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CARNEGIE ART AWARD

The Carnegie Art Award was established in 1998 to support skilled artists in the Nordic countries and to promote contemporary art. In slightly less than a decade, it has become an established and recognized part of the Nordic art scene. With a total prize sum of SEK 2.1 m, the Carnegie Art Award is one of the world's largest art awards. Several of the artists recognized through the Carnegie Art Award are now known not only in the Nordic region, but also internationally.

Carnegie Art Award consists of four parts, a traveling exhibition, documentation in the form of a book presenting the participating artists and their works, a film portraying the artists, and awards to four of the artists for their works.

The Carnegie Art Award is intended for artists born or living in the Nordic countries. All nominated artists are invited to contribute up to five works each. The works have to be produced during the past two years, to capture the current state of contemporary Nordic painting.

Interest in contemporary Nordic art has increased markedly among the media, the public, companies, museums and auction firms during the time that the Carnegie Art Award has existed. Carnegie also has an ambition to increase interest in art among clients and employees, in part by displaying works by the prize winners in the company's offices.

Cover art: Castle-Be-Geist

Among the works being shown at the Carnegie Art Award 2010 exhibition, the jury selected three prize winners and a scholarship recipient. The second prize of SEK 600,000 was awarded to Kristina Jansson, Sweden for paintings that evoke something that resemble to the echo of a place. Alien and mute, yet nonetheless convincing and insistent. A numbingly beautiful painting, endlessly enjoyable yet at the same time uncanny.

Kristina Jansson

Kristina Jansson was born in 1967 in Våse, Sweden, and lives in Stockholm. She was educated at the Royal University of Fine Arts in Stockholm (1995-2001), Ecole Nationale Supérieure des Beaux Arts in Paris (1998) and the Academy of Fine Arts in Vienna (1994-1995).

Colour as a medium is central in Kristina Jansson's work and in the artistic process, and in combination with the conceptual message in her works, it results in the expression in her paintings varying depending on each work's complex of problems. As an observer, one is spellbound by the compact, suggestive and magical mood that her paintings create.

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The annual report is produced in Swedish and English. In the event of differences in the texts, the reader is referred to the Swedish text. All amounts are expressed in Swedish krona unless specified otherwise. Millions of krona are abbreviated as SEK m. Figures in parentheses refer to 2008. The name "Carnegie" in the annual report refers to the Group, unless otherwise specified.

Important events in 2009

- Altor, Bure and Carnegie employees became new owners of Carnegie Investment Bank AB.
- Frans Lindelöw was appointed new President and CEO.
- A gradual improvement in market conditions during the year combined with the new, stable owner situation, resulted in successively higher commission fees and increased activity in corporate transactions.
- Income amounted to a total of SEK 2,169m (2,742).
- Adjusted for items affecting comparability and credit reserves, expenses totalled SEK 1,895m (2,431), corresponding to a reduction of 19 percent, compared with 2008.
- Profit before tax amounted to SEK 136m (loss: 1,918).
- Carnegie was ranked in first place in corporate transactions in the survey Corporate Finance Sweden 2009, according to the research company TNS SIFO Prospera.
- Carnegie was the second-largest player in equity capital market (ECM) transactions in the Nordic region in 2009.
- The Asset Management business area was divested from Carnegie 31 December 2009.
- High core Tier I capital ratio amounting to 20 percent at the year end.

CEO's message

A year of transformation

The past year entailed a major transformation of Carnegie in many ways. After a start of the year that was characterised by uncertainty, a number of important processes were resolved, thus allowing Carnegie to move step by step towards increased stability and clarity. In parallel with a brighter outlook in the financial markets and signs of increased economic activity, Carnegie ended the year in an atmosphere characterised by stability and optimism.

When 2009 is summarised, it is clear that it was a year of continued challenging business climate, relatively low activity among clients and fewer completed mergers and acquisitions. This was also reflected in earnings for the past year. At the same time, there is substantial evidence of Carnegie's strength as shown by customer surveys and reinforced market positions.

The Investment Banking business area was successful despite a weak market. Carnegie acted as advisor in several of the largest transactions in the Nordic region, such as Cisco's acquisition of Tandberg. In the wake of the financial crisis, many companies chose to take in new capital during spring 2009, which benefited Carnegie's business in equity capital market (ECM) transactions. In total, Carnegie was the second-largest player in ECM transactions in the Nordic region in 2009. Notable among these transactions were rights issues for Eniro AB and Biovitrum. It was also gratifying that Carnegie again was ranked highest in Sweden by clients in the area of Corporate Finance, according to the research company Prospera.

Turnover on the Nordic exchanges declined by more than 30 per cent in relation to 2008, which had a negative impact on the Securities business area. Commission fees were very low during the beginning of 2009 but increased during the latter part of the year in pace with improved market conditions. At the same time, Carnegie strengthened its research and brokerage operations.

During the year, work was more integrated across national borders in the Private Banking business area, resulting in a stronger offering and improved service. Private Banking showed a positive flow of clients and capital during the year, although market activity was lower than in previous years.

The trend was also positive for Asset Management, which increased asset values and positive capital flows during the second half of the year.

The beginning of the year was characterised by uncertainty regarding Carnegie's ownership and the difficult conditions in the financial markets. Internally, the focus initially was on strengthening risk management and implementing a clearer management model. Work to create a clearer distribution of responsibility and more efficient work processes in the organisation was also prioritised.

In May 2009, Carnegie was transferred from government to private ownership when Altor and Bure acquired operations from the Swedish National Debt Office. The acquisition was preceded by a thorough analysis and review of operations that resulted in a number of cost-saving programmes which laid the foundation for a more efficient organisation adapted to the market situation.

During the second half of the year, a new management group was appointed, and I assumed my duties as CEO in September. As newly appointed CEO, I have worked to ensure that Carnegie has the best prerequisites for growth and for being correctly positioned to meet future challenges.

During the autumn, work was intensified with the processes that were initiated during spring and summer, and the new organisation began to take shape. Work to reduce the cost base began to pay off, and a number of key recruitments were made. Important work was performed to formulate and introduce a joint ownership programme in which a large number of employees were given an opportunity to invest in the company's shares. This is an important component in the new Carnegie.

Carnegie also implemented structural changes through decisions to divest asset management operations in Finland to Evli Bank and to divest the Asset Management business area to a new holding company with Altor and Bure as principal owners. Through the divestment, Carnegie will be able to focus more strongly on the Investment Banking, Securities and Private Banking business areas, while at the same time retaining the advantages of a close cooperation with asset management operations.

Carnegie moved all operations in Stockholm, including the head office, from Västra Trädgårdsgatan and Gustav Adolfs Torg to new premises on Regeringsgatan in September 2009. This was a small change geographically but of much greater symbolic importance for the change process that the company is undergoing.

Carnegie has long had a given position as a leading independent player in the Nordic capital market. We will build on these strengths in our continued work as we now begin a new year and a new chapter in Carnegie's history.

Frans Lindelöw
President and CEO



“Step by step, Carnegie has moved towards increased stability. We enter 2010 with great confidence.”

IN THE BACKGROUND, UNTITLED 2006 of Strous Namazi, scholarship winner in Carnegie Art Award 2006. The painting can be seen at Carnegie's new head office in Stockholm.

Group overview

Carnegie is a leading independent investment bank with a Nordic focus. Carnegie creates added value for institutions, companies and private persons within securities brokering, investment banking and private banking. The number of employees in current operations totals about 600 distributed among offices in eight countries. On 31 December 2009, the Carnegie Asset Management business area was divested.

SECURITIES

Carnegie Securities targets institutional clients and offers services within research, equity sales, sales trading and equity capital market-related transactions. Carnegie has strong local positions in all Nordic countries and an extensive network of investors via offices in London and New York.

INVESTMENT BANKING

Carnegie Investment Banking offers qualified advisory services in mergers and acquisitions (M&A), equity capital market (ECM) transactions and structured instruments. Carnegie has long had a local presence and a unique understanding and knowledge of industries and equity markets in the Nordic region.









PRIVATE BANKING

Carnegie Private Banking targets high net worth individuals, family-owned businesses and foundations and offers tailor made financial advisory services. As an independent player with in-depth expertise and a clear focus, Carnegie Private Banking can provide one of the market's most attractive offerings within wealth management.

ASSET MANAGEMENT

Carnegie Asset Management offers high-quality asset management products to institutions and private investors. Carnegie's strength lies in a long tradition of active capital management, driven by experienced teams and a trend-based, focused investment philosophy.

As of 31 December 2009, Asset Management is a separate company from Carnegie Investment Bank.

BUSINESS AREA	PROPORTION OF INCOME ¹⁾	PROPORTION OF PERSONNEL	MARKETS
SECURITIES	 37%	 46%	Denmark, Finland, Norway, UK, Sweden and US
INVESTMENT BANKING	 17%	 17%	Denmark, Finland, Norway and Sweden
PRIVATE BANKING	 20%	 23%	Denmark, Luxembourg, Switzerland and Sweden
CONTINUING OPERATIONS	SEK 1,642m (including capital gain of SEK 158m)	606 employees (average)	
ASSET MANAGEMENT	 26%	 14%	Denmark, Finland, Norway and Sweden
CARNEGIE TOTAL, 2009	SEK 2,169m (including capital gain of SEK 158m)	703 employees (average)	

1) Distribution in percent of revenues per business area excluding capital gain from discontinued operations.

Board of Directors' report

Carnegie is an independent Nordic investment bank with operations in the business areas Securities, Investment Banking, Private Banking and Asset Management (up until 31 December 2009). Carnegie offers financial products and services to Nordic and international clients from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxembourg, Switzerland, the UK and the US. Operations are conducted through both subsidiaries and branches to Carnegie Investment Bank AB ("Carnegie").

Carnegie Investment Bank AB (publ) is the Parent Company in the Carnegie Group. The Carnegie Group is a wholly owned subsidiary of ABCIB Holding AB, corporate registration number 556780-4983, which in turn is owned by Altor Fund III ("Altor"), the investment company Bure Equity AB (publ) ("Bure") and employees of Carnegie. Carnegie divested its operations in the Asset Management business area on 31 December 2009 to a new holding company with Altor and Bure as principal owners.

INCOME

Income during the full-year 2009 amounted to SEK 2,169m (2,742), including income from Asset Management, which was a 21-percent decline compared with 2008. All business areas showed reduced income compared with 2008, primarily as a consequence of the weak market trend. Capital gains from discontinued operations had a positive effect of SEK 158m on consolidated income. These capital gains derived from the divestment of the Asset Management business area and divestment of the asset management operations in Finland.

Securities

Within Securities, income amounted to SEK 746m (1,120). The decline was primarily attributable to lower commission income due to the sharp decline in turnover on the Nordic exchanges during the year and uncertainty regarding the ownership situation in Carnegie, which had a negative impact on income during the first quarter. Clients continued to show great confidence in Carnegie, and for the third consecutive year, Carnegie Securities was recognised as Best Sales Team in Europe among Nordic players in 2009 by the research company Institutional Investor.

Investment Banking

The Investment Banking business area reported income of SEK 347m (380). Carnegie was successful in both M&A and ECM transactions, despite weak market conditions. During 2009, Carnegie was ranked number one in investment banking in the survey Corporate Finance 2009 in the Swedish market. The ranking was performed by the research company TNS Sifo Prospera.

Private Banking

The Private Banking business area showed positive capital flows during the year, although transaction activity was relatively low. Total income amounted to SEK 390m (448). During 2009, Carnegie was recognised as the best local and best relation-creating bank in Sweden by the magazine Euromoney.

Asset Management

Asset Management reported income of SEK 527m (794). After a weak start to the year, 2009 ended with a strong inflow of capital.

EXPENSES

Expenses before credit reserves for the full year 2009 amounted to SEK 2,029m (2,704). Personnel expenses for 2009 include a provision of SEK 177m for variable compensation to employees. (See page 10 for information on the principles regarding variable compensation.) Expenses for 2009 include SEK 134m for items affecting comparability, primarily due to costs for restructuring, legal disputes and other personnel-related items of a non-recurring nature. Expenses before credit reserves for 2008 included items affecting comparability totalling SEK 516m and consisted of impairment of a claim of SEK 363m on D. Carnegie & Co AB and SEK 153m in restructuring and personnel costs of a non-recurring nature. Adjusted for these items affecting comparability, expenses amounted to SEK 1,895m (2,341) in 2009, a 19 percent decline compared with 2008.

PROFIT

Profit before tax for the full-year 2009 amounted to SEK 136m (loss: 1,918). Earnings for 2009 included items affecting comparability as described above in a net amount of SEK 24m. For 2008, total items affecting comparability amounted to an expense of SEK 2,472m. Adjusted for these items, profit before tax amounted to SEK 112m (554) in 2009. Net profit for 2009 amounted to SEK 135m (loss: 2,218).

Board of Directors' report

OPERATIVE INCOME STATEMENT

(SEKm)	Full-year	
	2009	2008
Securities	746	1,120
Investment Banking	347	380
Asset Management	527	794
Private Banking	390	448
Capital gain from discontinued operations	158	–
Total income	2,169	2,742
Personnel expenses	–1,194	–1,517
Other expenses	–835	–1,187
Expenses before credit reserves	–2,029	–2,704
Operating profit before credit reserves	140	38
Credit reserves, net	–4	–1,956
Total expenses	–2,033	–4,660
Profit/loss before tax	136	–1918
Tax	–1	–300
Profit/loss for the year	135	–2,218
Average number of employees	703	815
Number of employees at the end of the year	602	774

MARKET DEVELOPMENT

Equity market

Carnegie's income is strongly linked to turnover and price trends for shares on the Nordic exchanges. During 2009, stock markets recovered somewhat after the sharp price declines that characterised the latter part of 2008 and the first quarter of 2009. In total, the value of the Nordic stock exchanges increased by 31 percent in relation to 2008 and thus exceeded development on both a global basis and in the rest of Europe. Despite the substantial price increases, the value of the shares traded in the Nordic countries was significantly lower than in 2008, with a decline in turnover of 34 percent.

Carnegie has a very strong position in institutional client-driven trading on the Nordic exchanges. The research company TNS Sifo Prospera estimated that Carnegie was the third largest player with an 11- to 12-percent share of client trading in the Nordic region in 2009.

Transaction market

The market for M&A transactions declined during 2009, both globally and in the Nordic region, from USD 92 billion to USD 41 billion. The number of transactions declined by nearly 50 percent from 561 to 293. In the wake of the financial crisis, however, many companies sought financing via the equity markets, which benefited ECM transactions. In total, the transaction volume amounted to USD 24 billion during 2009,

compared with USD 15 billion in 2008. The number of transactions in the Nordic region amounted to 159 (126). The market for initial public offerings was virtually non-existent during 2009.

DIVIDEND PROPOSAL

Carnegie's Board of Directors proposes that the Annual General Meeting approve a cash dividend of SEK 1,312.50 (0) per share, corresponding to a total dividend of SEK 525m. Carnegie's capitalisation after the proposed dividend is expected to remain satisfactory and well adapted to the requirements that the nature of operations, their scope and risks place on the amount of shareholders' equity, as well as the Group's consolidation requirements, liquidity and financial position in other respects.

PROPOSED DISPOSITION OF PROFIT

At the disposal of the Annual General Meeting, SEK

Earnings brought forward	2,477,535,684
The Board of Directors and the President propose that these earnings be disposed of in the following manner:	
Dividend to shareholders, SEK 1,312.50 per share	525,000,000
To be carried forward	1,952,535,684
Total	2,477,535,684

For a detailed specification of shareholders' equity in the Parent Company, refer to page 23.

LIQUIDITY, FINANCING AND INVESTMENTS

Carnegie's liquidity requirements result primarily from its daily operations and is satisfied primarily by means of short-term borrowing with collateral. Cash flow from operations before changes in working capital for the year was negative in an amount of SEK 295m (neg. 1,384) and consisted of profit before tax of SEK 136m (loss: 1,918), paid taxes in an amount of SEK 110m (expense: 208) and adjustments for non-cash items corresponding to an expense of SEK 321m (income: 742). These profit and loss items included an expense of SEK 158m (0) for adjustment of the capital gain arising from the sale of Asset Management, an expense of SEK 198m (expense: 1,394) for adjustment of unrealized changes in value of financial instruments and income of SEK 31m (income: 1,956) for adjustment of credit reserves. Since most of Carnegie's working capital consists of market-listed securities (long and short positions) and lending to and borrowing from the general public and credit institutions, Carnegie's working capital fluctuates significantly between different reporting dates. The change in working capital during the year had a positive effect on cash flow of SEK 2,476m (neg. 5,261).

Cash flow from investing activities for the year was negative in an amount of SEK 376m (neg. 41), of which investments in fixed assets accounted for an expense of SEK 91m (expense: 41). The remaining expense of SEK 285m (0) was attributable to the cash-flow effect of the sale of subsidiaries, meaning the net of the purchase payment received and divested cash and cash equivalents. Since the sales proceeds from

Board of Directors' report

Carnegie Asset Management Holding Denmark A/S and Carnegie Asset Management Holding Norge AS will not be received until 2010, the net impact on 2009 cash flow was negative.

Cash flow from financing activities during the year amounted to SEK 0m (pos. 1,756). Cash flow from financing activities in the comparison period consisted of dividend payments of SEK 527m and a capital contribution received of SEK 2,283m.

After adjustment for exchange-rate differences in cash and cash equivalents corresponding to an expense of SEK 137m (income: 450), the effect was that cash and cash equivalents increased by SEK 1,805m (decrease: 4,930) during the year. The Group's borrowing during the year decreased by SEK 774m (decrease: 14,484), while the Group's lending during the corresponding period increased by SEK 1,839m (decrease: 12,544).

GENERAL INFORMATION ON RISKS AND UNCERTAINTIES

Carnegie's business activities expose the Group to market, credit, liquidity and operational risks. Market risk is defined as the risk of loss due to changes in market prices, for example, changes in equity prices, interest rates, or currency exchange rates. Credit risk is defined as the risk of loss due to counterparty defaults on loans. Credit risk mainly arises as a consequence of loans to clients using shares as collateral. Liquidity risk is related to the need for liquidity in the day-to-day operations. Operational risk is the risk of loss resulting from inadequate and/or failed internal processes and systems, alternatively human error or external events. For more information about risks and risk management, see page 13, Risk and capital management and Note 29 on pages 52–56.

EMPLOYEES

On 31 December, Carnegie had 632 employees in eight countries, corresponding to 602 full-time positions (excluding Asset Management). Detailed information on the number of employees, salaries and other compensation for the Group and the Parent Company is presented in Note 6 on pages 34–36. Carnegie's constant challenge is to recruit and retain the best employees by continuing to work with active leadership, clear goals and competitive incentives to create a working environment that provides the very best opportunities for personal and professional development.

ENVIRONMENTAL WORK

Carnegie's ambition is to minimize the company's impact on the environment with respect to both direct and indirect impact. Environmental work is conducted through continuous adaptation of operations, improved routines and constant updating of knowledge and information management with respect to environmental issues. Personnel requirements for office premises, IT equipment, consumable items, travel and energy consumption are examples of the direct environmental impact resulting from Carnegie's operations.

In September 2009, Carnegie's operations in Stockholm, including the head office, were moved to new premises. The move resulted in significantly lower energy consumption, since the new premises are more energy-efficient and because Carnegie invested in data centres with new cooling technology, which reduces energy consumption by more than 50 percent. The premises use electricity that is environmentally certified or what is called green electricity. During 2010, Carnegie will prepare key figures for assessing environmental impact, for example by measuring the carbon dioxide emission that operations generate directly.

IMPORTANT EVENTS DURING THE YEAR

Altor and Bure new owners of Carnegie

At the beginning of the year, Carnegie was owned by the Swedish government via the Swedish National Debt Office. On 11 February 2009, the National Debt Office signed an agreement to divest all shares in Carnegie to Altor and Bure. The shares were transferred to the new owners on 19 May 2009 after the relevant authorities in the countries in which Carnegie is active granted permits.

Changes in the Board of Directors

As of 1 January up until 19 May 2009, the Board of Directors of Carnegie consisted of the following members: Peter Norman (Chairman), Henrik Dagel, Adine Grate Axén, Lars Linder-Aronsson and Håkan Erixon. In conjunction with the change in ownership, a new Board of Directors was appointed with the following members: Arne Liljedahl (Chairman), Björn Björnsson, Fredrik Cappelen, Harald Mix, Fredrik Strömholm and Patrik Tigerschiöld. The current Board of Directors is presented on page 59.

Changes in the CEO's role

In conjunction with the announcement of the divestment by the Swedish National Debt Office on 11 February 2009, CEO Mikael Ericson placed his position at the Board's disposal. The Board therefore appointed Niklas Johansson as CEO on 17 February. On 26 May 2009, the Board appointed Frans Lindelöw as new President and CEO. Frans Lindelöw assumed his position on 14 September 2009.

Changes in the Group Management

The Group Management underwent a number of changes during the year. See Note 6 on page 35 for more information. At year-end, the management group comprised the following persons: Frans Lindelöw, President and CEO, Henrik Falkenberg and Björn Jansson, co-heads for the Securities business area, Peter Bäärnheim and Anders Onaheim, co-heads of the Investment Banking business area, Claes-Johan Geijer, head of the Private Banking business area, and Anders Karlsson, CFO. A presentation of the current management group is provided on page 60.

Board of Directors' report

Guarantee application

In April 2009, Carnegie was included in the Swedish government guarantee programme. In conjunction with this, Carnegie issued a bond with a nominal value of SEK 935m with a term to maturity of 36 months.

Skrindan Group separated from Carnegie

On 29 June 2009, Carnegie separated the company that controls the Skrindan Group. Carnegie's principal owners Altor and Bure own the Group that includes Skrindan via a separate company.

New joint-ownership programme

In conjunction with Altor and Bure signing an agreement with the Swedish National Debt Office to acquire Carnegie in February 2009, the new owners also decided that Carnegie employees should be given an opportunity to acquire 25 percent of the shares in ABCIB Holding AB, which is the Parent Company of Carnegie. The joint-ownership programme was implemented during the second half of 2009.

Divestment of Carnegie's asset management in Finland

In October 2009, Carnegie signed an agreement to divest its asset management operations in Finland to Evli Bank. At the same time, Evli Bank took over distribution of Carnegie's funds in Finland. Operations in Finland were concentrated to fixed-interest funds that were primarily sold locally and thus had limited synergies with Carnegie's asset management in other Nordic countries.

Divestment of Carnegie Asset Management

On 31 December 2009, Carnegie divested its operations in the Asset Management business area to a new holding company with Altor and Bure as principal owners. The divestment comprised asset management operations in Denmark, Norway and Sweden. The transaction requires approval from authorities in the countries in question and is expected to be completed during the first quarter of 2010.

Rental dispute concluded

Carnegie previously announced that the company Midroc Properties had initiated a legal process regarding Carnegie's rental contract at Västra Trädgårdsgatan 15 in Stockholm. Since December 2009, there is no dispute.

IMPORTANT EVENTS AFTER 31 DECEMBER 2009

New President of Carnegie Inc.

Thomas Flakstad, previously equity sales at Carnegie's office in New York, assumed the position of head of Carnegie's operations in the US in January 2010.

New President of Carnegie Denmark

During March 2010, Claus Gregersen was appointed new head of Carnegie's Danish operations. Claus Gregersen has extensive experience in the financial sector, in part as President of Afred Berg in Denmark and the UK and as manager for European equities at ABN Amro Bank. Claus Gregersen will assume his position on 1 May 2010 and will become a member of Carnegie's Group Management.

CORPORATE GOVERNANCE

Corporate governance refers to the decision processes through which the owners, directly or indirectly, govern the company. Governance, management and control are shared by the shareholders, the Board of Directors and its committees and the President. Carnegie also has a number of internal control functions. Carnegie's Articles of Association define the limits for the company's operations. In addition to the Articles of Association, external regulations and recommendations establish limits for the company. Governance within Carnegie is also regulated by internal policy documents and instructions that are updated and approved annually by the Board of Directors.

The Board of Directors' responsibilities

The Board of Directors' overall assignment is to manage the company's important matters on behalf of the owners in such a manner that the owners' interests for long-term favourable return on capital are satisfied in the best possible manner. The Board of Directors shall regularly assess the Group's financial situation. The Board of Directors shall ensure that the company's organisation is dimensioned such that accounting, asset management and the company's other financial circumstances are controlled in a reassuring manner. The central tasks of the Board of Directors include the following:

- establishing the overall goals and strategies for the company's operations
- follow-up of the company's financial development
- ensuring satisfactory control of the bank's compliance with laws and regulations
- continuously evaluating the company's operative management
- ensuring that there are ethical guidelines for the company's actions
- ensuring that the company's external information is characterised by openness and objectivity.

The Board of Directors shall also issue rules of procedure for its own work, an instruction for the President and other instructions and guidelines as required.

The current Board of Directors was appointed on 19 May 2009 in conjunction with the change in ownership. The Board held 12 ordinary and two extraordinary meetings during 2009. The Board has three com-

Board of Directors' report

mittees that regularly assist the Board in its work: the Audit Committee, the Remuneration Committee and the Credit and Risk Committee.

Audit Committee

The Audit Committee prepares and assists the Board of Directors' follow-ups and reviews of

- financial and operative information reported to shareholders and other stakeholders
- the organisation for internal controls
- internal and external audit work

The Audit Committee consists of two members of the Board of Directors. The Committee conducts four scheduled meetings per year in conjunction with publication of quarterly reports and may be convened for extra meetings as required. The Audit Committee reviews reports to the Board of Directors from the functions Internal Audit and Compliance. The managers of these functions, as well as the responsible external auditor, participate in the meetings.

Remuneration Committee

The Remuneration Committee consists of two members of the Board of Directors. The Committee's assignment is to prepare proposals to the Board in consultation with Carnegie's President and Group management regarding general compensation principles and the annual general allocation of available variable compensation. The Remuneration Committee shall also review the President and CEO's salary and benefits and propose a general policy for salary, benefits and pensions for the Group's senior executives. Proposals regarding compensation principles for senior executives within Carnegie are then decided by the Board of Directors.

Credit and Risk Committee

The Credit and Risk Committee shall prepare, examine and provide guidance to the Board on questions relating to credit management, risk control (market risk, liquidity risk and operational risks) and capital coverage issues, which includes the Internal Capital Adequacy Assessment Process (ICAAP). The Credit and Risk Committee consists of three members of the Board of Directors. At meetings of the Credit and Risk Committee, credit issues are presented by the Chief Credit Officer, risk control issues by the Chief Risk Officer and capital adequacy issues by the Chief Financial Officer.

President and Group Management

The President is appointed by the Board of Directors, works according to instructions issued by the Board and reports back to them. Carnegie's President and CEO is responsible for managing the ongoing administration of the company and has operative responsibility for its operations. To support his work, the President has appointed a Group Management

consisting of the President, CFO and five managers from the three business areas Investment Banking, Securities and Private Banking.

More detailed information on corporate governance in Carnegie is available on the company's website at www.carnegie.se.

COMPENSATION PRINCIPLES

Carnegie's compensation model is intended to support successful and long-term development of the company. The model is based on the following principal components: fixed salary, variable compensation, joint-ownership, pension benefits and skills development. The ambition is to create a compensation system that results in a sound balance between fixed and variable compensation and other benefits. Furthermore, the system shall reward individual performance and encourage long-term value creation for the entire company in part through balanced risk taking.

On 11 December 2009, the Swedish Financial Supervisory Authority issued new regulations and general recommendations regarding compensation policy in credit institutions, securities companies and fund companies. Carnegie will apply the new rules in full in 2010 and has in all significant respects applied these rules with regard to 2009. Carnegie's Board of Directors approved, in February 2010, a new compensation policy in accordance with the regulations and general recommendations from the Swedish Financial Supervisory Authority. The main components in variable compensation relating to 2009 are explained below.

Provisions for variable compensation in 2009

The income statement for 2009 included a provision of SEK 177m for variable compensation to employees. The size of the provision is based on local results. Portions of the variable compensation will be deferred between 18 and 36 months. For persons whom Carnegie has defined as risk takers in accordance with the Financial Supervisory Authority's new rules, 60 per cent of the variable compensation will be deferred for 36 months.

In the consolidated income statement for 2008, SEK 239m was reserved for profit sharing to employees. The reserved funds were paid out.

For more detailed information on compensation in 2009, see Note 6 on pages 34–36.

Decision process for allocation of variable compensation in 2009

Based on local results, Group Management prepared proposals for total compensation and allocation for each unit. Group Management submitted its recommendations to the Compensation Committee via the President. The Compensation Committee played a significant role in relation to the Board of Directors, which finally established variable compensation and allocation of funds to each unit.

Five-year review

INCOME STATEMENT¹⁾

Group, SEK m	2005 ²⁾	2006 ²⁾	2007 ²⁾	2008	2009
Securities	1,404	1,900	1,533	1,120	746
Investment Banking	733	885	683	380	347
Asset Management	791	891	1,126	794	527
Private Banking	486	563	581	448	390
Capital gain from divested operations					158
Total income	3,414	4,239	3,924	2,742	2,169
Personnel expenses	-1,724	-2,211	-2,200	-1,517	-1,194
Other expenses	-792	-690	-808	-1,187	-835
Expenses before credit reserves	-2,516	-2,901	-3,008	-2,704	-2,029
Operating profit before credit reserves	898	1,338	916	38	140
Credit reserves, net	-5	0	-95	-1,956	-4
Total expenses	-2,521	-2,901	-3,103	-4,660	-2,033
Profit before tax	893	1,338	821	-1,918	136
Tax	-258	-375	-251	-300	-1
Profit for the year	635	964	570	-2,218	135

1) Financial information for 2006 was restated in accordance with the transition to IFRS.

2) Historical comparison data was adjusted in accordance with what was stated in the 2007 Annual Report.

FINANCIAL KEY DATA

	2005 ²⁾	2006 ²⁾	2007 ²⁾	2008	2009
Cost/income (C/I) ratio, %	74	68	79	170	94
Income per employee, average, SEK m	4.6	5.5	4.9	3.4	3.1
Profit margin, %	19	23	15	–	6
Return on equity, %	43	49	25	–	5
Total assets, SEK m	30,780	44,518	43,784	14,517	14,136
Tier I capital (SEK m)					
Shareholders' equity	1,616	2,322	2,307	2,413	2,504
Goodwill	-12	-9	-9	-9	-9
Intangible assets	-19	-10	-8	-9	-7
Deferred tax assets	-95	-110	-231	-102	-251
Anticipated dividends	-660	-600	-527	–	-525
Tier I capital, SEK m	830	1,593	1,532	2,293	1,711
Capital requirement, SEK m	–	–	989	752	687
Risk-weighted assets					
Credit risks	4,723	7,634	— ³⁾	— ³⁾	— ³⁾
Market risks	2,143	4,955	— ³⁾	— ³⁾	— ³⁾
Operational risks	–	–	— ³⁾	— ³⁾	— ³⁾
Tier I relation, % ²⁾	12.1	12.6	— ³⁾	— ³⁾	— ³⁾
Tier I ratio, % ²⁾	12.1	12.6	— ³⁾	— ³⁾	— ³⁾
Capital adequacy, multiple ³⁾	–	–	1.55	3.05	2.49
Genomsnittligt antal årsanställda	747	775	804	815	703
Antal anställda vid årets slut	741	798	810	774	602

2) Historical comparison data was adjusted in accordance with what was stated in the 2007 Annual Report.

3) As of 2007, risk-weighted assets, market risks and operational risks are calculated according to the new capital coverage regulations (Basel II). The years 2004-2006 were calculated according to the old rules (Basel I).

4) The Tier I ratio is calculated as the ratio between the capital base and capital requirements according to new capital coverage requirements (Basel II).

Risk and capital management

Risk represents uncertainty in various forms and is an inherent part of all types of businesses. Carnegie's ability to assess and manage risks while at the same time maintaining sufficient capital strength to handle unforeseen events is critical for the bank's long-term profitability and growth.

The basis for the laws and regulations governing financial institutions is to ensure the stability and efficiency of the financial system. From a business perspective, robust risk management represents the foundation for sound decision making based on thorough analysis, balancing risk and business opportunity.

Carnegie works continuously to improve its risk management practices. During 2009, Carnegie conducted an extensive review of the internal control environment to strengthen the risk control within the Group. The review resulted in a strengthened governance structure, increased staffing within risk control and a reinforced decision and reporting structure.

ORGANISATION AND RESPONSIBILITIES

The Board of Directors has the ultimate responsibility for Carnegie's operations and is thus responsible for ensuring that the Group's risk management is satisfactory. To fulfil this responsibility, the Board of Directors annually establishes central risk policy documents. The primary purpose of the Board's risk policies is maintain a high level of risk awareness within the Group and ensure a sound balance between risk taking and risk control. To ensure that the policies are met, the Board supervises the development of the Group's risk profile on a consolidated basis through Compliance and Internal Audit.

The Board of Directors has established three committees: the Board Committee for Credit and Risk, the Remuneration Committee and the Audit Committee. The principal task of the board committees is to prepare the Board's decisions. The Board Committee for Credit and Risk functions as the Board committee to prepare, control and advice on matters regarding credit management, risk management and capital adequacy, including the Internal Capital Adequacy Assessment Process (ICAAP). The Remuneration Committee is responsible for determining the framework and broad policy for remuneration issues. The Audit Committee's main responsibility is to assist the Board of Directors in monitoring the Group's internal control, financial reporting, accounting policies and procedures, and risk management systems.

Within Carnegie, the division of responsibility regarding risk management is based on the principle of three lines of defence. This means that every employee is responsible for managing risk in their operations and processes and for adhering to external and internal rules and regula-

tions. The model distinguishes between functions that own risk (first line), functions controls risk and compliance (second line) and functions for independent review (third line)

First line of defence

The first line of defence is the business, i.e. the CEO, the business units and support functions.

The CEO has the overall responsibility for managing the Group's risks in accordance with the policies and intentions of the Board. The CEO is responsible for ensuring that the risk organisation of the Group is appropriate, and that operations are in compliance with applicable law and regulations and Group risk policies. Management has the primary responsibility for the practical application of risk policies and instructions while business units and support functions are responsible for the day-to-day risk management.

Second line of defence

The second line of defence includes Risk Control and Compliance on Group as well as local level. Group Risk Control comprises the Group Market Risk Manager, Group Credit Risk Manager and two Group Operational Risk Managers who are directly subordinate to, appointed by and reports to the Chief Risk Officer (CRO). The Group Compliance Officer is responsible for compliance at Group level.

The second line of defence is responsible for translating the Board's risk policies and intent regarding risk management into specific instructions, processes and. Group Risk Control is responsible for developing and maintaining the Group's risk framework and providing guidance and support to the business units in the implementation of this framework. Group Risk Management is also responsible for monitoring and reporting risks on a group level. In addition, each business unit has a dedicated risk manager who is responsible for monitoring the unit's risks. It is a function that is embedded in, yet independent from, business operations at the local level.

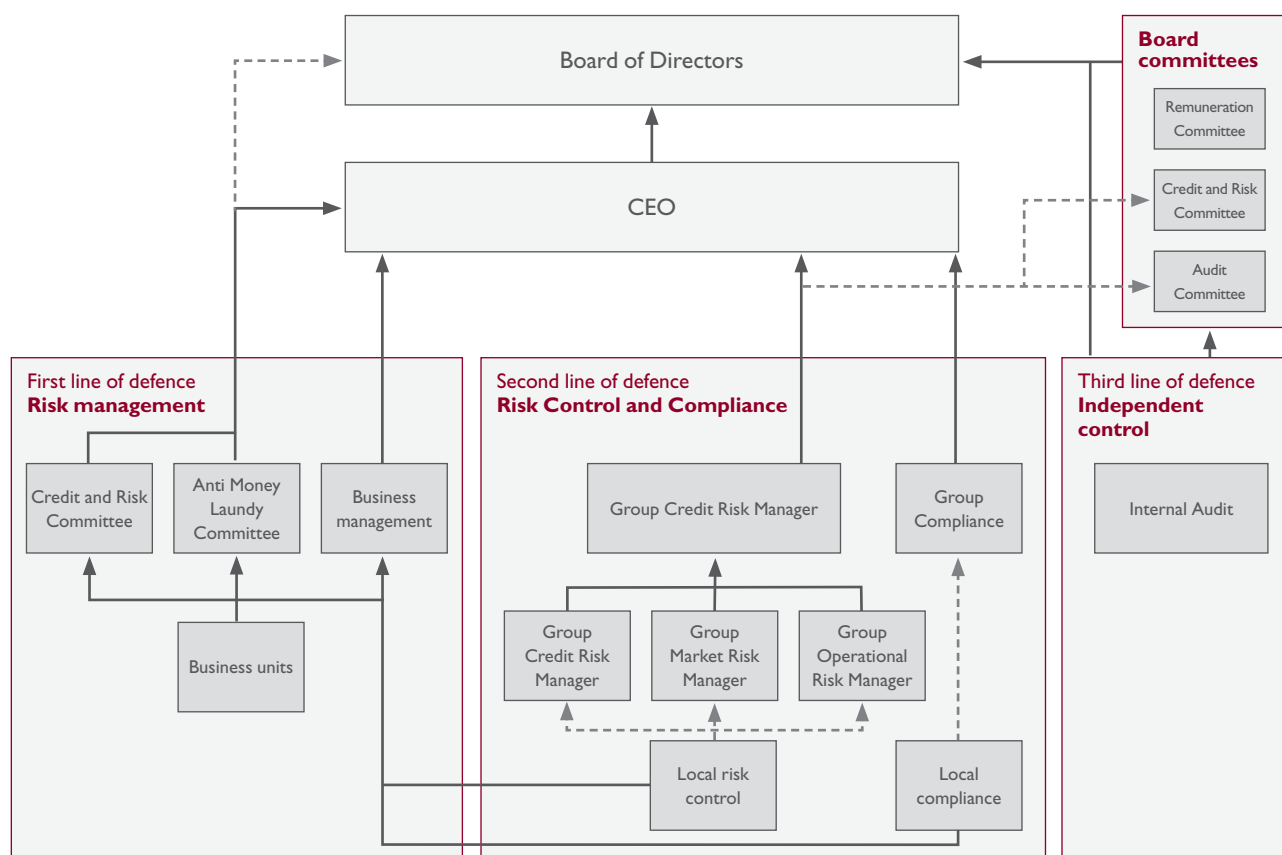
Risk and capital management

Each business unit also has a dedicated compliance function. Local compliance officers are responsible for supporting management in monitoring compliance and changes in the regulatory framework as well as testing the appropriateness and effectiveness of implemented routines. The local compliance officers report directly to the local business management and to the Group Compliance Officer, who in turn reports to the Board of Directors and the CEO.

Third line of defence

The third line of defence is represented by Internal Audit which is responsible for assessing how risks are controlled. Internal Audit is hence responsible for reviewing and evaluating the internal control, including independent risk control functions and compliance functions. Internal Audit is independent of business operations and reports directly to the Board of Directors.

RISK ORGANISATION



Risk and capital management

CARNEGIE'S RISK MANAGEMENT PROCESS



RISK MANAGEMENT PROCESS

Carnegie continuously identifies the risks its operations generate. The risk management aims to identify and assess risks in order to enable the risks to be understood clearly and managed effectively. The risk management process encompasses every risk area, while the specific activities are adjusted to the nature of each risk area. The key components of the risk management process are:

Identification – processes shall be in place to identify risks at an early stage so that appropriate countermeasures may be taken to limit risks and/or their impact.

Measurement – risks shall be quantified using tested and validated tools and methods.

Assessment – identified and quantified risks shall be properly assessed in order to determine their relevance in terms of probability and impact.

Control – appropriate controls shall be in place to prevent and detect limit breaches.

Risk mitigation – if assessed risk exceeds acceptable limits, appropriate actions shall be implemented to bring the risk back within acceptable risk limits.

Monitoring – the risk management process shall be continuously monitored to ensure that established controls are functioning properly.

Reporting – risk reporting shall be accurate and timely and provided in accordance with Group reporting frameworks and instructions.

Market risk is the risk of losses as a result of unexpected price changes and volatilities in the financial markets.

Credit risk is the risk of losses due to failure of the counterparty to fulfil its obligations towards Carnegie.

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

Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due.

Business risk is the current or prospective risk to earnings and costs arising from changes in the economic and competitive business environment, such as the market environment, client behaviour and technological progress affecting business volumes and margins.

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 and inadequate strategic planning.

Reputational risk is the current or prospective risk to earnings and capital arising from exposure to negative publicity, whether true or not, and adverse perception of the image of Carnegie by clients, counterparties, investors or regulators.

Risk and capital management

RISK AREAS

Exposure to risk is inherent in providing financial services, and Carnegie assumes a number of risks in its ordinary business activities. Risk is defined as a potential negative deviation from expected results that can arise due to current internal processes or future internal or external events. Carnegie is primarily exposed to market risk, credit risk, operational risk, liquidity risk, business risk, strategic risk and reputational risk. For further information about the Group's risk management, see Note 29 on pages 52 to 56.

Market risk

Carnegie provides its clients various types of financial services and products in several markets. Market risk arises as a natural part of these operations.

Market risks arise both in the Group's trading operations and as a structural component in other bank operations. There are four main types of market risk: equity risk, volatility risk, currency risk and interest rate risk.

For each of these types of risks, risk measures and limits are applied based on sensitivities to changes of various market prices. Market risks are also measured with stress tests which assess potential losses from a number of extreme market scenarios. Risk exposure and limit usage are regularly reported to the CRO, the CEO and the Board of Directors.

Equity risk

Equity risk is the risk of losses due to changes in equity prices. Equity risk arises when Carnegie acts as market maker for or trades in securities and equity-related instruments. The primary objective of Carnegie's trading activity in financial markets is client facilitation. The secondary objective is to create additional income by taking positions

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 arises in holdings and issues of options and warrants.

Currency risk

Carnegie is exposed to structural and operational currency risk. Carnegie's exposure to currency risk is largely structural and is associated with operations in branches and holdings in subsidiaries denominated in a foreign currency. Operational currency risk occurs when a given business entity either incurs expenses or generates income in a currency other than its own functional currency. Operational currency risk arises when the Group conducts transactions in different currencies, including transactions related to trading and positioning in financial markets.

Interest risk

Interest risk arises both in the trading book and in other operations. Interest rate risk in the trading book is defined as the risk of loss in the portfolio of instruments held for trading purposes due to adverse changes in interest rates. Interest rate risk in other operations is defined as the risk of loss within asset and liability positions in non-traded financial instruments due to adverse changes in interest rates.

Interest risk in the trading book primarily arises from derivative positions. These risks are to a large extent hedged by interest-bearing assets, such as bonds. Interest rate risk in other operations arises if assets and liabilities do not have matching terms. Most of Carnegie's deposits and lending are on demand at floating interest rates, i.e. the majority of assets and liabilities have matching terms. Consequently, the interest rate risk in other operations is low.

Credit risk

Credit risk arises any time the Group commits its funds with the result that capital or earnings are dependent on a counterparty's, issuer's or borrower's performance. Credit risk comprises counterparty risk, settlement risk and concentration risk. The main credit products offered to clients are custody lending and different financial instruments that have inherent counterparty risk. Credit related services may also be offered within the Investment Banking and Securities business area in accordance with the business area's normal activities and business strategy. This could include e.g. bridge financing, underwriting packages and other corporate credit related issues.

Carnegie's credit operations are based on the following principles:

- **Collateral:** Collateral for exposures shall primarily be in the form of cash deposits, liquid financial instruments or bank guarantees. When assuming collateral, the Group shall always have first priority on pledge and thereby not be subordinated to other creditors.
- **Diversification:** The Group shall aim at keeping the portfolios well diversified. The credit portfolio and collateral portfolio shall reflect the development of general economic conditions in each market area.
- **Sound principles:** The approval of credits shall be based on sound banking principles and high ethical standards, and in no way compromise legal principles and generally accepted practices. Decisions to approve a credit shall be based on an analysis of the counterparty's financial position and repayment capacity, i.e. a counterparty analysis.

During 2009, Carnegie conducted a review of the internal control environment. Within the credit risk area, Carnegie implemented a number of measures intended to strengthen the internal control system and reduce the Group's exposure to credit risk. Carnegie revised and strengthened the management structure, including policy documents, increased staffing

Risk and capital management

within risk control and strengthened the decision making and reporting structure.

An important part of the review was the revision of the Group's policy documents. Policies and instructions represent a key element of the risk management framework, as they reflect the appetite for risk established by the Board of Directors. Policies and instructions were reviewed, updated and supplemented with new documents intended to establish clear, consistent and stringent procedures for management of credit risks within the Group. Terms of reference were established for key positions in order to clarify responsibilities and obligations.

In addition, a clear division between the organisation for credit approval and the organisation for risk control was established. Furthermore, the limits for credit approval were reviewed and lowered and more stringent instructions for handling collateral were issued.

These measures have significantly altered Carnegie's credit risk profile. In summary, the increased focus on risk management in combination with the overall reduction in credit operations has contributed to reducing the level of credit risk within the Group.

Operational risk

Operational risk is an integral and unavoidable part of the Group's business as it is inherent in the processes to provide services to the Group's clients. As business operations and the business environment are constantly changing, operational risks must be continuously identified and assessed. As a complement to the continuous control of operational risks, each Group unit annually conducts a self-assessment in which operational risks are identified, assessed and analysed. The analysis aims to increase the understanding and thereby control of operational risk.

To support the identification, management and assessment of operational risk, Carnegie employs a system for reporting operational risk events. All employees share the responsibility for reporting incidents. Business managers are responsible for addressing unacceptable operational risks within their area of responsibility. This responsibility also includes reporting risks and implemented actions to the CRO Office, which analyses and reports trends and patterns in occurred incidents. Incident management is an important part of Carnegie's operational risk framework. Incident statistics not only contribute to the assessment of operational risks. Reporting also enables timely action to prevent recurrence.

During 2009, Carnegie improved its routines for assessing and approving new, and major changes to, products and services. Representatives from all risk areas and concerned support functions participate in the evaluation, together with the business organisation. The new product approval process aims to ensure that associated operational risks are identified and managed in an effective manner.

Liquidity risk

Liquidity risk consists of market liquidity risk and funding liquidity risk. Market liquidity risk arises if Carnegie can not sell or offset a position because of market conditions that make normally liquid assets illiquid. Market liquidity risk primarily arises from the assets side of the balance sheet. Funding liquidity risk refers to the risk that Carnegie will not have access to sufficiently liquid funds to finance its operations. Funding liquidity risk primarily arises from the liability side of the balance sheet.

According to Carnegie's Finance and Capital Policy, the Group and every subsidiary shall maintain a liquidity reserve that exceeds the anticipated maximum net cash flow during a period of ten days of extreme stress. The liquidity reserve shall consist of cash, cash equivalents and unutilised credit facilities.

The stress tests are designed to evaluate the potential effects of a series of extreme but possible events. The stress tests encompass the following factors:

- A significant withdrawal of client deposits
- Reduced market value of assets eligible for refinancing
- Reduced collateral value of assets eligible for refinancing

Reputational risk

The financial crisis has resulted in increased reputational risk for the financial industry as a whole. While reputation has always been important for access to funding as well as attracting and keeping clients, the financial crisis has made this link obvious as a good financial reputation has proved to be a matter of survival.

Carnegie aims to ensure that the Group is perceived as transparent by all stakeholders and that all stakeholders have a positive perception of the company. Within Carnegie, reputational risk is managed by regularly monitoring and evaluating how operations may be affected by reputational risk and what the impact may be. For example, reputational risks are analysed in regular self-evaluations. Furthermore, there are internal procedures for complaints management with designated responsibilities and clear reporting lines. Reputational risk is also assessed in connection with business decisions and in the new product approval process.

Business and strategic risk

Carnegie's business operation depends on client demand for bank and financial services, as well as macroeconomic factors such as GDP growth, interest rates, exchange-rate trends and equity prices. The Group conducts operations in a number of geographic markets. This entails that the Group's earnings may be adversely affected by changes in the macroeconomic conditions in these countries or by changes in trading operations and associated factors.

Strategic risk refers to Carnegie's ability to adapt to changes in the

Risk and capital management

external environment and is closely related to business risk.

Business and strategic risk are managed through the development of business plans, strategy and management oversight. An important part of the planning process is the continuous evaluation and analysis of external factors in order to be prepared for changes in market conditions and the competitive situation.

CAPITAL ADEQUACY

The capital requirements regulations state that banks and credit institutions must at all times maintain a minimum capital level, in order to cover the risks to which they are exposed. The aim is to ensure the financial soundness of financial institutions and to ensure the stability of the financial system at large. The capital adequacy rules consist of the following three pillars.

Pillar I – Minimum capital requirements

Pillar I defines the regulatory minimum capital. A bank must at all times maintain a capital base corresponding to the capital requirements for credit risks, market risks and operational risks. The capital adequacy regulations provide different methods for calculating the capital requirement for each of these risks.

Credit risks – Carnegie applies the standardised approach for calculating credit risk and the comprehensive method for financial collateral.

Market risks – Carnegie applies the standardised methods specified by the Swedish Financial Supervisory Authority.

Operational risks – Carnegie applies the basic indicator approach by which the capital requirement is calculated as 15 percent of the average annual gross income over the previous three years.

According to Carnegie's Finance and Capital Policy, the capital management shall aim to optimise the capital structure with respect to Tier I capital. The Group shall maintain a capital base that ensures a high return on shareholders' equity and at the same time ensures that the Group meets the minimum legal capital requirement, even under stressed market conditions.

The minimum capital ratio is defined as a core Tier I ratio which must be at least 1.5. In addition, the minimum capital ratio shall also at all times cover the capital need according to the ICAAP. As of 31 December 2009, Carnegie had a capital quotient of 2.49, corresponding to a core Tier I ratio of 19.92 percent.

Pillar II – Internal capital adequacy assessment process

The purpose of the Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that Carnegie maintains sufficient capital in relation to its risk profile as well as to sustain and develop its operations, even under stressed market conditions. The ICAAP also aims to raise risk

awareness; the ICAAP is integrated with the business planning process to ensure that the business participates in the ICAAP to understand the full range of risks their business faces.

The ICAAP considers all material risks, including risks that are not included in Pillar I, for determining the required capital beyond the minimum requirements set out in pillar one. Additional risk types such as interest rate risk in the banking book, strategic risk and concentration risk is incorporated in this more comprehensive risk assessment process. This means that financial institutions are expected to maintain capital levels that exceed the than the minimum level specified by Pillar I.

During 2009, Carnegie conducted an extensive ICAAP. The ICAAP report was approved by the Swedish Financial Supervisory Authority in January 2010. In the ICAAP, a comprehensive analysis was performed of all potential risks that may arise within Carnegie. The ICAAP was conducted in parallel with the business planning process to ensure that risks related to business plans were included in the capital adequacy assessment. The Board of Directors and business management participated throughout the process by contributing to the identification and analysis of risks, the definition of scenarios and stress testing methods and approval of the final capital requirement.

Tier III – Public disclosure

Pillar III complements the other two pillars and focuses on enhanced transparency in information disclosure. The third pillar requires banks to publish qualitative and quantitative information about their covering risk and capital management, including methods and assumptions for the capital adequacy assessment. More detailed information on Carnegie's capital adequacy in 2009 is provided in the Risk and Capital Adequacy report (Pillar III) available at www.carnegie.se.

Consolidated statement of comprehensive income

SEK 000s	Notes	January – December 2009			January – December 2008		
		Continuing operations ¹⁾	Discontinued operations	Total	Continuing operations ²⁾	Discontinued operations	Total
Commission income	1	1,172,160	773,717	1,945,877	1,680,667	983,048	2,663,715
Commission expenses		-2,872	-255,364	-258,236	-14,368	-276,457	-290,826
Net commission income	2	1,169,289	518,353	1,687,641	1,666,298	706,591	2,372,889
Interest income	1	166,397	6,394	172,791	831,202	19,347	850,550
Interest expenses		-117,618	258	-117,361	-780,253	2,646	-777,608
Net interest income	3	48,779	6,652	55,431	50,948	21,993	72,942
Other dividend income	1, 4	938	–	938	871	–	871
Net profit from financial transactions	1, 5	265,549	1,110	266,658	275,998	-393	275,605
Capital gain from discontinued operations	1, 11	157,890	–	157,890	–	–	–
Other income	1	–	–	–	–	20,000	20,000
Total operating income		1,642,444	526,114	2,168,558	1,994,116	748,191	2,742,307
Personnel expenses	6	-949,404	-241,687	-1,191,090	-1,194,711	-319,299	-1,514,009
Other administrative expenses	7	-657,173	-139,690	-796,863	-1,015,445	-139,350	-1,154,795
Amortisation of intangible assets and depreciation of tangible fixed assets	8	-36,857	-3,971	-40,828	-31,254	-3,906	-35,160
Total operating expenses		-1,643,434	-385,347	-2,028,781	-2,241,410	-462,554	-2,703,964
Profit/loss before credit losses		-989	140,767	139,777	-247,294	285,637	38,343
Credit losses, net	9	-3,832	–	-3,832	-1,956,407	–	-1,956,407
Profit/loss before tax		-4,822	140,767	135,945	-2,203,701	285,637	-1,918,064
Taxes	10	41,797	-42,894	-1,096	-227,058	-72,876	-299,934
Profit/loss for the year		36,976	97,873	134,849	-2,430,758	212,761	-2,217,997
Other comprehensive income:							
Translation differences, net after tax				-43,405			94,552
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				91,444			-2,123,445

1) Continuing operations in 2009 include income and expenses for the year for the Securities, Investment Banking and Private Banking business areas. In accordance with IFRS, comparison figures are presented in the corresponding manner. Profit from continuing operations in 2009 also includes the capital gain from the separation of the Asset Management business area and the sale of asset management operations in Finland.

2) Discontinued operations in 2009 include income and expenses for asset management in Finland up until the date of sale, i.e. 6 October, and the year's income and expenses for the Asset Management business area up until the date of sale, i.e. for the full year. In accordance with IFRS, comparison figures are presented in the corresponding manner. See also Note 11.

Consolidated statement of financial position

SEK 000s	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Cash and bank deposits with central banks		320,807	265,413
Negotiable government securities		382,582	477,001
Loans to credit institutions	12	6,014,706	4,337,429
Loans to the general public	12	3,565,145	3,403,531
Bonds and other interest-bearing securities	13, 14	583,369	625,304
Shares and participations	13, 14	1,388,151	1,219,771
Derivative instruments	13	661,523	1,891,938
Intangible assets	16	17,431	21,107
Tangible fixed assets	17	141,062	93,467
Current tax assets		13,323	139,352
Deferred tax assets ¹⁾	18	250,906	196,626
Trade and client receivables	19	141,500	1,208,969
Other assets ¹⁾		484,936	319,596
Prepaid expenses and accrued income	20	170,186	317,671
TOTAL ASSETS	24	14,135,627	14,517,175
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	12	759,656	1,448,528
Deposits and borrowing from the general public	12	6,565,231	6,650,608
Securities issued	13	935,000	–
Short positions, shares	13	569,000	959,819
Derivative instruments	13	556,033	1,443,315
Current tax liabilities		26,206	116,368
Deferred tax liabilities	18	8,717	11,380
Trade and client payables	21	64,249	407,477
Other liabilities		1,554,538	282,522
Accrued expenses and prepaid income	22	486,206	629,342
Other provisions	23	106,527	154,996
TOTAL LIABILITIES	24	11,631,364	12,104,356
SHAREHOLDERS' EQUITY			
Share capital (400,000 shares)		200,000	200,000
Other capital contributions		2,811,312	2,811,312
Reserves		60,726	104,131
Loss brought forward		–567,775	–702,623
TOTAL SHAREHOLDERS' EQUITY		2,504,263	2,412,819
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,135,627	14,517,175

1) For the comparison year, coupon and branch taxes were reclassified from other assets to deferred tax assets.
Information on pledged assets and contingent liabilities is provided in Note 25 on page 51.

Consolidated statement of changes in shareholders' equity

SEK 000s	Attributable to Parent Company shareholders				Total
	Share capital	Other capital contributions	Translation reserve	Profit/loss brought forward	
Shareholders' equity – opening balance 2008	200,000	54,568	9,579	2,042,375	2,306,521
Loss for the year				–2,217,997	–2,217,998
Other comprehensive income					
Translation differences relating to foreign operations			94,552		94,552
Total comprehensive income (net after tax)			94,552	–2,217,997	–2,123,445
Dividend				–527,000	–527,000
Capital contribution received		2,756,744			2,756,744
Shareholders' equity – closing balance 2008	200,000	2,811,312	104,131	–702,623	2,412,819
Profit for the year				134,849	134,849
Other comprehensive income					
Translation differences relating to foreign operations			–18,858		–18,858
Translation differences relating to discontinued operations			–24,547		–24,547
Total comprehensive income (net after tax)			–43,405	134,849	91,444
Shareholders' equity – closing balance 2009	200,000	2,811,312	60,726	–567,774	2,504,263

Parent Company income statement

SEK 000s	Note	2009	2008
Commission income	1	806,582	1,107,014
Commission expenses		-105,699	-93,476
Net commission income	2	700,884	1,013,537
Interest income	1	88,214	523,686
Interest expenses		-88,346	-557,709
Net interest income	3	-132	-34,023
Dividends received	1,4	76,250	350,777
Net profit from financial transactions	1,5	140,607	252,976
Capital gain from discontinued operations	1, 11	309,279	-
Total operating income		1,226,888	1,583,267
Personnel expenses	6	-627,409	-760,420
Other administrative expenses	7	-501,636	-848,389
Amortisation of intangible assets and depreciation of tangible fixed assets	8	-18,213	-14,749
Total operating expenses		-1,147,258	-1,623,558
Profit/loss before credit losses		79,630	-40,291
Credit losses, net	9	-4,058	-1,955,861
Impairment of financial fixed assets		-426	-24,977
Profit/loss before tax		75,146	-2,021,129
Tax on profit for the year	10	17,221	-36,327
Other taxes	10	51,650	-122,076
PROFIT/LOSS FOR THE YEAR		144,018	-2,179,532

Parent Company balance sheet

SEK 000s	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Cash and bank deposits with central banks		18,712	13,139
Loans to credit institutions	12	3,242,095	1,302,152
Loans to the general public	12	1,098,064	1,601,636
Bonds and other interest-bearing securities	13, 14	146,286	174,060
Shares and participations	13, 14	1,326,541	1,179,338
Shares and participations in Group companies	15	1,565,238	1,346,649
Derivative instruments	13	572,100	1,651,305
Intangible assets	16	9,792	8,109
Tangible fixed assets	17	104,903	42,787
Current tax assets		0	83,241
Deferred tax assets ¹⁾	18	243,232	191,364
Trade and client receivables	19	100,576	1,056,922
Other assets ¹⁾	30	901,095	960,075
Prepaid expenses and accrued income	20	126,513	190,979
TOTAL ASSETS	24	9,455,148	9,801,757
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	12	721,367	1,415,001
Deposits and borrowing from the general public	12	1,859,130	2,467,604
Securities issued	13	935,000	–
Short positions, financial instruments	13	542,930	949,811
Derivative instruments	13	480,555	1,266,058
Current tax liabilities		4,138	22,304
Trade and client payable	22	29,210	278,067
Other liabilities		1,496,985	203,507
Accrued expenses and prepaid income	23	263,805	207,839
Pension provisions	30	320,287	320,508
Other provisions	23	84,205	130,862
TOTAL LIABILITIES	24	6,737,612	7,261,560
SHAREHOLDERS' EQUITY			
Share capital (400,000 shares)		200,000	200,000
Statutory reserve		40,000	40,000
Profit brought forward		2,333,518	4,479,729
Profit/loss for the year		144,018	–2,179,532
TOTAL SHAREHOLDERS' EQUITY		2,717,536	2,540,197
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,455,148	9,801,757

1) For the comparison year, coupon and branch taxes were reclassified from other assets to deferred tax assets. Information on pledged assets and contingent liabilities is provided in Note 25 on page 51.

Parent Company changes in shareholders' equity

SEK 000s	Share capital	Statutory reserve	Profit brought forward	Total
Shareholders' equity – opening balance 2008	200,000	40,000	2,223,001	2,463,001
Total income and expenses recognised directly in shareholders' equity			118	118
Loss for the year			-2,179,532	-2,179,532
Total income and expenses for the year			-2,179,414	-2,179,414
Dividend			-527,000	-527,000
Group contributions received, gross			37,315	37,315
Tax effect related to Group contributions			-10,448	-10,448
Capital contribution received			2,756,744	2,756,744
Shareholders' equity – closing balance 2008	200,000	40,000	2,300,197	2,540,197
Profit for the year			144,018	144,018
Total income and expenses for the year			144,018	144,018
Group contributions received, gross			45,200	45,200
Tax effect related to Group contributions			-11,879	-11,879
Shareholders' equity – closing balance 2009	200,000	40,000	2,477,536	2,717,536

Cash-flow statements

SEK 000s	Group		Parent Company	
	2009	2008	2009	2008
Cash flow from operations				
Profit/loss before tax ¹⁾	135,945	-1,918,064	75,146	-2,021,129
Adjustments for items not included in cash flow ²⁾	-320,784	741,759	-572,799	357,457
Paid income tax	-109,977	-208,099	70,418	34,600
Cash flow from operations before changes in working capital	-294,816	-1,384,404	-427,235	-1,629,072
Changes in working capital	2,475,914	-5,260,562	2,775,085	-6,219,362
Cash flow from operations	2,181,098	-6,644,966	2,347,850	-7,848,435
Investment activities				
Acquisition of financial assets	-	-	-407,933	-16,679
Sales of subsidiaries ³⁾	-285,259	-	91,672	-
Acquisition of fixed assets	-90,545	-41,225	-82,012	-21,413
Cash flow from investment activities	-375,804	-41,225	-398,273	-38,092
Financing activities				
Capital contribution received	-	2,282,744	-	2,282,744
Dividend paid	-	-527,000	-	-527,000
Cash flow from financing activities	-	1,755,744	-	1,755,744
Cash flow for the year	1,805,294	-4,930,447	1,949,577	-6,130,783
Cash and cash equivalents – opening balance	5,038,371	9,518,468	1,315,179	7,414,957
Translation differences in cash and cash equivalents	-136,808	450,350	-5,666	31,005
Cash and cash equivalents – closing balance⁴⁾	6,706,857	5,038,371	3,259,090	1,315,179
1) Interest paid	109,184	793,083	82,216	570,027
Interest received	188,808	876,569	95,198	543,162
2) Adjustment for items not included in cash flow				
Anticipated dividends from subsidiaries	-	-	-76,250	-350,777
Depreciation and impairment of assets	40,828	35,160	18,639	14,749
Credit reserves	31,411	1,956,407	31,411	1,955,861
Capital gain from sale of fixed assets	-	-	-309,280	-
Capital gain from sale of subsidiaries	-157,890	-	-	-
Change in balance-sheet item Provisions	-47,113	144,046	-46,877	142,877
Unrealised exchange-rate differences	9,702	-	9,702	-
Unrealised changes in value of financial instruments	-197,722	-1,393,854	-200,144	-1,405,253
Total adjustments not included in cash flow	-320,784	741,759	-572,799	357,457
3) Divestment of subsidiaries				
Divested assets and liabilities				
Intangible assets	2,194	-	-	-
Tangible fixed assets	3,876	-	-	-
Operating receivables	494,805	-	-	-
Cash and cash equivalents	376,931	-	-	-
Total assets	877,806	-	-	-
Operating liabilities	515,288	-	-	-
Total liabilities	515,288	-	-	-
Sale of subsidiary				
Sale price	495,861	-	495,861	-
Seller promissory note	-404,189	-	-404,189	-
Purchase price received	91,672	-	91,672	-
Less cash and cash equivalents in the divested operation	-376,931	-	-	-
Effect on cash flow	-285,259	-	91,672	-
4) Cash and cash equivalents				
Cash and deposits with central banks	320,807	265,413	18,712	13,139
Chargeable treasury bills	382,582	477,001	-	-
Lending to credit institutions	6,014,706	4,337,429	3,242,095	1,302,152
Lending to credit institutions, not payable on demand	-11,238	-41,471	-1,717	-112
Cash and cash equivalents at 31 December	6,706,857	5,038,371	3,259,090	1,315,179

Accounting principles

GENERAL INFORMATION

Carnegie Investment Bank AB with corporate registration number 516406-0138 with subsidiaries (Carnegie or the Group) is an independent Nordic investment bank and insurance broker with operations in Securities, Investment Banking, Private Banking and, up until 31 December 2009, Asset Management. Carnegie offers financial products and services to Nordic and international clients from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxembourg, Switzerland, the UK and the US. Carnegie has its registered office in Stockholm, Sweden at Regeringsgatan 56. On 1 January 2009, Carnegie was owned by the Swedish government via the National Debt Office. On 11 February 2009, the National Debt Office entered an agreement to sell all shares in Carnegie to Altor Fund III and Bure Equity AB. The shares were transferred to the new owners on 19 May 2009 after relevant authorities in the countries in which Carnegie operates granted the necessary permits.

BASIS FOR PREPARING FINANCIAL REPORTS

The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU. In addition, the Act on Annual Reports of Credit Institutes and Securities Companies (1995:1559), Recommendation RR 1:2 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) were applied.

The consolidated accounts were prepared in accordance with the purchase method with the exception of those financial instruments that are measured at fair value. During the year, the Asset Management business area was divested, and results from this unit are thus presented as a divested operation. The results of the other business areas Securities, Investment Banking and Private Banking are presented as continuing operations.

The financial reports for the Group and the Parent Company are presented in thousands of Swedish krona (SEK 000s). SEK is the Parent Company's functional currency.

The Parent Company applies the same accounting principles as the Group except in those cases specified below in the section Parent Company accounting principles.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

A new standard and a number of amendments and revisions of existing standards issued by the International Accounting Standards Board (IASB) took effect during the year.

IFRS 7 (amendment) Financial Instruments – Disclosure (applies as of January 2009). The amendment requires expanded information on measurement of fair value and liquidity risk. In particular, the amendment requires information on measurement of fair value by level in a measurement hierarchy. These disclosure requirements were applied by Carnegie in advance in the most recent annual reports. Since the amendment of IFRS 7 even in other respects only requires additional information, it did not affect the financial reports.

IAS 1 (revised) Presentation of Financial Reports (applies of January 2009). The revised standard prohibits presentation of income and expense items (i.e. changes in shareholders' equity that do not constitute transactions with shareholders) in the statement of changes in shareholders' equity and instead

requires that "changes in shareholders' equity that do not relate to transactions with shareholders" are recognized separately from changes in shareholders' equity that refer to transactions with shareholders in a statement of comprehensive income. The Group therefore presents all owner-related changes in shareholders' equity in the Consolidated statement of changes in shareholders' equity, while all other changes in shareholders' equity that do not refer to transactions with shareholders are recognised in the Consolidated statement of comprehensive income. Comparison information was recalculated so that it corresponded to the revised standard. Since this revision is primarily attributable presentation forms and designations in the financial reports, it has no impact on establishment of the recognized amounts.

IFRS 2 (amendment) Share-Based Payment (applies as of January 2009). The amended standard addresses vesting conditions and cancellation. The amendment had no effect on the Group's financial reporting, since there are at present no share-related incentive programmes in the Group.

IFRS 8 Operating Segments (applies as of January 2009). IFRS 8 is a new standard from IASB that replaces IAS 14. Companies whose shares are not subject to public trading do not need to apply IFRS 8, and Carnegie thus does not apply IFRS 8.

IAS 23 (revision) Borrowing Costs (applies as of January 2009). The change means that borrowing expenses that are directly attributable to purchase, construction or production of an asset that takes significant time to complete for the intended use or sale must be capitalised. The previous option to expense these borrowing costs was eliminated. The change had no effect on the Group's financial reporting.

IFRS 1 (amendment) First-Time Adoption of International Financial Reporting Standards and IAS 27 (amendment) Consolidated and Separate Financial Statements (apply as of January 2009). The changes entail in part changes in the recognition of dividends received from subsidiaries, associated companies and joint ventures. The change had no effect on the Group's financial reporting.

STANDARD, AMENDMENTS AND INTERPRETATIONS THAT HAVE NOT YET TAKEN EFFECT

A number of new standards, amendments and interpretations will take effect as of the 2010 fiscal year and were not applied in advance in preparing these financial reports. Unless otherwise noted, they are approved by the EU.

IFRS 3 (revision) Business Combinations and IAS 27 (amendment) Consolidated and Separate Financial Statements (applicable as of 2010 for calendar-year companies), entails changes relating to consolidated accounting and recognition of acquisitions. The changes will only affect future transactions and acquisitions.

IAS 39 (amendment) Financial Instruments: Recognition and Measurement: Eligible Hedged Items (applicable as of 2010 for calendar-year companies) will entail a clarification of the application of IAS 39 in two cases of hedging transactions. The amendment is not expected to have any effect on the Group's financial reporting.

IFRS 2 (amendment) Share-Based Payment: Vesting Conditions and Cancellations (applicable as of January 2010 for calendar-year companies) will not have any effect on the Group's financial reporting, since there are at present no share-based incentive programmes in the Group.

IAS 24 (amendment) Related Party Disclosures (applicable as of January 2011 for calendar-year companies) primarily affects disclosure for state-owned related companies but also relates to the definition of related party. The revision is not expected to have any effect on the Group's financial reporting.

IAS 32 (amendment) Financial Instruments: Classification, Classification of

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Rights Issues (applicable as of February 2010). The revision addresses classification of issued derivatives on own equity instruments. The revision is not expected to have any effect on the Group's financial reporting.

IFRS 9 Financial Instruments (applicable as of January 2013) but not yet approved by the EU) will replace the current IAS 39. Carnegie has not yet assessed the effect of the new standard.

The International Financial Reporting Committee (IFRIC) has issued the following interpretations that for calendar-year companies will take effect as of 2010 or later: IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRIC 17 Distribution of Non-cash Assets to Owners, IFRIC 18 Transfer of Assets from Customers, which all apply for calendar-year companies as of January 2010 and were adopted by the EU, and IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, which will apply for calendar-year companies as of January 2011 but which has not yet been adopted by the EU. According to Carnegie's assessment, these interpretations will not have any significant effect on the Group's financial reporting.

CONSOLIDATED ACCOUNTS

Consolidation principles

The consolidated accounts comprise the Parent Company and all companies over which the Parent Company directly or indirectly exercises a controlling influence. A controlling influence means that the Carnegie has the right to establish financial and operative strategies intended to achieve economic benefits. 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. In all cases, the Parent Company owns directly or indirectly shares and/or participations in the companies included in the consolidated accounts. Subsidiaries are included in the consolidated accounts as of the date on which the controlling influence was attained and are eliminated as of the date on which the controlling influence ceased.

All internal transactions between subsidiaries, as well as intra-Group transactions, are eliminated in the consolidated accounts. When necessary, the accounting principles for subsidiaries are modified in order to achieve greater agreement with the Group's accounting principles. The equity portion of untaxed reserves is recognised in equity as profit brought forward. The tax portion of untaxed reserves is recognised as a deferred tax liability based on the current tax rate in each country.

Subsidiaries are recognized 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, the equity instruments that the purchaser has issued in exchange for the controlling influence in the company plus costs directly attributable to the acquisition. 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.

Equity instruments

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

Foreign currency

The accounts of foreign subsidiaries 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 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 income from financial transactions at fair value.

In preparing the consolidated accounts, the balance sheets of foreign subsidiaries 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 booked directly against a translation reserve in shareholders' equity.

Income recognition

Income 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. Income 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 and are recognised in profit and loss in conjunction with capitalisation. This is normally on a quarterly basis but may also be solely on an annual basis.

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

In the consolidated accounts, fees relating to advisory services are recognised as commission income. These fees are attributable to insurance advisory services and to advisory services within Private Banking and Investment Banking. These services are recognized in the income statement 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 from financial items consists of realized and unrealized 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, compensation to employees, other personnel costs and borrowing costs are expensed in the period to which they are attributable.

Compensation to employees

Compensation to employees in the form of salaries, paid holidays, paid absence due to illness, other current compensation and similar items, as well as pensions, are recognised at the rate it is earned. Any other compensation after termination of employment is classified and recognized in the same manner as pension commitments.

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Share-related compensation – incentive programmes

Carnegie Investment Bank AB has not provided any share-related compensation to employees within the Group.

Variable compensation

The Group reports an expense for variable compensation, which is recognised as an accrued expense. This expense is recognised at the rate it is earned, meaning when it is linked to a contract or when there is an established practice that creates an informal obligation.

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 recognises an expense for severance pay when it is clear that it is a case of either termination of employment as part of an established formal plan that cannot be revoked or an offer of severance pay to encourage voluntary resignation and which is accepted by the employees who receive the offer. Benefits falling due for payment more than 12 months after the closing date are discounted to the present value if they are significant.

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 informal 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 that is normally based on several different factors, including final salary and length of employment. The Group only has defined-contribution pension plans. Costs for defined-contribution pension plans are recognised profit and loss at the rate benefits are earned, which normally coincides with the date on which pension premiums are paid. Costs for special salary tax are expensed at the rate at which pension 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 classed 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 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 consists of current and deferred tax. Tax is recognised in profit and loss except when the underlying transaction is charged directly against equity, in which case the associated tax effect is also recognised in equity. Current tax is the tax that is calculated on taxable income for the period. Taxable income for the year differs in comparison with recognized income before tax, since taxable income is adjusted for non-deductible expenses and

non-deductible income and other adjustments as a result of double-taxation agreement with other countries, for example, The Group's current tax is calculated according to the tax rates established or in practice approved (announced) in each country on the closing date.

Deferred tax is recognised according balance-sheet method, by which deferred tax liabilities are recognised in the balance sheet for all taxable temporary differences based on differences between carrying amounts and values for taxation of all assets and liabilities. Deferred tax assets are recognised in the balance sheet for tax-deductible loss carryforwards and tax-deductible temporary 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 temporary differences. Deferred tax is recognized based on the tax rates expected to apply for the period in which the debt is settled or the asset reclaimed.

Tax assets and tax liabilities are recognised 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 debt at the same time.

Financial assets and liabilities

Financial assets recognised in 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. Accounts receivable are included in the balance sheet when an invoice has been issued. 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.

Accounts payable are included when an invoice is received. A financial asset is eliminated from the balance sheet when the contractual rights have been realized 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 asset.

Transaction-date accounting is employed for derivative instruments, as well as the sale and purchase of bond and equity instruments on the spot market.

Financial assets and financial liabilities in the trading portfolio are measured 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. In cases where there is no active market or listed prices are temporarily unavailable, Carnegie establishes the fair value using various measurement methods. 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 recognized value of the financial instrument. The assumptions used when observable parameters are lacking in the market are in accordance with the instructions defined by the Credit and Risk Committee (CRC). The measurement methods are primarily used to measure

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derivative instruments. All measurement models and assumptions 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 of measurements over time.

Each new validation model is approved by the Group's 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.

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:

- Assets for trading
- Fair value option
- Loan receivables and accounts receivable
- Other financial liabilities

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances with central banks, lending to credit institutions and current investments with a maturity from the acquisition date of less than three months and which are not exposed to significant risk of changes in value.

Cash and central bank balances

Cash and bank balances with central banks are categorised as loan and accounts receivable and measured at amortised cost.

Lending 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. These are categorized as loan and accounts receivable and measured at amortised cost. Reserves are allocated for probable credit losses after individual assessment. Reserves are allocated relating to probable credit losses in cases where pledges, obligations and 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 that are fixed through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is recognized under Net credit reserves.

Lending to the 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 and accounts receivable and measured at amortised cost.

Reserves are allocated for probable credit losses after individual assessment. Carnegie has no company financing, mortgages, consumption credits or other forms of credit normally associated with bank operations. Carnegie's client base is well-diversified and consists largely of private persons and small companies, and the risk of credit losses is linked to each client's collateral, which normally consists of market-listed securities. This means that it is difficult to identify counterparty classes with the same credit characteristics and that Carnegie does not perform impairment testing on a group basis. Following individual assessment, reserves are allocated relating to probable credit losses in cases where pledges, obligations and 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 that are fixed through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is recognized under Net credit reserves.

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 for trading and measured at fair value, with changes in fair value are recognised in profit and loss under Net profit from financial transactions.

Shares and participations

Shares and participations consist mainly of shareholdings intended for trade and are categorised as assets for trading measured at fair value. Shares and participations not held for trading are categorised as financial instruments, which are identified on the first reporting date as an item measured at fair value in profit and loss using what is called the fair value option. The fair value option is employed to eliminate the accounting volatility that would otherwise arise as a result of different measurement principles according to IAS 39. Changes in fair value for shares and participations are recognised in the income statement under Net profit from financial items at fair value.

Derivative instruments

All derivative instruments are classified as assets held for trading. Derivative instruments are measured at fair value with changes in fair value recognised under Net profit from financial items at fair value. In cases where the fair value is positive, it is recognised as an asset. In cases where the fair value is negative, it is recognised as a liability.

Liabilities to credit institutions

Liabilities to credit institutions consist mainly of short-term borrowing and are categorized as Other financial liabilities and valued at accrued acquisition value.

Deposits and borrowing from the public

Deposits and borrowing from the public consists primarily of short-term borrowing from the public. These liabilities are categorized as Other financial liabilities and valued at amortised cost.

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 recognized corresponding to the divested security's fair value. Received collateral in the form of cash is recognized under Liabilities to credit institutions or under Borrowing and lending from the public, depending on the counterparty. Pledged collateral in the form of cash is recognized in the balance sheet under Lending to credit institutions or under Lending to the public, depending on the counterparty.

Buy-back transactions

Buy-back transactions, which are also called repo transactions, refer to the sale of securities in conjunction with the parties reaching an agreement that the security will be repurchased at a pre-determined price. Securities that Carnegie sells in a repo transaction remain on the balance sheet, while securities that Carnegie buys in a repo transaction are not included on the balance sheet. The payment that Carnegie must make in a repo transaction is recognised as a fund cash liability. The payment that Carnegie receives in a reverse repo transaction is recognised as a fund cash claim. Amounts with the same counterparty are recognized as net amounts.

Transactions against the same counterparty are recognised in net amounts.

Accounting principles

Intangible assets

Intangible assets consist of goodwill, acquired IT systems and internally accrued expenses for the development of IT systems.

Goodwill

Goodwill is initially recognised as an asset valued 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 indeterminate useful life-time and 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 assessed 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 the net sale value. 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.

For goodwill arising in conjunction with acquisitions that took place prior to 1 January 2006, Carnegie has chosen to apply the option granted in IFRS 1 to not recalculate acquisition balance sheets, meaning that goodwill for these acquisitions was fixed as of 1 January 2006.

Other intangible assets

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

Internally developed intangible assets, including IT systems

An internally developed intangible asset, meaning development expenses, is recognized 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 cost can be calculated in a reliable manner

Internally developed intangible assets are initially recognized as the sum of expenses as of the first date on which the intangible asset satisfies the above criteria up until the date on which the asset can be used.

Internally developed intangible assets are amortised straight-line over their estimated useful life, which amounts to three to five years.

Tangible fixed assets

Tangible fixed assets are recognized at cost less accumulated depreciation and any impairment. Tangible fixed assets consist of capitalised renovation costs, computer equipment and fixtures.

Depreciation according to plan is based on the asset's cost and estimated useful life. Capitalised renovation costs are depreciated according to plan by 5 to 10 percent per year. Computer equipment and fixtures are depreciated according to plan by 20 to 33 percent per year. The gain or loss that arises from divestment or scrapping of tangible fixed assets is recognised in profit and loss.

Impairment of intangible fixed assets and tangible fixed assets with determinable useful lives

Impairment is recognised in cases in which 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 if there is a need for impairment. If there is such an indication, the asset's recoverable amount is calculated. The recoverable amount is the higher of the value in use and fair value less selling costs.

In calculating the value in use, future cash flows are discounted at an interest rate before tax that is intended to take into account to 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.

PROVISIONS

A provision is recognised when there is a formal or informal obligation as a result of an event that has taken place and the existence of the obligation will only be confirmed by one or more uncertain future events or it is probable that an outflow of resources will be required to settle the obligation and it is possible to estimate the amount of the obligation in a reliable manner.

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 value are recognised in profit and loss.

Critical parameters that affect the accounting principles relate to how fair value is determined for 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 the Credit and Risk Committee (CRC).

All non-observable parameters used in the measurement models must be approved by Carnegie's Credit Risk Committee.

The measurement methods are primarily used to value derivative instruments. All measurement models are regularly validated at random intervals by both the internal Risk Control function and independent external parties. The models are also reconciled regularly against quoted market prices. The above models are applied consistently from one period to the next to ensure comparability and continuity in measurements over time.

Reporting of deferred tax assets

Carnegie recognised a deferred tax asset of SEK 250,906 attributable to temporary differences and tax-deductible deficits. Of this item, SEK 94,738 relates to coupon and branch tax falling due during 2013 and 2014. The largest deferred tax assets 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 recognize taxable profits in the future. Based on

Accounting principles

Carnegie's future prospects, Carnegie deems that the company will be able to recognize taxable profits within the foreseeable near future and in sufficient extent to be able to utilise the benefits related to the coupon and branch tax assets and the tax-deductible deficits and the recognised receivable.

Reporting 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 this endowment insurance.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's annual accounts were prepared in accordance with the Act on Annual Accounts of Credit Institutions and Securities Companies, recommendation RFR 2.2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council and applicable statements. RFR 2.2 means that the Parent Company in its annual accounts for the legal entity must apply all IFRS and interpretations approved by the EU as far as possible within the framework of the Act on Annual Accounts of Credit Institutions and Securities Companies and the Pensions Vesting Obligations Act and with consideration taken to the relationship between accounting and taxation. This means that the Parent Company applies the same accounting principles as the Group with the exceptions noted below.

Financial fixed assets

The Parent Company's holdings of shares in foreign subsidiaries and associated companies are recognized according to the cost method.

Anticipated dividend

Anticipated dividends from subsidiaries are recognized in cases where the decision is taken in the subsidiary or where the Parent Company otherwise has full control over the decision process before the Parent Company publishes its financial statements.

Group contributions and shareholder contributions

Group contributions and shareholder contributions in both legal entities and the Group are recognized in accordance with the principles specified by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Group contributions (including tax effects) and shareholder contributions are as a general rule recognised directly in shareholders' equity. Shareholder contributions received are recognised as an increase in the Parent Company's investment.

Deferred tax in relation to untaxed reserves

Due to the relation between accounting and taxation, the Parent Company does not separately recognize 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 temporary differences.

Financial guarantees

The Parent Company applies the exception provision in RFR 2.2 and thus does not apply the rules in IAS 39 with respect to financial guarantees relating to guarantee agreements entered on behalf of subsidiaries and associated companies. In these cases, the rules in IAS 37 are applied, meaning that such guarantee agreements must be recognised as a provision in the balance sheet when the Parent Company has a legal or informal commitment as a result of a previous event and it is probable that an outflow of resources will be required to settle the commitment and it is possible to reliably estimate the commitment.

Recognition of endowment insurance

The Parent Company's pension commitments, which are guaranteed in the form of company-owned endowment insurance, are recognised in gross amounts in the Parent Company. The asset is recognised under the item Other assets, while the liability is recognised under the item Pension provisions. See Note 30. There is no difference between the Parent Company and the Group, however, with respect to recognition in profit and loss.

Notes – Group and Parent Company

(All amounts in SEK 000s)

NOTE 1 Geographic distribution of income

GROUP	Commission income		Interest income		Other dividend income		Net income from financial transactions		Gain from divested operations/ other income		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Denmark	628,509	804,893	28,711	96,310	937	846	21,824	31,418	–	–	679,981	933,467
Finland	89,846	138,779	2,012	18,243	–	–	–7,970	19,471	–	–	83,888	176,493
Luxembourg and Switzerland	128,641	135,290	51,310	205,636	–	–	54,216	68,200	–	–	234,167	409,126
Norway	220,165	399,105	15,269	188,066	1	24	38,189	–73,008	–	–	273,624	514,187
UK	111,491	209,721	502	11,684	–	–	–2,364	–7,909	–	–	109,629	213,496
Sweden	713,916	882,808	110,649	353,968	–	–	266,571	244,854	157,890	20,000	1,249,026	1,521,630
US	52,981	105,364	294	1,980	–	–	–1,816	–7,753	–	–	51,459	99,591
Eliminations	328	–12,245	–35,956	–25,338	–	–	–101,992	334	–	–	–137,620	–37,249
Total	1,945,877	2,663,715	172,791	850,549	938	871	266,658	275,605	157,890	20,000	2,544,153	3,810,741

PARENT COMPANY

Finland	45,187	68,347	1,665	15,768	–	–	–8,076	19,471	–	–	38,776	103,586
Norway	4,914	4,006	7,275	154,840	–	–	22,806	–3,440	–	–	34,995	155,406
UK	111,491	209,721	502	11,684	–	–	–2,364	–7,909	–	–	109,629	213,496
Sweden	644,991	824,940	82,502	352,316	76,250	350,777	127,164	244,854	309,279	–	1,240,186	1,772,887
Eliminations	–	–	–3,731	–10,922	–	–	1,077	–	–	–	–2,654	–10,922
Total	806,583	1,107,014	88,213	523,686	76,250	350,777	140,607	252,976	309,279	–	1,420,932	2,234,453

NOTE 2 Net commission income

	Group		Parent Company	
	2009	2008	2009	2008
Brokerage fees	1,021,308	1,523,045	543,675	790,914
Other commission income	973,337	1,221,112	322,579	420,646
Marketplace fees	–48,769	–80,442	–59,671	–104,546
Total commission income	1,945,877	2,663,715	806,582	1,107,014
Commission expenses	–258,236	–290,826	–105,699	–93,476
Total commission expenses	–258,236	–290,826	–105,699	–93,476
Total net commission income	1,687,641	2,372,889	700,884	1,013,537

NOTE 3 Net interest income

	Group		Parent Company	
	2009	2008	2009	2008
Interest income				
Interest income from lending to credit institutions	70,396	436,448	19,744	220,083
Interest income from lending to the general public	64,808	379,598	38,205	279,947
Interest income from interest-bearing securities	14,588	24,956	0	5,068
Other interest income	23,000	9,548	30,265	18,587
Total interest income^{1) 2)}	172,792	850,550	88,214	523,686
Interest expenses				
Interest expenses for liabilities to credit institutions	–82,592	–473,515	–82,472	–468,145
Interest expenses for deposits/borrowing from the general public	–39,884	–301,121	–10,630	–95,487
Other interest expenses	5,114	–2,973	4,756	5,922
Total interest expenses¹⁾	–117,361	–777,608	–88,346	–557,709
Total net interest income/ expense³⁾	55,431	72,942	–132	–34,022
Of which amounts for balance-sheet items not valued at fair value				
1) Interest income	172,792	850,550	88,214	523,686
1) Interest expenses	–117,362	–777,608	–88,346	–557,709
Total	55,431	72,942	–132	–34,022
Of which interest on doubtful receivables				
2) Interest income	3,739	156,961	3,739	156,961

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

Notes

NOTE 4 Other dividend income

	Group		Parent Company	
	2009	2008	2009	2008
Dividends received on shares and participations of a fixed-asset nature ¹⁾	938	871	76,250	350,777
Total other dividend income	938	871	76,250	350,777

1) Dividends from trading operations are included in the item Net profit/loss from financial transactions.

NOTE 5 Net profit from financial transactions

GROUP 2009	Unrealized changes in value				Effect of exchange-rate changes	Total
	Realized changes in value	Market price	Observable market data	Non-observable market data		
Bonds and other interest-bearing securities and attributable derivatives	6,814	4,978	2,458	—	—	14,250
Shares and participations and attributable derivatives	504	–71,820	272,605	—	—	359,179
Other financial instruments and attributable derivatives	36,018	2,566	—	—	—	38,583
Exchange-rate changes in branches	—	—	—	—	–9 702	–9 702
Other exchange-rate changes	—	—	—	—	22 238	22 238
Net financial items measured at fair value	43,336	–64,276	275,063	—	12,536	266,658

GROUP 2008	Unrealized changes in value				Effect of exchange-rate changes	Total
	Realized changes in value	Market price	Observable market data	Non-observable market data		
Bonds and other interest-bearing securities and attributable derivatives	47,566	–7,675	–2,913	—	—	36,978
Shares and participations and attributable derivatives	–1,240,169	891,847	504,537	—	—	156,215
Other financial instruments and attributable derivatives	93,269	8,057	—	—	—	101,325
Exchange-rate changes in branches	—	—	—	—	–187	–187
Other exchange-rate changes	—	—	—	—	–18,726	–18,726
Net financial items measured at fair value	–1,099,334	892,229	501,624	—	–18,913	275,605

Notes

NOTE 5, cont'd.

PARENT COMPANY 2009	Unrealized changes in value				Effect of exchange-rate changes	Total
	Realized changes in value	Market price	Observable market data	Non-observable market data		
Bonds and other interest-bearing securities and attributable derivatives	5,674	2,570	2,458	—	—	10,702
Shares and participations and attributable derivatives	–80,887	–74,920	272,605	—	—	116,798
Other financial instruments and attributable derivatives	–1,028	—	—	—	—	–1,028
Exchange-rate changes in branches	—	—	—	—	–9,702	–9,702
Other exchange-rate changes	—	—	—	—	23,838	23,838
Net profit/loss from financial transactions measured at fair value	–76,241	–72,350	275,063	—	14,136	140,607

PARENT COMPANY 2008	Unrealized changes in value				Effect of exchange-rate changes	Total
	Realized changes in value	Market price	Observable market data	Non-observable market data		
Bonds and other interest-bearing securities and attributable derivatives	44,343	—	–2,913	—	—	41,431
Shares and participations and attributable derivatives	–1,217,560	903,628	504,537	—	—	190,605
Other financial instruments and attributable derivatives	40,094	—	—	—	—	40,094
Exchange-rate changes in branches	—	—	—	—	–187	–187
Other exchange-rate changes	—	—	—	—	–18,967	–18,967
Net profit/loss from financial transactions measured at fair value	–1,133,123	903,628	501,624	—	–19,154	252,976

Unrealized profits/losses are attributable to financial items valued at fair value.

Fair value is based on one of the following valuation 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 valuation technique using assumptions consisting of observable market data.

NON-OBSERVABLE MARKET DATA

The value is based on a price that was calculated with a valuation technique using assumptions that could not be based on observable market date.

OTHER METHOD

The value is based on a price that was established using another method (e.g. cost method).

Notes

NOTE 6 Personnel expenses

	Group		Parent Company	
	2009	2008	2009	2008
Salaries and fees ^{*)}	-708,015	-927,518	-358,139	-505,057
Social insurance fees	-150,821	-165,993	-109,812	-123,539
Allocation to variable compensation	-176,691	-239,361	-42,429 ¹⁾	-
Pension expenses for Board of Directors and President	-1,640	-3,190	-660	-797
Pension expenses for other employees	-100,177	-107,073	-83,607	-88,590
Other personnel expenses	-53,746	-70,875	-32,762	-42,437
Total personnel expenses	-1,191,090	-1,514,009	-627,409	-760,420

*) Of provisions for variable compensation in 2009, SEK 2,650 thousands relates to employees categorised as risk takers. For risk takers, 60 percent of the variable compensation is deferred for 36 months.

Salary to other employees not included in the Board of Directors or Group Management	Group		Parent Company	
	2009	2008	2009	2008
Denmark	-171,343	-175,492	-	-
Finland	-44,676	-48,342	-37,835	-38,521
Luxembourg	-37,961	-46,256	-	-
Norway	-94,455	-121,058	-2,586	-1,897
Switzerland	-5,677	-9,142	-	-
UK	-35,267	-52,747	-35,267	-52,747
Sweden	-259,874	-403,562	-257,705	-401,583
US	-21,273	-35,001	-	-
Total	-670,526	-891,600	-333,393	-494,747

Salary and fees to Boards of Directors and Presidents	Group		Parent Company	
	2009	2008	2009	2008
Denmark	-4,222	-5,952	-	-
Finland	-3,174	-8,386	-	-
Luxembourg	-1,528	-1,874	-	-
Norway	-2,672	-6,417	-	-
Switzerland	-	-	-	-
UK	-	-	-	-
Sweden	-24,746	-12,302	-24,746	-10,310
US	-1,147	-987	-	-
Total	-37,489	-35,918	-24,746	-10,310

*) Total salaries and fees

Average no. of employees (of whom women)	Group		Parent Company	
	2009	2008	2009	2008
Denmark	124 (39)	147 (45)	-	-
Finland	58 (22)	67 (24)	45 (19)	49 (20)
Luxembourg	46 (10)	45 (11)	-	-
Norway	96 (25)	105 (24)	2 (1)	2 (1)
Switzerland	3 (0)	4 (-)	-	-
UK	37 (14)	41 (15)	37 (14)	41 (15)
Sweden	323 (102)	388 (122)	321 (100)	385 (117)
US	17 (4)	18 (5)	-	-
Total	703 (216)	815 (246)	405 (134)	477 (153)

Compensation to the Board of Directors (1 January 2008 – 7 April 2008)¹⁾

	Group
	2008
Anders Fällman, Chairman	233
Jan Kvarnström, Vice Chairman	233
Mai-Lill Ibsen	233
Björn C Andersson	233
Catharina Lagerstam	233
Patrik Tigerschiöld	233
Johan Shakeshaft	0
Total	1,398

1) The Board of Directors was re-elected at the Annual General Meeting on 7 April 2008 and served until individual termination dates. No compensation was paid from Carnegie Investment Bank AB for Board work after 7 April 2008. The Board of Directors was also re-elected in the former Parent Company D. Carnegie & Co AB, which paid compensation until the individual termination dates.

Compensation to the Board of Directors (14 November 2008 – 31 December 2008, 1 January – 19 May 2009)

	Group	
	2009	2008
Peter Norman, Chairman	100	26
Lars Linder-Aronson	75	20
Adine Grate Axén	75	20
Henrik Dael	75	20
Håkan Erixon	75	20
Total	400	105

The current Board of Directors was appointed on 19 May 2009. No decision has yet been taken regarding fees to the current Board. The Board of Directors is presented on page 59.

Notes

NOTE 6, cont'd

Compensation to President, Vice President and other senior executives

Group 2009	Gross salary and benefits	Variable compensation	Pensions and similar benefits	Severance pay
Former President Mikael Ericson ¹⁾	4,654	—	170	12,232
Former President Niklas Johansson ²⁾	2,419	—	490	5,040
President Frans Lindelöw ³⁾	—	—	—	—
Other resigning senior executives ⁴⁾	5,938	—	749	8,374
Other current senior executives ⁵⁾	10,339	14,225	1,722	—

1) Mikael Ericson's compensation includes the period up until 16 February 2009 when he resigned as President.

2) Niklas Johansson's compensation includes the period from 17 February 2009 when he became President through 13 September 2009 when he resigned as President.

3) Frans Lindelöw is President of Carnegie Investment Bank AB but is employed and receives salary and benefits from ABCIB Holding AB.

4) The amounts are for the period during which they held a position in the category other senior management. Five persons are included in the group.

5) The amounts are for the period during which they held a position in the category other senior management. The group includes seven persons. The amount of variable compensation includes SEK 10,000 relating to guaranteed variable compensation.

The table above specifies compensation for other resigning senior executives and includes Peter Baekgaard (1 Jan.–4 Oct.), Anders Karlsson (1 Jan.–20 Jan.), Dag Ernholt (21 Jan.–13 Sept.), Kristina Schauman (1 Jan.–4 June), Karin Uebel (5 June–20 Aug.). The category current other senior executives includes Steinar Lundström (1 Jan.–31 Dec.), Björn Jansson (5 Oct.–31 Dec.), Henric Falkenberg (5 Oct.–31 Dec.), Peter Bäärnhielm (1 Jan.–31 Dec.), Claes Johan Geijer (1 Jan.–31 Dec.), Anders Karlsson (21 Aug.–31 Dec.) and Anders Onarheim (14 Sept.–31 Dec.).

Group 2008	Gross salary and benefits	Variable compensation	Pensions and similar benefits	Severance pay
Former President Anders Onarheim ¹⁾	1,194	5,596	30	—
Former President Mikael Eriksson ²⁾	3,574	—	680	—
Former Vice President Matti Kinnunen ³⁾	4,039	—	87	4,746
Other resigning senior executives ⁴⁾	10,280	—	2,001	6,147
Other current senior executives ⁵⁾	5,173	2,253	537	—

1) Anders Onarheim's compensation includes the period from when he resigned as President on 25 April 2008. The profit share is attributable to his participation in Carnegie ASA Det Indre Selskapet. The agreement between Carnegie ASA and Det Indre Selskap was terminated on 30 November 2008.

2) Mikael Eriksson's compensation includes the period from 26 April 2008 when he became President until 31 December 2008.

3) Matti Kinnunen's compensation includes the period until he resigned on 31 December 2008. Of gross salary and benefits, SEK 3 M was prepaid bonus for 2008.

4) The amounts are for the period during which they held a position in the category other senior management. Five persons are included in the group.

5) The amounts are for the period during which they held a position in the category other senior management. The group includes six persons.

The table above specifies compensation for resigning other senior executives and includes Per Axman (1 Jan.–15 April), Jim Cirenca (1 Jan.–25 April), Bo Haglund (1 Jan.–25 Aug.), Christoffer Folkebo (15 April–10 Nov.) and Anders Onarheim (26 April–24 Nov.). The category current other senior executives includes Steinar Lundström (13 June–31 Dec.), Peter Baekgaard (25 Nov.–31 Dec.), Peter Bäärnhielm (25 Nov.–31 Dec.), Claes Johan Geijer (25 Nov.–31 Dec.), Anders Karlsson (1 Oct.–31 Dec.) and Kristina Schauman (25 Aug.–31 Dec.).

Notes

NOTE 6, cont'd.

ABSENCE DUE TO ILLNESS

During 2009, absence due to illness for employees in Swedish companies was 1.4 per cent (1.5) of the total number of employees' ordinary working time, of which 0.4 per cent (0.7) was consecutive absence of 60 days or more. Absence due to illness was 0.7 per cent (2.4) for women and 0.7 per cent (1.0) for men. The age distribution was 2.5 per cent (0.7) 29 years or younger, 2.5 per cent (1.4) between 30 and 49 years and 7.5 per cent (2.4) 50 years or older.

GENDER DISTRIBUTION

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

COMPENSATION

The Board of Directors of Carnegie Investment Bank AB reviews the President's salary and benefits in accordance with his contract. The Board also establishes principles and general policy for salaries, benefits and pensions for senior executives in Carnegie Investment Bank AB. The Current President of Carnegie Investment Bank AB is employed by ABCIB Holding AB and thus receives salary and benefits from ABCIB Holding AB.

NOTICE PERIOD AND SEVERANCE PAY

There are no agreements on severance pay for Board members who are not employed by the Group. The notice period for the CEO is 12 months if terminated by the CEO. If terminated by Carnegie, the notice period is 24 months. In the event of immediate termination by Carnegie, the CEO receives 24 months' severance pay and compensation for the loss of other benefits during 24 months from ABCIB Holding AB.

Senior executives within Carnegie have notice periods that vary between three and 12 months, while the notice period for termination by Carnegie varies from three to 24 months.

EXPENSED SEVERANCE PAY AND GUARANTEED ONE-TIME COMPENSATION IN 2009

The Group's total expenses for severance pay and guaranteed one-time compensations during the fiscal year amounted to SEK 102,229 thousands for 67 persons. The expenses were mainly linked to cost-savings programmes, changes in the management group and recruitments. The highest individual severance pay amounted to SEK 12,232 thousands.

PENSIONS

Carnegie makes salary-based provisions for pension insurance (payments are based on total salary excluding any allocation to profit sharing) in accordance with customary rules in each country. These provisions amounted to the following percentages in relation to the total salary costs: 14 per cent (12) for the Group and 24 per cent (18) for the Parent Company. All pension commitments consist of defined-contribution pension plans and are reinsured with external parties. Carnegie has no outstanding pension commitments and makes no pension provisions for Board members who are not employed by Carnegie. The President is entitled to retire at 65, and the company also has the right to request 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 the company.

ENDOWMENT INSURANCE

Individual pension commitments, which are fully guaranteed through endowment insurance and for which Carnegie does not have any further obligation to cover any losses on such insurance or to additional payment obligation above the premiums already paid are treated according to the rules for defined-contribution plans. The total market value amounts to SEK 320,287 thousands (323,603) in the Group, of which SEK 320,287 thousands (320,508) in the Parent Company. Premiums paid during the year amounted to SEK 1,372 thousands (27,334) in the Group and SEK 1,372 thousands (27,334) in the Parent Company.

Notes

NOTE 7 Other administrative expenses

	Group		Parent Company	
	2009	2008	2009	2008
Other administrative expenses include:				
Auditing fees				
Deloitte	-4,726	-11,354	-3,411	-7,157
Grant Thornton	-1,125	-1,233	-	-
KPMG	-800	-2,775	-330	-956
PricewaterhouseCoopers	-9,494	-637	-3,742	-
Other auditing firms	-1,812	-1,849	-1,003	-1,239
Total auditing fees	-17,957	-17,848	-8,486	-9,351
Other fees to auditing firms				
Deloitte	-1,626	-371	-617	-300
Grant Thornton	-756	-401	-	-
KPMG	-689	-314	-731	-142
PricewaterhouseCoopers	-944	-117	-234	-
Other auditing firms	-578	-1,476	-96	-1,069
Total other fees to auditing firms	-4,593	-2,678	-1,678	-1,512

NOTE 8 Depreciation and amortization of intangible assets and tangible fixed assets

	Group		Parent Company	
	2009	2008	2009	2008
Computer equipment and other equipment	-30,751	-25,869	-11,212	-8,813
Renovations	-4,527	-4,529	-4,527	-4,529
Other intangible items	-5,549	-4,762	-2,474	-1,407
Total depreciation and amortization of tangible and intangible assets	-40,828	-35,160	-18,213	-14,749

NOTE 9 Net credit losses and provisions for doubtful receivables

	Group		Parent Company	
	2009	2008	2009	2008
Provisions for doubtful receivables on the opening date	-2,027,952	-123,476	-2,027,331	-123,476
Effect on income of individually valued credits included in profit and loss (minus is increased provision):				
Reversals of previous reserves	27,579	8	27,354	8
Reserves for the year	-31,411	-1,956,415	-31,412	-1,955,870
Total net credit losses	-3,832	-1,956,407	-4,058	-1,955,861
Exchange-rate differences	-49,903	27,284	-50,056	27,360
Total items affecting income	-53,735	-1,929,123	-54,114	-1,928,501
Previously reported doubtful receivable now eliminated as actual	1,389,441	24,647	1,389,430	24,647
Provisions for doubtful receivables on the closing date	-692,246	-2,027,952	-692,015	-2,027,331

Reversals of previously reserved amounts in the credit portfolio deriving from the problematic commitment that was previously administered by Valot Holding, including its subsidiaries, are recognised as income under Net profit from financial transactions in profit and loss. Total income from these reversals amounted to SEK 97m in 2009.

Notes

NOTE 10 TAXES

	Group		Parent Company	
	2009	2008	2009	2008
Current tax expense				
Tax expense for the year	-64,170	-196,109	13,508	-36,327
Adjustment of tax attributable to prior years	6,632	5,427	3,713	-
Total current tax expense	-57,538	-190,682	17,221	-36,327
Deferred tax expense (-) / income (+)				
Deferred tax related to temporary differences	-1,323	8,787	-3,350	-3,740
Deferred tax income in the tax value of loss carry-forwards capitalised during the year	57,765	344	55,000	-
Effect resulting from changed tax rate		-6,172		-6,125
Deferred tax expense as a result of utilisation of the tax value in previously capitalised loss carryforwards		-112,211		-112,211
Total deferred tax expense/income	56,442	-109,252	51,650	-122,076
Total recognised tax expense	-1,096	-299,934	68,871	-158,403

GROUP	2009		2008	
	Tax rate, %	Amount	Tax rate, %	Amount
Reconciliation of effective tax				
Profit before tax		135,945		-1,918,064
Tax according to prevailing tax rate for the Parent Company	26.3	-35,754	28.0	537,058
Effect resulting from changed tax rate	0.0	-	-0.3	-6,172
Effect of other tax rates for foreign companies	8.9	-12,070	0.0	515
Tax effect of non-deductible expenses	3.6	-4,875	-7.3	-140,893
Tax effect of non-taxable income	-30.5	41,529	0.4	6,869
Tax on anticipated dividends	0.0	-	0.0	-
Increase in loss carryforwards without corresponding capitalisation of deferred tax	0.9	-1,253	-28.3	-543,390
Reversal of previously capitalised loss carryforwards/tax assets	-	-	-7.2	-137,667
Tax attributable to previous years	-4.9	6,632	0.3	5,427
Revaluation of tax assets relating to branch taxes	0.0	-	-1.2	-22,403
Other	-3.5	4,695	0.0	722
Recognised effective tax¹⁾	0.8	-1,096	-15.6	-299,934

1) Weighted average tax rate for the Group amounts to 20.6% (28.1). The change relative to the preceding year is mainly attributable to the lowering of the tax rate in Luxembourg.

PARENT COMPANY	2009		2008	
	Tax rate, %	Amount	Tax rate, %	Amount
Reconciliation of effective tax				
Profit before tax		75,146		-2,021,129
Tax according to prevailing tax rate for the Parent Company	26.3	-19,763	28.0	565,916
Effect of tax rates for foreign branches	0.9	-650	-0.1	-2,214
Tax effect of non-deductible expenses	5.2	-3,914	-5.6	-113,614
Tax effect of non-deductible income	-104.3	78,366	0.1	2,315
Tax on anticipated dividends	-26.7	20,054	4.9	98,218
Increase in loss carryforwards without corresponding capitalisation of deferred tax	1.7	-1,253	-26.9	-542,750
Reversal of previously capitalised loss carryforwards/tax assets	-	-	-6.8	-137,667
Tax attributable to previous years	-4.9	3,713	0.2	3,804
Net effect of Group contribution received	15.8	-11,888		
Effect of changed tax rate	-	-	-0.3	-6,125
Revaluation of tax assets relating to branch taxes	-	-	-1.1	-22,403
Tax on other temporary differences	-5.6	4,206	0	-3,883
Recognised effective tax	-91.6	68,871	-7.8	-158,403

Notes

NOTE 11 Divested operations

In October 2009, Carnegie entered an agreement to sell asset management operations in Finland to Evli Bank. The transaction required approval from the Finnish financial inspectorate, which was received before 31 December. Furthermore, Carnegie divested the Asset Management business area in December 2009 to a new holding company with Altor and Bure as principal owners. The sale included asset management operations in Denmark, Norway and Sweden. The transaction requires approval by authorities in the countries in question and is expected to be completed during the first quarter of 2010. The criteria for presentation as a discontinued operation applied as of 31 December 2009. Asset Management in Finland was sold before the year-end and the sale of the Asset Management business area comprised a significant operating segment, which was included in a coordinated plan for divestment. Furthermore, approval by the authorities in question is deemed highly probable. In accordance with IFRS, the comparison figures in the consolidated income statement were adjusted to show the divested operations separately from continuing operations.

The total purchase price amounted to SEK 495,861 thousands and resulted in a total capital gain in the Group of SEK 157,890 thousands. The capital gain in the Parent Company amounted to SEK 309,279 thousands. See also the notes to the cash-flow statement on page 24.

Results from discontinued operations	2009	2008
Operating income from discontinued operations		
Income	526,114	748,191
Expenses	-385,347	-462,554
Profit before tax	140,767	285,637
Tax	-42,894	-72,876
Profit after tax	97,873	212,761
Gain from sale of discontinued operations		
Capital gain from sale of divested operations	157,890	-
Tax attributable to the above capital gain	-	-
Gain from discontinued operations after tax	157,890	-
Total gain from discontinued operations after tax	255,763	212,761
Net cash flow from discontinued operations		
Cash flow from operations	62,214	645,591
Cash flow from investing activities	-1,499	-1,409
Cash flow from financing activities	-	-6,724
Net cash flow from discontinued operations	60,715	637,458

NOTE 12 Maturity information

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Lending to credit institutions				
Payable on demand	6,003,469	4,295,957	3,240,378	1,302,040
Remaining maturity period less than three months	11,238	41,471	1,717	112
Total lending to credit institutions	6,014,706	4,337,429	3,242,095	1,302,152
of which repo transactions	-	-	-	-
of which Group companies	-	-	6,071	1,408
Lending to the general public				
Payable on demand	2,263,882	2,391,750	1,098,064	1,601,636
Remaining maturity period less than three months	775,592	500,108	-	-
Remaining maturity period greater than three months but at most one year	525,671	510,884	-	-
Remaining maturity period greater than one year but at most five years	-	789	-	-
Total lending to the general public	3,565,145	3,403,531	1,098,064	1,601,636
of which repo transactions	-	-	-	-
of which Group companies	-	-	7,922	577
Liabilities to credit institutions				
Payable on demand	473,506	1,448,078	435,217	1,414,551
Remaining maturity period less than three months	5,468	450	5,468	450
Remaining maturity period greater than three months but at most one year	280,682	-	280,682	-
Total liabilities to credit institutions	759,656	1,448,528	721,367	1,415,001
of which repo transactions	-	-	-	-
of which Group companies	-	-	8,194	176
Deposits and borrowing from the general public				
Payable on demand	5,734,648	5,285,613	1,859,130	2,467,604
Remaining maturity period less than three months	829,351	1,360,507	-	-
Remaining maturity period greater than three months but at most one year	1,232	4,487	-	-
Total deposits and borrowing from the general public	6,565,231	6,650,608	1,859,130	2,467,604
of which repo transactions	-	-	-	-
of which Group companies	-	-	457,979	96,317

Notes

NOTE 13 Financial assets and liabilities held for trading – information on maturity periods

Group 31 Dec. 2009	Valuation method ¹⁾					Maturity information					
	Market price (Level 1)	Observ- able mar- ket data (Level 2)	Non-observ- able market data (Level 3)	Other method	Total	At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Latest due date if more than 2 years	Total
Bonds and other interest-bearing securities	448,993	134,376	–	–	583,369	334,203	15,841	221,416	11,910	583,369	2038-01-01
Shares and participations	1,021,156	353,342	–	13,652	1,388,151	37,573	–	–	1,350,578	1,388,151	
Derivative instruments	183,379	478,144	–	–	661,523	654,438	7,085	–	–	661,523	
Total financial assets	1,653,528	965,863	–	13,652	2,633,043	1,026,214	22,925	221,416	1,362,488	2,633,043	
Issued securities	–	–	–	935,000	935,000	–	–	935,000	–	935,000	
Short positions, shares	546,743	22,257	–	–	569,000	446,863	–	–	122,137	569,000	
Derivative instruments	323,938	232,096	–	–	556,033	476,499	79,402	132	–	556,033	2012-10-16
Total financial liabilities	870,680	254,353	–	935,000	2,060,033	923,362	79,402	935,132	122,137	2,060,033	

	(Level 1)	(Level 2)
Significant shifts between Level 1 and Level 2		
Transfer to Level 1 (from Level 2)	6,275	–6,275
Transfer to Level 2 (from Level 1)	–199,291	199,291
Total financial assets	–193,016	193,016
Transfer to Level 1 (from Level 2)	–44,372	44,372
Transfer to Level 2 (from Level 1)	66,204	–66,204
Total financial liabilities	21,832	–21,832

The reason for transfer from Level 1 to Level 2 is the lack of market prices, while the reason for transfer from Level 2 to Level 1 is that market prices exist.

Group 31 Dec. 2008	Valuation method ¹⁾					Maturity information					
	Market price (Level 1)	Observ- able mar- ket data (Level 2)	Non-observ- able market data (Level 3)	Other method	Total	At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Latest due date if more than 2 years	Total
Bonds and other interest-bearing securities	493,719	131,584	–	–	625,304	319,074	46,600	259,629	–	625,304	2038-01-01
Shares and participations	1,212,881	4,206	–	2,684	1,219,771	82,161	–	–	1,137,610	1,219,771	
Derivative instruments	1,226,501	665,437	–	–	1,891,938	1,499,187	392,751	–	–	1,891,938	
Total financial assets	2,933,101	801,228	–	2,684	3,737,013	1,900,423	439,351	259,629	1,137,610	3,737,013	
Short positions, shares	959,819	–	–	–	959,819	156,212	–	–	803,607	959,819	
Derivative instruments	753,462	689,854	–	–	1,443,315	870,423	469,846	103,046	–	1,443,315	2012-10-16
Total financial liabilities	1,713,281	689,854	–	–	2,403,134	1,026,635	469,846	103,046	803,607	2,403,134	

1) For information on valuation methods, see Note 5 Net profit from financial transactions.

Notes

NOTE 13, cont'd

Parent Company 31 Dec. 2009	Valuation method ¹⁾					Maturity information					
	Market price (Level 1)	Observ- able mar- ket data (Level 2)	Non-observ- able market data (Level 3)	Other method	Total	At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Latest due date if more than 2 years	Total
Bonds and other interest- bearing securities	11,910	134,376	—	—	146,286	99,513	15,841	19,022	11,910	146,286	2016-01-25
Shares and participations	964,389	349,339	—	12,813	1,326,541	—	—	—	1,326,541	1,326,541	
Derivative instruments	93,955	478,144	—	—	572,100	565,015	7,084	—	—	572,100	
Total financial assets	1,070,255	961,859	—	12,813	2,044,927	664,528	22,925	19,022	1,338,451	2,044,927	
Issued securities	—	—	—	935,000	935,000	—	—	—	935,000	935,000	
Short positions, shares	520,673	22,257	—	—	542,930	—	—	—	542,930	542,930	
Derivative instruments	248,460	232,096	—	—	480,555	401,021	79,402	133	—	480,555	2012-10-16
Total financial liabilities	769,133	254,353	—	935,000	1,958,485	401,021	79,402	133	1,477,930	1,958,485	

	(Level 1)	(Level 2)
Significant shifts between Level 1 and Level 2		
Transfer to Level 1 (from Level 2)	6,275	-6,275
Transfer to Level 2 (from Level 1)	-199,291	199,291
Total financial assets	-193,016	193,016
Transfer to Level 1 (from Level 2)	-44,372	44,372
Transfer to Level 2 (from Level 1)	66,204	-66,204
Total financial liabilities	21,832	-21,832

The reason for transfer from Level 1 to Level 2 is the lack of market prices, while the reason for transfer from Level 2 to Level 1 is that market prices exist.

Parent Company 31 Dec. 2008	Valuation method ¹⁾					Maturity information					
	Market price (Level 1)	Observ- able mar- ket data (Level 2)	Non-observ- able market data (Level 3)	Other method	Total	At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Latest due date if more than 2 years	Total
Bonds and other interest- bearing securities	43,837	130,223	—	—	174,060	79,176	46,301	48,583	—	174,060	2015-02-06
Shares and participations	1,177,415	—	—	1,923	1,179,338	66,585	—	—	1,112,753	1,179,338	
Derivative instruments	985,868	665,437	—	—	1,651,305	1,258,554	392,751	—	—	1,651,305	
Total financial assets	2,207,120	795,660	—	1,923	3,004,703	1,404,315	439,051	48,583	1,112,753	3,004,703	
Short positions, shares	949,811	—	—	—	949,811	150,447	—	—	799,364	949,811	
Derivative instruments	576,204	689,854	—	—	1,266,058	693,166	469,846	103,046	—	1,266,058	2012-10-16
Total financial liabilities	1,526,015	689,854	—	—	2,215,869	843,613	469,846	103,046	799,364	2,215,869	

1) For information on valuation methods, see Note 5 Net profit from financial transactions.

Notes

NOTE 14 Other information on financial assets

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Bonds				
Bonds, listed	583,369	625,304	146,286	174,060
Bonds, unlisted	–	–	–	–
	583,369	625,304	146,286	174,060
Swedish government	220,040	216,758	–	–
Other Swedish issuers	113,196	113,196	113,196	113,196
Foreign governments	14,362	59,445	0	43,837
Other foreign issuers	235,772	235,906	33,091	17,028
	583,369	625,304	146,286	174,060
Shares				
Shares, listed	1,370,495	1,212,881	1,313,728	1,177,415
Shares, unlisted	17,656	6,891	12,813	1,923
	1,388,151	1,219,771	1,326,541	1,179,338

NOTE 15 Shares and participations in Group companies

	Parent Company	
	31 Dec. 2009	31 Dec. 2008
Cost of shares and participations in Group companies on the opening date	1,036,174	1,038,351
Acquisitions during the year	408,233	300
Shareholder contributions during the year	426	22,500
Impairment during the year	–426	–24,977
Divestments during the year	–186,883	–
Cost of shares and participations in Group companies on the closing date	1,257,525	1,036,174
Subordinated assets (loans to wholly owned subsidiaries) on the opening date	310,475	291,620
Exchange-rate changes	203	18,807
Change in capitalised interest	–2,964	48
Subordinated assets (loans to Group companies) on the closing date	307,714	310,475
Shares and participations in Group companies on 31 December	1,565,238	1,346,649

Notes

NOTE 15, cont'd

Shares and participations in Group companies	Corporate Reg. No.	Registered office	No. of shares	Carrying amount 2009	Shareholders' equity 2009 ¹⁾
Carnegie, Inc.	13-3392829	Delaware	100	12,712	51,047
Carnegie ASA ²⁾	936 310 974	Oslo	20,000	93,608	171,488
Carnegie Ltd	2 941 368	London	1	–	302
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776	Karlstad	1,000	10,400	1,677
Carnegie Properties AB	556680-5288	Stockholm	1,000	100	100
Valot Invest International AB	556715-5774	Stockholm	1,000	98,300	98,300
Valot Invest Holding AB	556680-5668	Stockholm	1,000	309,933	340,847
Carnegie Bank A/S ²⁾	109.861	Copenhagen	1	144,894	118,970
Banque Carnegie Luxembourg S.A. ²⁾	1993-2201863	Luxembourg	349,999	587,578	348,824
<i>Subsidiaries to Banque Carnegie Luxembourg S.A.</i>					
Carnegie Fund Management Company S.A.		Luxembourg			
Carnegie Asset Management S.A.		Luxembourg			
Total				1,257,525	1,131,555

1) Shareholders' equity in subsidiaries is reported excluding anticipated dividends to the Parent Company. All of the above shares are unlisted and owned to 100 per cent.

2) Companies classified as credit institutions

Subordinated assets

The Parent Company has granted time-limited loans to wholly owned subsidiaries. The loans are subordinated in relation to other claims.

Carnegie Bank AS

Amount	125 MDKK
Due date	31 March 2012
Interest from first redemption date	CIBOR + 2%

Banque Carnegie Luxembourg SA

Amount	40 MSEK
Due date	20 December 2014
Interest from first redemption date	STIBOR + 1,5%

Carnegie ASA

Amount	70 MNOK
Due date	1 January 2013
Interest from first redemption date	NIBOR + 2%

Income from subordinated assets amounted to SEK 16,164 thousands (21,103).

Notes

NOTE 16 Intangible assets

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Goodwill				
Cost on the opening date	9,207	9,207	–	–
Cost on the closing date	9,207	9,207	–	–
Carrying amount ¹⁾	9,207	9,207	–	–

1) An impairment assessment of recognised goodwill is performed each year regardless of whether there is any indication that the carrying amount is in need of impairment.

The carrying amount of goodwill is attributable to the following company:
Familjeföretagens Pensionsredovisning i Värmland AB.

Impairment assessment of

Familjeföretagens Pensionsredovisning i Värmland AB

The calculated value in use of Familjeföretagens Pensionsredovisning i Värmland AB is deemed to exceed the carrying amount, and no reasonable changes in the most important assumptions are deemed to result in the calculated value in use being less than the Company's carrying amount.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Other intangible assets				
Cost on the opening date	30,887	12,625	42,808	33,433
Exchange-rate changes	–4,763	11,639	–1,468	3,248
Acquisitions during the year	4,675	7,537	4,601	6,127
Divestments through subsidiaries	–3,628	–	–	–
Divestment/scraping of continuing operations	–2,162	–914	–	–
Cost on the closing date	25,009	30,887	45,941	42,808
Amortization on the opening date	–18,986	–4,421	–34,699	–30,329
Exchange-rate changes	4,155	–10,607	1,024	–2,963
Divestment through subsidiaries	1,434	–	–	–
Divestment/scraping of continuing operations	2,162	804	–	–
Amortization for the year	–5,549	–4,762	–2,474	–1,407
Amortization on the closing date	–16,785	–18,986	–36,149	–34,699
Carrying amount ¹⁾	8,224	11,901	9,792	8,109
Total carrying amount of intangible assets	17,430	21,107	9,792	8,109

1) Other intangible assets consist of systems developed in-house.

NOTE 17 Tangible assets

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Computer equipment and other equipment				
Cost on the opening date	317,171	284,851	129,945	114,737
Exchange-rate changes	685	12,133	21	709
Acquisitions during the year	44,615	35,822	36,407	15,047
Divestments through subsidiaries	–29,818	–	–	–
Divestment/scraping of continuing operations	–34,799	–15,635	–32,029	–548
Cost on the closing date	297,854	317,171	134,344	129,945
Accumulated depreciation on the opening date	–227,447	–205,639	–90,901	–81,675
Exchange-rate changes	169	–10,015	195	–755
Divestments through subsidiaries	25,967	14,076	–	342
Divestment/scraping of continuing operations	34,799	–	32,006	–
Depreciation for the year	–30,751	–25,869	–11,212	–8,813
Accumulated depreciation on the closing date	–197,263	–227,447	–69,912	–90,901
Carrying amount	100,591	89,724	64,432	39,044
Renovation of leased premises				
Cost on the opening date	64,565	64,359	64,565	64,359
Acquisitions during the year	41,255	206	41,255	206
Divestment/scraping of continuing operations	–64,359	–	–64,359	–
Cost on the closing date	41,461	64,565	41,461	64,565
Accumulated depreciation on the opening date	–60,822	–56,293	–60,822	–56,293
Divestment/scraping of continuing operations	64,359	–	64,359	–
Depreciation for the year	–4,527	–4,529	–4,527	–4,529
Accumulated depreciation on the closing date	–990	–60,822	–990	–60,822
Carrying amount	40,471	3,743	40,471	3,743
Total carrying amount of tangible assets	141,062	93,467	104,903	42,787

Notes

NOTE 18 Deferred tax assets/liabilities

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Deferred tax assets				
Intangible assets	3	3	3	3
Pensions	84,602	85,429	84,235	84,294
Capitalised loss carry-forwards	59,579	344	55,000	–
Other ¹⁾	106,722	110,850	103,994	107,067
Total deferred tax assets	250,906	196,626	243,232	191,364
Deferred tax liabilities				
Other	–8,717	–11,380	–	–
Total deferred tax liabilities	–8,717	–11,380	–	–
Net deferred tax assets/liabilities	242,189	185,246	243,232	191,364

	Group				
Changes for the year in deferred tax assets	Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rate	Closing balance (minus is liability)
Intangible assets	3	–	–	–	3
Pensions	85,429	–827	–	–	84,602
Capitalised loss carryforwards ¹⁾	344	57,765	1,470	–	59,579
Other ²⁾	110,850	–3,159	–969	–	106,722
Total	196,626	53,779	501	–	250,906

	Group				
Changes for the year in deferred tax liabilities	Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rate	Closing balance (minus is liability)
Other	–11,380	2,663	–	–	–8,717
Total	185,246	56,442	501	–	242,189

	Parent Company				
Changes for the year in deferred tax assets	Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rate	Closing balance (minus is liability)
Intangible assets	3	–	–	–	3
Pensions	84,294	–59	–	–	84,235
Capitalised loss carryforwards ¹⁾	–	55,000	–	–	55,000
Other ²⁾	107,067	–3,291	218	–	103,994
Total	191,364	51,650	218	–	243,232

No significant deferred tax assets or tax liabilities are expected to be settled within the next 12 months.

1) As of 31 December 2008, Carnegie had unutilised deficits of SEK 1,923,531 thousands, of which SEK 1,921,245 thousands were attributable to the Parent Company. As a result of the change in ownership that took place on 11 February 2009 when the National Debt Office sold the shares in Carnegie to Altor and Bure, the entire deficit was lost. No deferred tax assets were thus recognised as of 31 December 2008. During the year, the Parent Company recognised SEK 55m in deferred tax assets attributable to loss carryforwards. The basis for recognition was the budget for the coming years that shows that Carnegie will generate profits.

2) For the comparison year, coupon and branch taxes were reclassified from other assets to deferred tax assets amounting to SEK 94,738 thousands.

Notes

NOTE 19 Trade and client receivables

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Fund cash receivables	97,573	1,059,096	75,530	1,031,176
Accounts receivable	43,927	149,872	25,046	25,746
Total cash and accounts receivable¹⁾	141,500	1,208,969	100,576	1,056,922

1) The remaining maturity period is less than one year

NOTE 20 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Accrued interest	7,560	23,576	1,273	8,257
Rent	13,038	26,431	12,812	19,705
Fees	67,093	88,864	66,295	29,177
Personnel-related	6,456	8,468	–	–
Pensions	248	5,318	–	5,073
Other	75,791	165,013	46,133	128,768
Total prepaid expenses and accrued income¹⁾	170,186	317,671	126,513	190,979

1) The remaining maturity period is less than one year

NOTE 21 Trade and client payable

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Fund cash debts	29,483	248,187	4,850	239,175
Accounts payable	34,767	159,290	24,361	38,892
Total cash and accounts payable¹⁾	64,249	407,477	29,210	278,067

1) The remaining maturity period is less than one year

NOTE 22 Accrued expenses and prepaid income

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Accrued interest	20,488	12,310	19,959	13,829
Rent	0	4,082	–	–
Fees	88,003	130,382	129	12,865
Personnel-related	232,283	384,404	141,588	138,930
Pensions	2,758	5,837	238	364
Other	142,675	92,327	101,891	41,851
Total accrued expenses and prepaid income¹⁾	486,206	629,342	263,805	207,839

1) The remaining maturity period is less than one year

NOTE 23 Other Provisions

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Opening balance, 1 Jan.	154,996	8,323	130,862	580
Utilized amounts	–101,598	–892	–98,181	–580
Additional provisions	55,319	147,565	52,657	130,862
Exchange-rate differences and reclassifications	–2,190	–	–1,133	–
Closing balance, 31 Dec.	106,527	154,996	84,205	130,862

Other provisions relate primarily to Swedish operations and consist mainly of a restructuring reserve. Most of the provisions are expected to be utilized during 2010.

Notes

NOTE 24 Classification of financial assets and liabilities

Group 31 Dec. 2009	Held for trade	Fair value option	Loan and accounts receivables	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			320,807			320,807
Chargeable government bonds			382,582			382,582
Lending to credit institutions			6,014,706			6,014,706
Lending to the general public			3,565,145			3,565,145
Bonds and other interest-bearing securities	583,369					583,369
Shares and participations	1,381,488	6,663				1,388,151
Derivative instruments	661,523					661,523
Intangible assets					17,431	17,431
Tangible fixed assets					141,062	141,062
Current tax assets					13,323	13,323
Deferred tax assets					250,906	250,906
Trade and client receivables			141,500			141,500
Other assets			484,936			484,936
Prepaid expenses and accrued income			7,560		162,626	170,186
Total assets	2,626,380	6,663	10,917,236		585,348	14,135,627
Liabilities to credit institutions				759,656		759,656
Deposits and borrowing from the general public				6,565,231		6,565,231
Issued securities				935,000		935,000
Short positions, shares	569,000					569,000
Derivative instruments	556,033					556,033
Current tax liabilities					26,206	26,206
Deferred tax liabilities					8,717	8,717
Trade and client payable				64,249		64,249
Other liabilities				5,862	1,548,675	1,554,538
Accrued expenses and prepaid income				20,488	465,718	486,206
Other provisions					106,527	106,527
Total liabilities	1,125,033			8,350,487	2,155,844	11,631,364
Shareholders' equity					2,504,263	2,504,263
Total liabilities and shareholders' equity	1,125,033			8,350,487	4,660,108	14,135,627

Notes

NOTE 24, cont'd

Group 31 Dec. 2008	Held for trade	Fair value option	Loan and accounts receivables	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			265,413			265,413
Chargeable government bonds			477,001			477,001
Lending to credit institutions			4,337,429			4,337,429
Lending to the general public			3,403,531			3,403,531
Bonds and other interest-bearing securities	625,304					625,304
Shares and participations	1,212,881	6,891				1,219,771
Derivative instruments	1,891,938					1,891,938
Intangible assets					21,107	21,107
Tangible fixed assets					93,467	93,467
Current tax assets					139,352	139,352
Deferred tax assets					196,626	196,626
Trade and client receivables			1,208,969			1,208,969
Other assets			319,596			319,596
Prepaid expenses and accrued income			23,576		294,095	317,671
Total assets	3,730,122	6,891	10,035,514		744,648	14,517,175
Liabilities to credit institutions				1,448,528		1,448,528
Deposits and borrowing from the general public				6,650,608		6,650,608
Short positions, shares	959,819					959,819
Derivative instruments	1,443,315					1,443,315
Current tax liabilities					116,368	116,368
Deferred tax liabilities					11,380	11,380
Trade and client payable				407,477		407,477
Other liabilities				9,141	273,381	282,522
Accrued expenses and prepaid income				12,310	617,032	629,342
Other provisions					154,996	154,996
Total liabilities	2,403,134			8,528,064	1,173,158	12,104,356
Shareholders' equity					2,412,819	2,412,819
Total liabilities and shareholders' equity	2,403,134			8,528,064	3,585,977	14,517,175

Notes

NOTE 24, cont'd

Parent Company 31 Dec. 2009	Held for trade	Fair value option	Loan and accounts receivables	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			18,712			18,712
Lending to credit institutions			3,242,095			3,242,095
Lending to the general public			1,098,064			1,098,064
Bonds and other interest-bearing securities	146,286					146,286
Shares and participations	1,324,721	1,820				1,326,541
Shares and participations in Group companies			307,705		1,257,533	1,565,238
Derivative instruments	572,100					572,100
Intangible assets					9,792	9,792
Tangible fixed assets					104,903	104,903
Current tax assets					0	0
Deferred tax assets					243,232	243,232
Trade and client receivables			100,576			100,576
Other assets			580,808		320,287	901,095
Prepaid expenses and accrued income			1,273		125,240	126,513
Total assets	2,043,107	1,820	5,349,233		2,060,987	9,455,148
Liabilities to credit institutions				721,367		721,367
Deposits and borrowing from the general public				1,859,130		1,859,130
Issued securities				935,000		935,000
Short positions, shares	542,930					542,930
Derivative instruments	480,555					480,555
Current tax liabilities					4,138	4,138
Trade and client payable				29,210		29,210
Other liabilities					1,496,985	1,496,985
Accrued expenses and prepaid income				19,959	243,846	263,805
Provisions for pensions					320,287	320,287
Other provisions					84,205	84,205
Total liabilities	1,023,485			3,564,666	2,149,461	6,737,612
Shareholders' equity					2,717,536	2,717,536
Total liabilities and shareholders' equity	1,023,485			3,564,666	4,866,997	9,455,148

Notes

NOTE 24, cont'd

Parent Company 31 Dec. 2008	Held for trade	Fair value option	Loan and accounts receivables	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			13,139			13,139
Lending to credit institutions			1,302,152			1,302,152
Lending to the general public			1,601,636			1,601,636
Bonds and other interest-bearing securities	174,060					174,060
Shares and participations	1,177,415	1,923				1,179,338
Shares and participations in Group companies			310,475		1,036,174	1,346,649
Derivative instruments	1,651,305					1,651,305
Intangible assets					8,109	8,109
Tangible fixed assets					42,787	42,787
Current tax assets					83,241	83,241
Deferred tax assets					191,364	191,364
Trade and client receivables			1,056,922			1,056,922
Other assets			639,567		320,508	960,075
Prepaid expenses and accrued income					190,979	190,979
Total assets	3,002,780	1,923	4,923,891		1,873,162	9,801,757
Liabilities to credit institutions				1,415,001		1,415,001
Deposits and borrowing from the general public				2,467,604		2,467,604
Short positions, shares	949,811					949,811
Derivative instruments	1,266,058					1,266,058
Current tax liabilities					22,304	22,304
Trade and client payable				278,067		278,067
Other liabilities					203,507	203,507
Accrued expenses and prepaid income				13,829	194,010	207,839
Provisions for pensions					320,508	320,508
Other provisions					130,862	130,862
Total liabilities	2,215,869			4,174,501	871,191	7,261,560
Shareholders' equity					2,540,197	2,540,197
Total liabilities and shareholders' equity	2,215,869			4,174,501	3,411,388	9,801,757

Notes

NOTE 25 Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Assets pledged for own debt				
Own securities	239,743	794,225	94,829	735,679
Client securities	2,611,368	2,493,829	1,931,307	1,657,842
Other assets	3,738,711	2,408,371	3,284,716	2,141,597
Standardised options				
Blocked assets belonging to clients	79,318	65,776	79,318	65,640
Lent securities	69,157	994,471	69,157	994,471
Contingent liabilities	276,348	5,150	–	–
Guarantees	128,668	182,678	21,388	35,353
Borrowed securities	1,491,606	2,056,489	1,485,243	2,051,703

Pledged assets are at the disposal of the counterparty, and in the event that Carnegie does not fulfil the terms of the contract, the counterparty has no obligation to return the collateral.

NOTE 26 Operational leasing

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Contracted payments relating to land and buildings				
Within one year	60,786	103,154	55,348	85,029
Later than one year but within five years	267,723	209,237	257,803	179,035
Later than five years	179,337	275,997	179,337	242,427
Other contracted payments				
Within one year	8,557	14,583	7,947	10,756
Later than one year but within five years	14,236	23,323	13,740	20,322
Later than five years	–	–	–	–

The amounts in the table primarily relate to rent for premises. Leasing contracts are indexed. The current value was not calculated.

NOTE 27 Related-party transactions

The information below is presented from Carnegie's perspective, meaning how Carnegie's figures were affected by transactions with related parties. Information on compensation to key persons in executive positions is presented in Note 6.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Related-party transactions with the President and the Board of Directors				
Lending	2,895	4,000	2,895	–
Pledged assets and guarantees	151,359	–	151,359	–
Interest income	114	132	114	–

Lending took place on market terms.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Related-party transactions with the owner				
Lending to credit institutions	147,674	–	147,674	–
Interest income	1,157	–	1,157	–
Liabilities to credit institutions	–	123,211	–	123,211
Interest expenses	–	–785	–	–785

For transactions with the owner, see Changes in shareholders' equity on pages 20 and 23.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Related-party transactions with others				
Borrowing	61,653	72,819	61,653	72,819
Income	263	1,140	263	1,140
Expenses	719	–3,378	719	–3,378

Other related parties are Carnegie Personal AB and Stiftelsen D. Carnegie & Co.

Notes

NOTE 28 Significant events after the closing date

The Annual Report was approved for publication by the Board of Directors of the Parent Company on 25 March 2010. The Annual General Meeting is scheduled to be held on 12 April 2010.

NEW PRESIDENT OF CARNEGIE INC.

Thomas Flakstad, previously a broker at Carnegie's office in New York, became President of Carnegie's US operations, Carnegie Inc., in January 2010.

NEW PRESIDENT OF CARNEGIE DENMARK

During March 2010, Claus Gregersen was appointed new head of Carnegie's Danish operations. Claus Gregersen has extensive experience within the financial sector, in part as President of Alfred Berg in Denmark and the UK and as Manager for European Equities at ABN Anro Bank. Claus Gregersen will assume his position on 1 May 2010 and be included in Carnegie's Group management.

NOTE 29 Risk and capital management

CREDIT RISKS

Carnegie's credit portfolio is reviewed regularly using various methods as described in control documents for credit management and credit risk management. The credit quality in the portfolio is deemed as sound and is based on an analysis of counterparties and their credit worthiness. To further reduce credit risk, Carnegie applies various methods. The most commonly used are pledging of listed securities and netting contracts. Carnegie has a very small proportion of lending without collateral (in blanco).

Carnegie's total credit risk exposure by country and exposure class ¹⁾

Group, 31 Dec. 2009	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	–	599,137	72,271	2,553,653	10,475	–	3,235,536
Institutional exposure	3,242,104	69,255	248,875	386,896	130,056	64,259	4,141,445
Company exposure	574,141	909,237	294,355	2,526,864	7,156	52,656	4,364,409
Household exposure	326,645	–	70,075	476,922	10,162	–	883,804
Exposure with collateral in property	–	–	–	–	–	–	–
Other items	451,739	109,435	–	153,224	4,626	14,709	733,733
Total	4,594,629	1,687,064	685,576	6,097,559	162,475	131,624	13,358,927

Group, 31 Dec. 2008	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	303,075	693,897	5,844	72,183	10,940	5	1,085,944
Institutional exposure	1,824,022	487,152	343,951	2,249,025	232,989	98,953	5,236,092
Company exposure	447,669	1,278,489	434,526	118,534	–	82,893	2,362,111
Household exposure	260,394	–	54,492	1,057,975	20,555	–	1,393,416
Exposure with collateral in property	–	–	–	–	1,351	–	1,351
Other items	275,428	160,429	159,112	11,702	8,811	28,725	644,207
Total	3,110,588	2,619,967	997,925	3,509,419	274,646	210,576	10,723,121

Notes

NOTE 29, cont'd.

Parent Company, 31 Dec. 2009	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	–	–	1,168	–	10,475	–	11,643
Institutional exposure	3,257,654	–	27,077	–	130,056	60,503	3,475,290
Company exposure	540,854	–	294,355	–	7,156	–	842,365
Household exposure	326,645	–	70,075	–	10,162	–	406,882
Exposure with collateral in property	–	–	–	–	–	–	–
Other items	452,366	–	–	–	4,626	11,085	468,077
Total	4,577,519	–	392,675	–	162,475	71,588	5,204,257

Parent Company, 31 Dec. 2008	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	301,806	–	1,877	–	10,928	–	314,611
Institutional exposure	1,856,554	–	19,097	–	166,595	98,953	2,141,199
Company exposure	447,670	–	394,440	–	–	12,794	854,904
Household exposure	260,394	–	54,492	–	20,555	–	335,441
Exposure with collateral in property	–	–	–	–	1,351	–	1,351
Other items	276,398	–	1,216	–	3,517	13,373	294,504
Total	3,142,822	–	471,122	–	202,946	125,120	3,942,010

1) Exposure classes are defined in accordance with the capital adequacy rules FFFS 2007:1.

A large portion of Carnegie's lending is to private persons and companies within the segment Private Banking. Individual analyses are performed for each counterparty. Since there are few homogenous groups within the segment, Carnegie has decided to always perform individual assessments of impairment needs and not to allocate reserves by group. The assessment is that impairment testing by group would not result in significant additional impairment.

Credit losses

SEK m	Group	Parent Company
Credit exposures	13,358,929	5,204,257
Specific reserves	–31,411	–31,412
Reserves by group	–	–
Reserves for homogenous groups	–	–
Total reserves	–31,412	–31,412

As of 31 December, Carnegie had a total exposure for renegotiated loan receivables without reserves of SEK 170m. All of these loan receivables were given new terms in the form of renegotiated interest rates and amortisation plans.

Financial assets due for payment without impairment are handled according to Carnegie's routines for doubtful receivables and are assessed regularly in operations. Individual decisions are taken in each individual case and may include realisation of collateral through the sale of pledged listed securities.

Carnegie considers various parameters in assessing impairment need. 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 income statement and balance sheet or changes in the composition of pledged collateral. Carnegie performs regular reviews of specific impairment requirements.

The value of financial assets at year end was SEK 30m. All assets taken over are shares, and Carnegie's strategy is to gradually sell these assets. The entire value of the assets taken over refers to realized items.

MARKET RISKS

Recognised amounts refer to the Group. The corresponding amounts for the Parent Company are specified in parentheses.

Share 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 3,175m (2,922), of which SEK 1,957m (1,869) related to shares and SEK 1,218m (1,053) related to derivative instruments. The net exposure at year-end was thus SEK 924m (875).

Assets and liabilities are valued at fair value, which thus corresponds to the carrying amount. Equity positions consist of both long and short positions and are primarily shares listed in Sweden and in international marketplaces. A simultaneous price change of -3 per cent of all equity holdings in the Group's trading portfolio would have had an effect of SEK 1.1m (2) at year end, while a +3 per cent price change at the same date would have had an effect of SEK 2.9m (2) on earnings. The derivative positions consisted of holdings and issued forward contracts, call options and warrants.

Volatility risk

Exposure to volatility risk is measured with Vega, which describes the change in value of the position if the volatility in the specific position changes by one percentage point. At year-end, Carnegie had volatility risk of Vega SEK -0.6m (-0.6). The exposure in the Group represents the net of positions with a negative or positive Vega exposure.

Scenario analysis

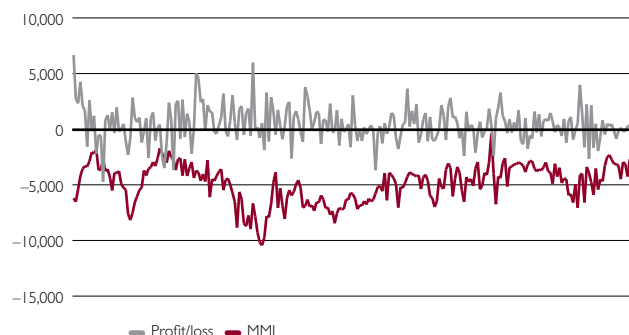
The risks in Carnegie's trading departments consist primarily of share price risk and volatility risk. These risks are measured by simulating the effect on earnings of a combined change of share prices and volatility. Carnegie focuses on and had limits for the maximum potential loss for two specific scenarios: a medium and a stress scenario.

The medium scenario means that prices in the entire equity market change by +/- 3 per cent, while market volatility changes by +/- 10 per cent. The greatest potential loss in such a scenario is called Medium Max Loss (MML) and was at year-end SEK 2.8m (2.7).

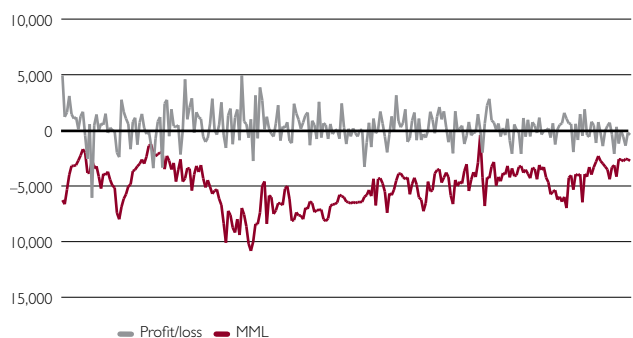
The stress scenario means that prices in the entire equity market change by +/- 10 per cent and that volatility changes by +/- 30 per cent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 9m (8.8) at year-end.

Notes

The diagram below shows the Group's Medium Max Loss (MML) exposure, compared with net financial items during 2009.



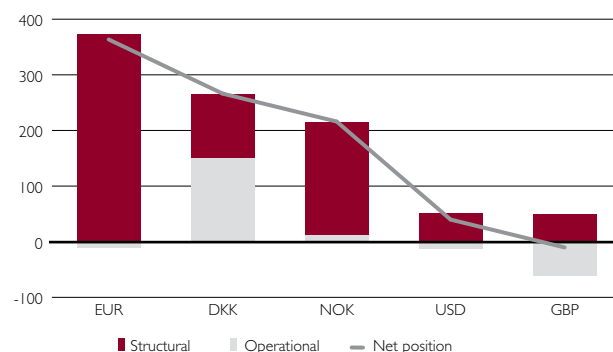
The diagram below shows the Parent Company's Medium Max Loss (MML) exposure, compared with net profit/loss from financial items during 2009.



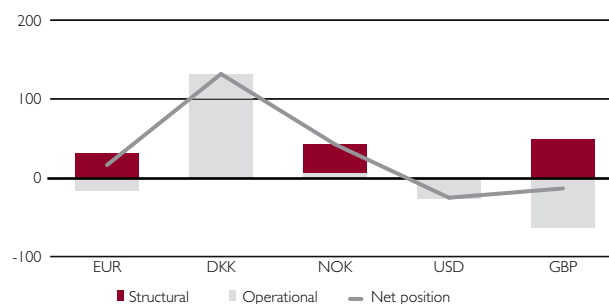
Currency risk

Currency risk is divided into structural and operational currency risk. Structural currency risk arises in financing of foreign subsidiaries with shareholders' equity or subordinated loans in another currency. Operational currency risk arises in ongoing business operations. Carnegie limits operational currency exposure and includes only very liquid currencies. The trading portfolio had no currency exposure on 31 December 2009.

The Group's currency exposure on 31 December 2009



The Parent Company's currency exposure on 31 December 2009



Interest risk in the trading book

Carnegie's trading book is affected by interest-rate changes through holdings of bonds and derivative instruments. At year-end, the effect on earnings in the trading book of an increase in interest of 1 percentage point was SEK -2.5m (-2.5). The interest risk in the trading book is limited and calculated and reported daily to risk management and senior management.

Interest risk in other operations

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 100 interest points applied on the yield curves to which the positions in question are linked. At year-end, the loss risk from such downward shift of 100 interest points was SEK 5.6m (5.6).

Liquidity risk

Liquidity risk is the risk of not being able to fulfil payment obligations or only being able to do so at increased cost. Liquidity risk consists of market liquidity risk and financing risk. Financing risk refers to the risk that Carnegie does not have sufficient cash and cash equivalents to finance its operations. Financing risk is closely linked to what is called market liquidity. Market liquidity risk arises primarily among assets, while financing risk arises primarily among liabilities in the balance sheet. Market liquidity risk arises if Carnegie is unable to realise or cover a position at prevailing market prices, since the market is not sufficiently deep or does not function due to some disturbance.

According to Carnegie's Finance and Capital Policy, the Group and each subsidiary must maintain a liquidity reserve that exceeds the expected maximum net cash flow during a period of ten days of extreme stress. The liquidity reserve must always consist of cash, cash equivalents and unutilised credit facilities.

Stress tests are designed to evaluate potential effects of a series of extreme but possible events. The stress tests take the following factors into consideration:

- a marked outflow of deposits from clients
- reduced market values for assets that can be refinanced
- reduced borrowing values for assets that can be refinanced

Carnegie calculates the liquidity reserve daily to ensure that the liquidity targets are met and that cash and cash equivalents are available to meet contracted and simulated cash flows.

The effect of derivatives on liquidity in the event of exercise of options, for example, are reported daily by the business units to the treasury department, which is responsible for guaranteeing cash and cash equivalents and the liquidity reserve. If the estimated effect on liquidity may be greater than the treasury department considers appropriate for the moment, the business unit is given the task of taking actions to reduce the effect on liquidity.

Notes

NOTE 29, cont'd

The table below provides a due date analysis for financial liabilities' contracted due dates. The corresponding information for financial assets is presented in Note 13.

Group, 31 Dec. 2009	Payable on demand	Up to 3 months	3-12 months	More than 1 year, but less than 5 years
Liabilities to credit institutions	473,506	5,468	280,682	—
Deposits and borrowing from the general public	5,734,648	829,351	1,232	—
Issued securities	—	2,239	31,494	998,475
Short positions	—	569,000	—	—
Fund cash payments and accounts payable	—	64,249	—	—
Other liabilities	66	5,862	—	—
Accrued expenses and prepaid income	—	20,488	—	—
Total	6,208,220	1,496,657	313,408	998,475
Derivatives				
Liabilities at market value	—	—	476,499	79,534
Assets at market value	—	—	654,438	7,085

Group, 31 Dec. 2008	Payable on demand	Up to 3 months	3-12 months	More than 1 year, but less than 5 years
Liabilities to credit institutions	1,448,078	450	—	—
Deposits and borrowing from the general public	5,285,613	1,360,507	4,487	—
Issued securities	—	—	—	—
Short positions	—	959,819	—	—
Fund cash payments and accounts payable	—	407,477	—	—
Other liabilities	—	9,141	—	—
Accrued expenses and prepaid income	—	12,310	—	—
Total	6,733,691	2,749,704	4,487	—
Derivatives				
Liabilities at market value	—	—	870,423	572,892
Assets at market value	—	—	1,499,187	392,751

Parent Company, 31 Dec. 2009	Payable on demand	Up to 3 months	3-12 months	More than 1 year, but less than 5 years
Liabilities to credit institutions	435,217	5,468	280,682	—
Deposits and borrowing from the general public	1,859,130	—	—	—
Issued securities	—	2,239	31,494	998,475
Short positions	—	542,930	—	—
Fund cash payments and accounts payable	—	29,210	—	—
Other liabilities	66	—	—	—
Accrued expenses and prepaid income	—	19,959	—	—
Total	2,294,413	599,806	312,176	998,475
Derivatives				
Liabilities at market value	—	—	401,021	79,535
Assets at market value	—	—	565,015	7,084

Parent Company, 31 Dec. 2008	Payable on demand	Up to 3 months	3-12 months	More than 1 year
Liabilities to credit institutions	1,414,551	450	—	—
Deposits and borrowing from the general public	2,467,604	—	—	—
Issued securities	—	—	—	—
Short positions	—	949,811	—	—
Fund cash payments and accounts payable	—	278,067	—	—
Other liabilities	—	—	—	—
Accrued expenses and prepaid income	—	13,829	—	—
Total	3,882,155	1,242,157	—	—

Derivatives

Liabilities at market value	—	—	693,166	572,892
Assets at market value	—	—	1,258,554	392,751

Capital adequacy analysis

Capital adequacy analysis applies to Carnegie Investment Bank AB and subsidiaries (the Group) and Carnegie Investment Bank AB (Parent Company). For specification of subsidiaries, see Note 15. Carnegie Investment Bank AB fulfils the requirements for start capital.

Carnegie analyses future capital requirements through the ICAAP (Internal Capital Adequacy Assessment Process), which means that future capital requirements can be guaranteed. For more information about the ICAAP, see page 18.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Capital adequacy				
Capital base	1,710,926	2,292,953	1,939,513	2,437,595
Capital requirement	—687,113	—752,119	—309,480	—301,812
Surplus capital	1,023,813	1,540,834	1,630,033	2,135,783
Capital quotient	2.49	3.05	6.27	8.08
Tier I quotient	2.49	3.05	6.27	8.08
Capital base				
Share capital	200,000	200,000	200,000	200,000
Other capital contributions/statutory reserve	2,811,312	40,000	40,000	40,000
Reserves	60,726	118,699	—	—
Profit/loss brought forward	—567,775	2,054,120	2,477,536	2,300,197
Anticipated dividends	—525,000	—	—525,000	—
Deduction items				
Goodwill and intangible assets	—17,431	—17,978	—9,792	—5,976
Deferred tax assets	—250,906	—101,888	—243,232	—96,626
Total Tier I capital	1,710,926	2,292,953	1,939,513	2,437,595

Notes

NOTE 29, cont'd

Credit risks

Carnegie applies the standard method for calculating credit risks.

	Group		Parent Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Capital requirements from exposure to				
Governments and central banks	5,352	—	—	—
Municipalities and comparable public bodies and authorities	—	—	—	—
Institutional exposure	48,603	59,016	35,495	9,660
Company exposure	79,258	39,384	23,075	7,044
Household exposure	10,093	1,919	2,516	1,317
Exposure with collateral in property	—	38	—	38
High-risk items	—	—	—	—
Exposure to funds	—	—	—	—
Other items	39,867	49,786	24,061	23,560
Divestment risks in the trading book	417	1,638	414	824
Total capital requirements for credit risks	183,590	151,781	85,561	42,443
Capital requirements for risks in the trading book				
Equity risk				
Specific risk	9,197	7,760	6,813	6,535
General risk	11,072	4,781	8,593	4,104
Total capital requirements for share price risks	20,269	12,541	15,406	10,639
Interest risk				
Specific risk	543	628	—	—
General risk	2,369	9,531	1,720	9,489
Total capital requirements for interest risks	2,912	10,159	1,720	9,489
Currency risks				
Total capital requirements for currency risks	75,675	32,398	18,264	23,208
Operational risks				
Carnegie applies the base method for calculating operational risks				
Income indicators – average of income over the past three years	2,697,777	3,634,933	1,256,856	1,440,219
Capital requirements for operational risks, 15% of income indicator	404,667	545,240	188,528	216,033

NOTE 30 Other assets and provisions for pensions

PARENT COMPANY

Other liabilities include pension obligations. These pension obligations are handled according to the rules for defined-contribution pension plans. They are guaranteed in the form of company-owned endowment insurance, the value of which is included among other receivables. The gross recognised market value in the Parent Company is shown below. In the consolidated accounts, they are recognised as net amounts.

	Parent Company	
	31 Dec. 2009	31 Dec. 2008
Other assets		
Company-owned endowment insurance	320,287	320,508
Provisions for pensions		
Provisions for pensions and similar commitments according to the Pensions Vesting Obligations Act.	320,287	320,508

Certification

The Board of Directors and the CEO hereby certify that the Annual Report was prepared in accordance with the Act on Annual Reports of Credit Institutes and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual reports and securities companies (FFFS 2008:25) and recommendation RFR 2.2 Reporting of Legal Entities, that it provides a true and fair view of the company's financial position and earnings and that the Board of Directors' report provides a true and fair overview of the Group's business, financial position and earnings and that it describes significant risks and uncertainty factors facing the company.

The Board of Directors and the CEO hereby certify that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Act on Annual Reports of Credit Institutes and Securities Companies, FFFS 2008:25 and RFR 1.2 Supplementary Accounting Principles for Corporate Groups, that they provide a true and fair view of the Group's financial position and earnings and that the Board of Directors' report provides a true and fair view overview of the Group's business, financial position and earnings and describes significant risks and uncertainty factors facing the companies included in the Group.

Stockholm, 25 March 2010

The consolidated income statement and balance sheet will be presented to the Annual General Meeting on 12 April 2010 for resolution.

Arne Liljedahl

Chairman of the Board

Björn Björnsson

Fredrik Cappelen

Harald Mix

Fredrik Strömholm

Patrik Tigerschiöld

Frans Lindelöw

President

Our audit report was submitted on 25 March 2010

PricewaterhouseCoopers

Michael Bengtsson

Authorised Public Accountant

Auditor in charge

Susanne Sundvall

Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Carnegie Investment Bank AB
Corporate registration number 516406-0138

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Carnegie Investment Bank AB for the year 2009. The Board of Directors and the CEO are responsible for these accounts and the administration of the company, as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the CEO. We also examined whether any board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

Stockholm, 25 March 2010
PricewaterhouseCoopers

Michael Bengtsson
Authorised Public Accountant
Auditor in charge

Susanne Sundvall
Authorised Public Accountant

Board of Directors



ARNE LJLJEDAH

Born 1950

Chairman of the Board

Arne Liljedahl is a partner in European Resolution Capital (ERC) and has assignments as a Board member of Lindor and as senior advisor to Ernst&Young.

Arne Liljedahl previously held positions that included CFO of Nordea and Vice Chairman of the Bank Association.



BJÖRN BJÖRNSSON

Born 1946

Board member

Björn Björnsson conducts own consulting operations within the financial sector and is Chairman of Bure Equity AB. Björn Björnsson is also a Board member of AcadeMedia and H. Lundén Kapitalförvaltning.



FREDRIK CAPPELEN

Born 1957

Board member

Fredrik Cappelen is Chairman of Byggmax, Swedbergs, Munksjö and ICC Sweden and a Board member of Securitas and Cramo.

Fredrik Cappelen previously held positions including President and CEO of Nobia.



HARALD MIX

Born 1960

Board member

Harald Mix is founder and President of the private-equity company Altor. He is also a Board member of Lindorff, Realcom, PIAB, Dustin, Euro Cater, Wrist Group, Northstar and Papyrus. Harald Mix previously held positions including partner in Industri Kapital.



FREDRIK STRÖMHOLM

Born 1965

Board member

Fredrik Strömholm is founder and partner in the private-equity company Altor and Board member of Apotek Hjärtat, Ferrosan, Nimbus, Q-Matic and Åkers.

Fredrik Strömholm previously held positions as Managing Director of Goldman Sachs and Nordic Capital.



PATRIK TIGERSCHIÖLD

Born 1964

Board member

Patrik Tigerschiöld is President of Bure Equity AB. He is Chairman of AcadeMedia, Vitrolife, The Chimney Pot AB and PartnerTech. Patrik Tigerschiöld is also a Board member of H. Lundén Kapitalförvaltning and Micronic Laser Systems.

Group Management



FRANS LINDELÖW

Born 1962

President and CEO since September 2009. Frans Lindelöw worked previously within the Nordea Group where he was most recently head of Swedish operations and a member of Group Management. Prior to that, he was head of Nordea Securities. Previous positions include Head of European Equities for HSBC in London and Stockholm and Vice President Derivative Sales for Salomon Brothers in London.



PETER BÄÄRNHIELM

Born 1958

Co-head of the Investment Banking business area since November 2008. Prior to joining Carnegie in 1997, he was one of the founders and partners of the law firm Danowsky & Partners. Previous experience includes SEB Enskilda and Lagerlöf & Leman Advokatbyrå in Stockholm.



HENRIC FALKENBERG

Born 1960

Co-head of the Securities business area since 2009. From 1998 to 2009, Henrik Falkenberg held the corresponding position at Enskilda Securities. Prior to that he was head of Swedish Equities at Alfred Berg for eight years and he has also worked at Öhman Fondkommission and Consensus Fondkommission within equity sales.



CLAES JOHAN GEIJER

Born 1957

Head of the Private Banking business area since November 2008. Managing Director of Banque Carnegie Luxembourg S.A. since 2001. Prior to joining Carnegie in 2001, he was one of the partners at the Nordic venture capital company IT Provider. Previous experience includes Swedbank, Lexmar Corporation, Stora and Swedish Match in Sweden and other countries.



BJÖRN JANSSON

Born 1963

Co-head for the Securities business area since 2009. Björn Jansson has previously worked at Enskilda Securities for eleven years, as global head of research and co-head for SEB Enskilda Securities. During 1993-1998 Björn worked at Alfred Berg as global head of research and, before that, as sector analyst and local head of research at Enskilda Fondkommission in Stockholm.



ANDERS KARLSSON

Born 1966

Chief Financial Officer since August 2009, previously Chief Risk Officer at Carnegie. Between 1999 and 2008 Anders Karlsson held various management positions within Swedbank, most recent as Chief Risk Officer. Previous experiences also include Volvo Car Finance in Brussels and Handelsbanken in Stockholm.



ANDERS ONARHEIM

Born 1959

Co-head of the Investment Banking business area. Before joining Carnegie, Anders Onarheim was head of equity trading at Enskilda Securities in Norway between 1994 and 1996. From 1990 to 1994, he was Executive Director within investment banking at Goldman Sachs in London and Vice CEO institutional sales at Merrill Lynch in the US and the UK from 1990 to 1994.

Definitions and glossary

Average number of employees: The total number of paid working hours for all employees divided by the normal number of working hours per employee for the entire period.

Average number of shares: The total number of shares, included any new issues, as a weighted average during the period.

Capital adequacy ratio: Total regulatory capital base (primary capital plus Tier 2 capital) as a percentage of risk-weighted assets.

C/R ratio: Total costs (expenses), including allocations to the profit sharing system, as a percentage of total revenues (income), including income from associated companies and other significant holdings.

Currency risk: The risk of deviation in the value of assets, liabilities and derivatives due to exchange-rate fluctuations.

Discretionary asset management: Asset management on behalf of an individual client according to specific guidelines and investment strategies.

Earnings per share: Profit for the period divided by the average number of shares.

Interest risk in the balance sheet: The risk that net interest income is negatively affected by changes in market interest rates.

Interest risk in the trading portfolio: The risk of a decline in value of financial instruments whose value is affected by changes in interest rates.

Lending to the public: Lending to the public, primarily to private clients, against collateral in the form of shares.

Liquidity risk: The risk of a negative effect on income for ensuring that the Group's payment obligations are fulfilled on time.

Number of employees on the closing date: The number of annual employees (full-time equivalent) on the closing date.

Tier 1 capital: Shareholders' equity plus the equity portion of untaxed reserves minus goodwill, any proposed dividends, deferred tax assets, intangible assets and any treasury shares.

Profit margin: Profit before tax as a percentage of total income, including income from associated companies and other significant holdings.

Profit per share: Profit for the period divided by the average number of shares.

Regulatory capital base: Primary capital plus Tier 2 capital.

Return on shareholders' equity: Profit for the most recent 12-month period as a percentage of average shareholders' equity.

Risk-weighted assets: A measure of the total risk exposure at any given time. Risk-weighted assets consist of credit risks (lending or counterparty risks) and market risks (from proprietary trading and market making). As of 1 February 2007, operational risks are also included. The carrying amount of assets valued in accordance with the Swedish Financial Supervisory Authority's capital adequacy rules.

Share price risk: The risk of losses due to changes in share prices.

Tier 2 ratio: Total regulatory capital base (primary capital plus Tier 2 capital) divided by the total capital requirement for credit risk, market risk and operational risk.

Volatility risk: The risk of deviation in the value of a financial instrument as a result of the magnitude of price movements changing.

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