936 |
| Current tax liabilities | | | | | 12,323 | 12,323 |
| Deferred tax liabilities | | | | | 12,589 | 12,589 |
| Other liabilities | | | | 137,793 | 128,631 | 266,424 |
| Accrued expenses and prepaid income | | | | 8,803 | 546,930 | 555,733 |
| Other provisions | | | | | 65,807 | 65,807 |
| Subordinated liabilities | | | | 162,119 | | 162,119 |
| Liabilities held for sale | | | | 34,600 | 195,102 | 229,702 |
| **Total liabilities** | **187,263** | **-** | **-** | **8,997,570** | **961,383** | **10,146,216** |
| **Equity** | | | | | **2,087,911** | **2,087,911** |
| **Total liabilities and equity** | **187,263** | **-** | **-** | **8,997,570** | **3,049,294** | **12,234,127** |

| Group, 31 Dec 2014, SEK 000s | Held for trading | Financial assets available for sale | Loan and accounts receivable | Other financial liabilities | Non-financial assets/liabilities | Tota |
|---|---|---|---|---|---|---|
| Cash and bank deposits with central banks | | | 1,832,581 | | | 1,832,581 |
| Negotiable government securities | | | 290,835 | | | 290,835 |
| Loans to credit institutions | | | 3,487,623 | | | 3,487,623 |
| Loans to the general public | | | 2,628,272 | | | 2,628,272 |
| Bonds and other interest-bearing securities | 1,701,988 | | | | | 1,701,988 |
| Shares and participations | 313,608 | 4,963 | | | | 318,571 |
| Derivative instruments | 93,680 | | | | | 93,680 |
| Shares in associates | | | | | 8,963 | 8,963 |
| Intangible assets | | | | | 677,726 | 677,726 |
| Tangible fixed assets | | | | | 73,985 | 73,985 |
| Current tax assets | | | | | 2,104 | 2,104 |
| Deferred tax assets | | | | | 476,779 | 476,779 |
| Other assets | | | 613,836 | | | 613,836 |
| Prepaid expenses and accrued income | | | 20,761 | | 215,090 | 235,851 |
| **Total assets** | **2,109,277** | **4,963** | **8,873,908** | **-** | **1,454,648** | **12,442,795** |
| | | | | | | |
| Liabilities to credit institutions | | | | 10,407 | | 10,407 |
| Deposits and borrowing from the general public | | | | 7,495,677 | | 7,495,677 |
| Securities issued | | | | 935,000 | | 935,000 |
| Short positions, shares | 143,315 | | | | | 143,315 |
| Derivative instruments | 69,674 | | | | | 69,674 |
| Current tax liabilities | | | | | 10,583 | 10,583 |
| Deferred tax liabilities | | | | | 67,204 | 67,204 |
| Other liabilities | | | | 89,443 | 146,138 | 235,581 |
| Accrued expenses and prepaid income | | | | 23,064 | 591 745 | 614,809 |
| Other provisions | | | | | 81 586 | 81,586 |
| Subordinated liabilities | | | | 409,702 | | 409,702 |
| **Total liabilities** | **212,989** | **-** | **-** | **8,963,293** | **897 256** | **10,073,538** |
| **Equity** | | | | | **2 369 257** | **2,369,257** |
| **Total liabilities and equity** | **212,989** | **-** | **-** | **8,963,293** | **3 266 513** | **12,442,795** |

## Note 25 Pledged assets and contingent liabilities

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 | PARENT COMPANY 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|---|
| **Assets pledged for own liabilities** | | | | |
| Pledged assets for: | | | | |
| Deposited securities | 354,932 | 842,086 | - | - |
| whereof own securities | 3,140 | - | - | - |
| whereof cash | 351,792 | 842,086 | - | - |
| Derivative instruments | 266,068 | 322,196 | - | - |
| whereof own securities | 90,514 | 164,791 | | |
| whereof pledged cash | 175,554 | 157,405 | - | - |
| Other liabilities | 7,315 | 292,295 | - | - |
| whereof own securities | - | 153,556 | - | - |
| whereof pledged cash | 7,315 | 138,739 | - | - |
| **Total pledged assets for own liabilities** | **628,315** | **1,456,577** | **-** | **-** |
| **Other pledged assets** | | | | |
| Pledged assets for: | | | | |
| Deposited securities on clients' account | 91,554 | 271,469 | - | - |
| whereof own securities | 1,013 | - | - | - |
| whereof pledged cash | 90,541 | 271,469 | - | - |
| Derivative instruments on clients' account | 173,164 | 212,968 | - | - |
| whereof own securities | 5,405 | 166,370 | | |
| whereof pledged cash | 167,759 | 46,598 | - | - |
| Trade in securities on clients' account and own account | 622,058 | 346,195 | - | - |
| whereof own securities | 214,081 | - | - | - |
| whereof client securities | 261,455 | 282,707 | - | - |
| whereof pledged cash | 146,522 | 63,488 | - | - |
| **Total other pledged assets** | **886,776** | **830,632** | **-** | **-** |
| **Contingent liabilities and guarantees** | | | | |
| Contingent liabilities | 121,070 | 129,414 | 115,249 | 119,858 |
| Guarantees | 132,955 | 376,007 | - | - |
| **Total** | **254,025** | **505,420** | **115,249** | **119,858** |

## Note 26 Operational leasing

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Contracted payments relating to land and buildings** | | |
| Within one year | 63,461 | 59,316 |
| Later than one year but within five years | 248,413 | 216,154 |
| Later than five years | 11,392 | 13,890 |
| **Other contracted payments** | | |
| Within one year | 10,019 | 8,690 |
| Later than one year but within five years | 5,707 | 5,922 |

*The amounts in the table refer primarily to rent for premises. Leasing contracts are indexed and current values have not been calculated*

## Note 27 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 6.*

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 | PARENT COMPANY 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|---|
| **Related-party transactions with the CEO and board of directors** | | | | |
| Deposits/liability | 2,260 | 660 | - | - |
| Interest expenses | 1 | 3 | - | - |
| Lending/assets | 887 | 101 | - | - |
| Interest income | 57 | 0 | - | - |
| Received pledges and guarantees | 31,583 | 24,470 | - | - |
| **Related-party transactions with Group companies** | | | | |
| Deposits/liability | | | 104 | - |
| Interest expenses | | | 388 | 128 |
| Lending/assets | | | 28,395 | 78,502 |
| Interest income | | | 62 | - |
| Sales | | | 10,200 | 10,200 |
| **Related-party transactions with the owners** | | | | |
| Deposits/liability | 172,871 | 594,098 | 170,086 | 430,472 |
| Interest expenses | 20,007 | 21,089 | 20,002 | 20,770 |
| Purchases | 41 | - | 41 | - |
| Sales | 21,620 | 12,825 | 21,620 | 12,825 |

*For other transactions with owners, see "Consolidated statements of changes in equity" (page 39) and "Parent company statements of changes in equity" (page 42).*

| SEK 000s | GROUP 31 Dec 2015 | 31 Dec 2014 | PARENT COMPANY 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|---|
| **Related-party transactions with others** | | | | |
| Deposits/liability | 3,726 | 1,757 | - | - |
| Interest expenses | 5 | 36 | - | - |
| Lending/assets | 1,000 | - | - | - |
| Interest income | 1 | - | - | - |
| Sales | 9,443 | - | - | - |

*Other related parties are Carnegie Holding Danmark A/S, CAM Fondmeglerselskap A/S, Carnegie Personal AB and Stiftelsen D. Carnegie & Co.*

## Note 28 Significant events after 31 December 2015

*No significant events have occurred after the closing date.*

*The annual report was approved for publication by the Board of Directors on 23 March 2016.*

## Note 29 Risk, liquidity and capital management

### Credit risks

*Reported amounts refer to the Group. Standard & Poor's long-term credit rating is used to report the credit quality of assets not yet due for payment and whose value has not been impaired.*

***Carnegie's total credit risk exposure per exposure class***

| Group, 31 Dec 2015, SEK 000s | AAA, AA– | A+, A– | BBB+, BBB– | No external rating available | Past due but not reserved | Provisions |
|---|---|---|---|---|---|---|
| Governments and central banks | 2,274,874 | - | - | - | - | - |
| Institutional exposures | 2,966,420 | 1,130,109 | 540 | 68,616 | - | - |
| Corporate exposures | 138,107 | - | 24,922 | 4,024,834 | - | 220,258 |
| Retail exposures | - | - | - | 707,615 | - | 9,437 |
| **Total** | **5,379,401** | **1,130,109** | **25,463** | **4,801,065** | **-** | **229,695** |

| Group, 31 Dec 2014, SEK 000s | AAA, AA– | A+, A– | BBB+, BBB– | No external rating available | Past due but not reserved | Provisions |
|---|---|---|---|---|---|---|
| Governments and central banks | 2,107,342 | - | - | - | - | - |
| Institutional exposures | 3,887,241 | 841,427 | - | 761,963 | - | - |
| Corporate exposures | - | - | - | 2 924,777 | - | 241,242 |
| Retail exposures | - | - | - | 724,586 | - | 9,658 |
| **Total** | **5,994,583** | **841,427** | **-** | **4,411,326** | **-** | **250,900** |

### Pledged collateral

*Carnegie's corporate and retail exposures are primarily collateralised with pledged liquid financial securities (known as custodian account loans). Only a small fraction of these exposures are unsecured (in blanco). Exposures are usually secured by a diversified portfolio of financial collateral.*

*The majority of clients have assets whose worth far exceeds the utilised credit amount. However, there are large differences in loan-to-value amongst individual clients. Equities are the most common form of collateral used in custodian account loans.*

### 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.*

*As of 31 December 2015, the value of collateral that the Group is holding for loans where the value has been impaired was SEK 13 million (21).*

*All renegotiated loan receivables were given new terms in the form of renegotiated interest rates and amortisation plans.*

*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. As of the closing date, there were no financial assets whose terms and conditions have been renegotiated which were not also impaired.*

*The value of assumed financial assets was SEK 1 million (3) at the end of the period. All assumed assets are shares in Nordicom AS, and Carnegie's strategy is to gradually sell these assets. The entire value of the assumed assets refers to realised pledges.*

## Note 29 Risk, liquidity and capital management, cont.

### *Liquidity risk*

*The table below shows a maturity analysis for the contractual maturities of financial liabilities. Carnegie calculates and stress-tests the liquidity reserve daily to ensure that liquidity targets are met and that liquid assets are available to meet contractual and modelled cash flows.*

### *Contracted maturities of financial liabilities, 31 Dec 2015*

| Group, 31 Dec 2015, SEK 000s | Payable on demand | <3 months | >3 months but than <1year | >2 but less than <2 years | >2 but less than <5 years | > 5 years | Interest effect | N/A | Total |
|---|---|---|---|---|---|---|---|---|---|
| Negotiable government securities | - | 501,164 | 192,491 | - | - | - | - | - | 693,655 |
| Bonds and other interest-bearing securities | - | - | 1,005,215 | 893,735 | - | - | 392 | - | 1,899,342 |
| Shares and participating interests | 3,120 | - | - | - | - | - | - | 260,850 | 263,970 |
| **Total financial assets** | **3,120** | **501,164** | **1,197,706** | **893,735** | **-** | **-** | **392** | **260,850** | **2,856,967** |
| Liabilities to credit institutions | 2,223 | 835 | - | - | - | - | - | - | 3,058 |
| Deposits and borrowing from the general public | 8,498,987 | 152,210 | - | - | - | - | - | - | 8,651,197 |
| Securities issued | - | - | - | - | - | - | - | - | - |
| Short positions, shares | 2,551 | - | - | - | - | - | - | 101,776 | 104,327 |
| Other liabilities | - | 263,829 | - | - | - | - | - | - | 263,829 |
| Accrued expenses and prepaid income | - | 8,803 | - | - | - | - | - | - | 8,803 |
| **Total financial liabilities** | **8,503,760** | **425,677** | **-** | **-** | **-** | **-** | **-** | **101,776** | **9,031,214** |
| ***Derivatives*** | | | | | | | | | |
| Liabilities at market value | 3,657 | 69,059 | 10,209 | 12 | - | - | | - | 82,936 |
| Assets at market value | 5,619 | 52,778 | 16,735 | 16 | - | - | - | - | 75,148 |

### *Contracted maturities of financial assets and liabilities, 31 Dec 2014*

| Group, 31 Dec 2014, SEK 000s | Payable on demand | <3 months | >3 months but than <1year | >2 but less than <2 years | >2 but less than <5 years | > 5 years | Interest effect | N/A | Tota |
|---|---|---|---|---|---|---|---|---|---|
| Negotiable government securities | - | 249,943 | 40,893 | - | - | - | - | - | 290,835 |
| Bonds and other interest-bearing securities | - | 749,707 | 906,158 | 8,414 | 36,634 | - | -767 | 1,841 | 1,701,988 |
| Shares and participating interests | - | 6 495 | 1 757 | - | - | - | - | 310,319 | 318,571 |
| **Total financial assets** | **-** | **1,006,145** | **948,808** | **8,414** | **36,634** | **-** | **-767** | **312,161** | **2,311,394** |
| Liabilities to credit institutions | 4,635 | 5,771 | - | - | - | - | - | - | 10,407 |
| Deposits and borrowing from the general public | 6,146,407 | 1,349,270 | - | - | - | - | - | - | 7,495,677 |
| Securities issued | - | - | 935,000 | - | - | - | - | - | 935,000 |
| Short positions, shares | - | - | - | - | - | - | - | 143,315 | 143,315 |
| Other liabilities | - | 235,581 | - | - | - | - | - | - | 235,581 |
| Accrued expenses and prepaid income | - | 23,064 | - | - | - | - | - | - | 23,064 |
| **Total financial liabilities** | **6,151,042** | **1,613,686** | **935,000** | **-** | **-** | **-** | **-** | **143,315** | **8,843,044** |
| ***Derivatives*** | | | | | | | | | |
| Liabilities at market value | 9,351 | 54,183 | 6,140 | - | - | - | - | - | 69,674 |
| Assets at market value | 10,331 | 67,489 | 15,860 | - | - | - | - | - | 93,680 |

### *Market risks*

*Reported amounts refer to the Group. 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 value of these assets and liabilities amounted to SEK 526 million (625). Of the total for the Group, SEK 368 million (462) related to shares and SEK 158 million (163) to derivative instruments.*
*The net exposure at year-end was SEK 152 million (199).*

*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 own book would have had an effect on earnings of SEK -0.6 million (-0.4) at year-end. A +3% price change at the same date would have had an effect on earnings of SEK 1.5 million (0.5) in the Group. The derivative positions consist of held or sold contracts for forward call options, put options and warrants.*

#### *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 (0.2). 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 0.8 million (0.8). The stress scenario means that prices in the entire equity market change by ±10% and that simultaneously market volatility changes by ±40 percent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 3.3 million (1.9) 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. The aggregate portfolio risk within structured products was SEK 0.8 million for MML and SEK 2.6 million for SML.*

## Note 29 Risk, liquidity and capital management, cont.

### 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.*

*The branch conversion of the Danish operations was finalised in 2015. In the process, debt obligations were wound up, which sharply reduced the bank's currency exposure against DKK. See the chart below concerning the Group's currency exposure at 31 December 2015.*

### 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 1.6 million (0.8 (100 bps)). 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

*During the year, the bank elected to place portions of its liquidity in bonds with longer terms. This provides better yield on invested funds, but also increases the interest 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 loss risk from such an upward shift of 200 basis points was SEK 27.9 million(4.6).*

## Capital adequacy analysis

*The capital adequacy analysis applies to Carnegie Holding AB and subsidiaries (the Group).*

*For a specification of subsidiaries, see Note 14 Shares and participating interests in Group companies. Carnegie analyses future capital requirements through the Internal Capital Adequacy Assessment Process (ICAAP), which means that future capital requirements can be guaranteed. For more information about the ICAAP, see page 31.*

| | GROUP | |
|---|---|---|
| SEK 000s | 31 Dec 2015 | 31 Dec 2014 |
| **Capital adequacy** | | |
| Capital base | 1,334,468 | 1,770,015 |
| Risk exposure amount | 6,488,205 | 6,509,618 |
| Capital requirement | 519,056 | 520,769 |
| Surplus capital | 815,412 | 1,249,245 |
| Common Equity Tier 1 capital ratio (CET1), % | 18.1 | 19.5 |
| Tier 1 capital ratio, % | 18.1 | 20.9 |
| Capital adequacy ratio, % | 20.6 | 27.2 |
| **Capital buffer requirement** | | |
| Total CET1 requirement including buffer requirement, % | 7.7 | 7.0 |
| whereof: Capital conservation buffer, % | 2.5 | 2.5 |
| whereof: Countercyclical capital buffer, % 0.7 | 0.0 | |
| CET1 available as buffer, % | 13.6 | 14.9 |
| **Capital base**[1)] | | |
| Equity instruments and associated premium reserve | 921,976 | 1,252,238 |
| Retained earnings and reserves | 1,165,935 | 1,028,959 |
| Anticipated dividends | - | -22,015 |
| Goodwill and intangible assets | -609,627 | -621,902 |
| Deferred tax assets | -305,935 | -365,027 |
| Direct and indirect holdings of own CET1 instuments | - | - |
| Total common equity Tier 1 capital | 1,172,350 | 1,272,253 |
| **Additional Tier 1 capital** | | |
| Preference shares | - | 88,059 |
| Total Tier 1 capital | 1,172,350 | 1,360,313 |
| **Supplementary capital** | | |
| Perpetual convertible debentures | 162,119 | 409,702 |
| **Total capital base** | **1,334,468** | **1,770,015** |

1) Carnegie's Tier 1 capital instruments are comprised of ordinary shares. The conditions applicable to Carnegie's Tier 2 capital are described in Note 31.

### Capital requirement for credit risks

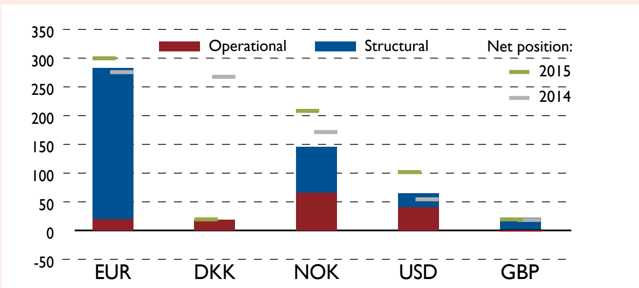
*Carnegie applies the standard method for calculating credit risks.*

*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.*

| | GROUP | |
|---|---|---|
| SEK 000s | 31 Dec 2015 | 31 Dec 2014 |
| **Capital requirements from exposures to:** | | |
| Central counterparties | 226 | 255 |
| Institutional exposures | 38,181 | 50,195 |
| Corporate exposures | 42,726 | 47,776 |
| Retail exposures | 11,963 | 2,476 |
| Exposures to funds | 1,910 | 712 |
| Exposures in the form of covered bonds | 14,857 | 13,672 |
| Equity exposures | 1,969 | 1,793 |
| Other items | 47,309 | 55,941 |
| **Total capital requirement for credit risks** | **159,141** | **172,820** |
| **Capital requirement for market risks** | | |
| Settlement risk | 99 | 345 |
| **Total capital requirement for credit risks** | **99** | **345** |
| **Equity price risk** | | |
| Specific risk | 22,893 | 11,750 |
| General risk | 5,322 | 10,181 |
| Non-delta risk | 2,938 | 1,335 |
| **Total capital requirement for equity risks** | **31,153** | **23,266** |
| **Interest rate risk** | | |
| Specific risk | 5,266 | 1,678 |
| General risk | 1,327 | 945 |
| **Total capital requirement for interest risks** | **6,593** | **2,623** |
| Currency risk | 53,717 | 68,027 |
| **Total capital requirements for currency risks** | **53,717** | **68,027** |
| **Capital requirement from credit valuation adjustment risk** | | |
| Credit valuation adjustment risk | 1,732 | 3,324 |
| **Total capital requirement for credit valuation adjustment risk** | **1,732** | **3,324** |
| **Capital requirement for operational risks** | | |

*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 | 1 775,971 | 1 667,393 |
| **Capital requirement for operational risks** | **266,396** | **250,109** |




*Currency exposure for the Group at 31 December 2015.*

## Note 30 Information on statements of cash flows

| SEK 000s | GROUP 2015 | GROUP 2014 | PARENT COMPANY 2015 | PARENT COMPANY 2014 |
|---|---|---|---|---|
| Interest paid | 57,392 | 63,907 | 33,720 | 20,795 |
| Interest received | 109,282 | 114,141 | - | 145 |
| **Adjustment for items not affecting cash flow** | | | | |
| Anticipated dividends and Group contributions from subsidiaries | - | - | -25,020 | -36,000 |
| Expense related to additionalpurchase consideration, as yet unpaid | 29,630 | 42,953 | 29,630 | 42,953 |
| Income from Valot Group, not yet received | -25,020 | -36,000 | - | - |
| Depreciation, amortisation and impairment of assets | 45,476 | 48,350 | - | - |
| Change in balance sheet item "provisions" | -15,654 | -3,692 | 3,961 | -2,629 |
| Share of profit/loss in associates | -3,883 | -3,207 | - | - |
| Unrealised changes in value of financial instruments | 40,350 | -7,600 | - | - |
| Other profit/loss items not affecting liquidity | | - | | - |
| **Total adjustments for items not affecting cash flow** | **70,899** | **40,804** | **8,571** | **4,324** |

| SEK 000s | GROUP 2015 | GROUP 2014 | PARENT COMPANY 2015 | PARENT COMPANY 2014 |
|---|---|---|---|---|
| **Cash and cash equivalents** | | | | |
| Cash and bank deposits with central banks | 1,580,789 | 1,832,581 | - | - |
| Negotiable government securities | 693,655 | 290,835 | - | - |
| Loans to credit institutions | 2,325,268 | 2,330,930 | 6,399 | 47,385 |
| Loans to credit institutions, not payable on demand | -34,955 | -353,148 | - | - |
| Less: pledged cash | -944,970 | -1,154,200 | - | - |
| **Cash and cash equivalents, closing balance** | **3,619,787** | **2,946,998** | **6,399** | **47,385** |

## Note 31 Subordinated liabilities

*The parent company issued 204,486 convertibles in 2010, which were purchased by Investment AB Öresund. The nominal and settled amount per convertible was SEK 2,003.57. Total nominal amount: SEK 409,702,015. Investment AB Öresund later transferred all convertibles to Carhold Holding AB, which in turn transferred 120,769 convertibles to Creades AB and the remaining 83,717 convertibles to Investment AB Öresund in 2013.*

*Parts of the convertible debenture were repaid in mid-December 2015: 123,571 convertibles at face value of SEK 247,583,148 plus accrued interest of SEK 12,035,292. Simultaneously, the remaining 80,915 convertibles were transferred to Altor AM Group Holding I S.a.r.l. At 31 December, the convertible debenture amounted to SEK 162,118,867.*

*Accrued interest calculated at 5% amounts to SEK 20,002 thousand (20,770) for this year, whereof SEK 7,967 was unpaid as of the closing date and is included in the balance sheet item "Accrued expenses and prepaid income."*

## Note 32 Reporting by country

*As required by Swedish 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 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 10% of total income for the Group.*

Group

| Country | Business 1) | Geographic territory | 2015 Average number of employees | 2015 Operating income, SEKm 2) | 2015 Operating profit/loss, SEKm | 2015 Tax, SEKm | 2014 Average number of employees | 2014 Operating income, SEKm 2) | 2014 Operating profit/loss, SEKm | 2014 Tax, SEKm |
|---|---|---|---|---|---|---|---|---|---|---|
| Denmark | IB, SEC, PB | Denmark | 82 | 259 | 6 | -2 | 75 | 235 | 17 | -2 |
| Norway | IB, SEC | Norway | 73 | 230 | 33 | -2 | 71 | 307 | 98 | - |
| Sweden | IB, SEC, PB, F, SF | Sweden | 380 | 2,166 | 534 | 34 | 382 | 1,228 | 80 | 32 |
| Other | SEC, PB | London, New York Finland, Luxembourg | 108 | 448 | 72 | -19 | 104 | 370 | 42 | -16 |
| Eliminations | | | - | -789 | -356 | -34 | - | -82 | 33 | -32 |
| **Total** | | | **642** | **2,313** | **289** | **-23** | **633** | **2,058** | **271** | **-18** |

1) IB=Investment Banking, SEC=Securities, PB=Private banking, F=Funds, SF=Structured Finance

2) Total operating income shown on this table is distributed by country according to where Carnegie has its physical presence, meaning where Carnegie has a subsidiary or branch.

## Note 33 Discontinuing operations

| SEK 000s | GROUP 2015 | GROUP 2014 |
|---|---|---|
| **Profit from discontinuing operations**[1] | | |
| Operating income | 345,818 | 259,669 |
| Operating expenses[2] | -210,723 | -136,646 |
| **Operating profit** | **135,095** | **123,023** |
| Net financial items | 81 | 1,159 |
| **Profit after financial items** | **135,176** | **124,182** |
| Income tax | - | - |
| **Profit from discontinuing operations** | **135,176** | **124,182** |

1) Includes profit from Carnegie Fonder AB and Group items related to Carnegie Fonder AB.

2) Whereof SEK -21 million (-21) relates to amortisation of intangible assets, net after reversal of deferred tax.

| SEK 000s | GROUP 31 Dec 2015 | GROUP 31 Dec 2014 |
|---|---|---|
| **Assets and liabilities held for sale** | | |
| Intangible assets[1] | 648,580 | 675,043 |
| Tangible fixed assets | 2,410 | 3,513 |
| Current receivables | 93,389 | 181,601 |
| Cash and cash equivalents | 53,577 | 223,126 |
| **Total assets** | **797,957** | **1,083,283** |
| Deposits and borrowing from the general public | - | 70,488 |
| Current liabilities | 179,699 | 143,996 |
| Deferred tax liabilities[1] | 50,003 | 55 825 |
| **Total liabilities** | **229,702** | **270,309** |

1) Refers to consolidated surplus values.

| SEK 000s | GROUP 2015 | GROUP 2014 |
|---|---|---|
| **Cash flow from discontinuing operations** | | |
| Cash flow from operating activities | -24,457 | 154,074 |
| Cash flow from investing activities | - | -3,076 |
| Cash flow from financing activities | -145,092 | -122,717 |
| **Cash flow for the year** | **-169,549** | **28,281** |
| Cash at beginning of year | 223,126 | 194,845 |
| **Cash at end of year** | **53,577** | **223,126** |

## Note 34 Potential disputes

*Carnegie is involved in a number of legal disputes to an extent that is normal in relation to the Group's operations.*

*During 2015, Foreningen OW Bunker-investor, a Danish investors' association, notified Carnegie that the association was considering seeking damages from Carnegie on behalf of around 4,000 shareholders in OW Bunker who suffered losses consequential upon the bankruptcy of OW Bunker in November 2014. Carnegie was one of the banks that assisted OW Bunker and its owners in connection with the listing of OW Bunker on Nasdaq Copenhagen in March 2014. No formal demands have been directed at Carnegie. Carnegie applies customary processes and procedures to provide due and proper assistance in connection with initial public offerings and will accordingly vigorously contest any demands that may be presented.*

# 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), 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 hereby 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); the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual reports for credit institutions and securities companies 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, 23 March 2016

Bo Magnusson
Chairman

Mårten Andersson

Ingrid Bojner

Harald Mix

Andreas Rosenlew

Fredrik Strömholm

Björn Jansson
President and CEO

Our audit report was submitted 23 March 2016

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant
Responsible Partner

Martin By
Authorized Public Accountant

# AUDITOR'S REPORT

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

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Carnegie Holding AB for the year 2015.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act for credit institutions and securities companies, and for such internal control as the Board of Directors and the Managing Director 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### Opinions

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 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and 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 2015 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, 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 annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Carnegie Holding AB for the year 2015.

### 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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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 supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

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

### Opinions

We recommend to the annual 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.

Stockholm, 23 March 2016
PricewaterhouseCoopers AB

**Michael Bengtsson**
Authorized Public Accountant
Responsible Partner

**Martin By**
Authorized Public Accountant

# DEFINITIONS OF KEY DATA

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

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

**Capital requirement**
A measure of how much capital an institution must have, taking into consideration the risks involved in the business.

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

**Cost/income (C/I) ratio**
Total costs (including allocations to profit sharing) as a percentage of total income (including income from associated companies and other significant holdings).

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

**Liquidity coverage ratio**
Total regulatory liquid assets as a percentage of net outflows.

**Liquidity reserve**
Reserve of high-quality liquid assets intended to secure the bank's payment capacity.

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

**Profit margin**
Profit for the period as a percentage of total income (including income from associated companies and other significant holdings).

**Regulatory capital**
Tier 1 capital plus Tier 2 capital.

**Return on equity**
Profit as a percentage of average equity.

**Return on total assets**
Profit as a percentage of average assets.

**Risk-weighted assets**
A measure of the total risk exposure at any given time.

**Tier 1 capital**
Equity plus the equity portion of untaxed reserves minus goodwill, any proposed dividends, deferred tax assets, intangible assets and any repurchased shares.

**Tier 1 capital ratio**
Tier 1 capital as a percentage of risk-weighted assets.

**Tier 2 capital**
Subordinated debt obligations, debentures and other capital instruments permitted to be included in Tier 2 capital.

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# CARNEGIE AWARDS IN 2015

### Number one Nordic adviser

*Carnegie was ranked highest of all institutions in the Nordic market when TNS Sifo Prospera performed its annual survey of the Nordic investment banking market. Carnegie was also named the best Swedish and Danish investment bank and the foremost M&A adviser in the Nordics. In Sweden, Carnegie was ranked first in both ECM and M&A.*

### Best Nordic research house

*Institutional investors rank Carnegie number one on a global level in Nordic equity research, according to the magazine Institutional Investor's ranking All-Europe 2016 Research Team, published in early February 2016.*

*Carnegie was named the best research house in Sweden in the Financial Hearings survey for 2015. Carnegie analysts achieved top rankings in an impressive 9 out of 20 categories. The survey was based on interviews with the largest institutional investors in Sweden.*

### Top-ranked management

*In February 2016, Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million and topped the segment that has access to Investment Banking services, according to an annual survey made by the magazine Euromoney.*

*Carnegie Fonder was named the best fund manager in Sweden when TNS Sifo Prospera presented its survey results for 2015. The survey is based on interviews with independent advisers and distributors.*