



CARNEGIE HOLDING AB

Annual Report 2014



YET A NEW DAY, ANOTHER YEAR

2014 was another year of significant change in our business environment and on the financial markets. Companies merged, interest rates were cut, currencies grew stronger or weaker and employment statistics were surprising. In this swiftly changing world, Carnegie guides its clients towards better business.



19.5%

Common equity Tier I capital ratio

2,076
SEKm

Operating income

235
SEKm

Profit for the year

140
SEKbn

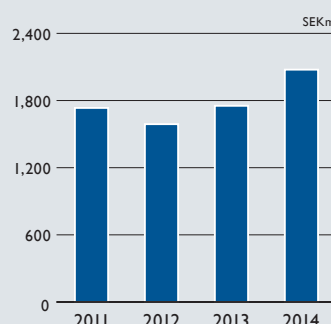
Assets under management

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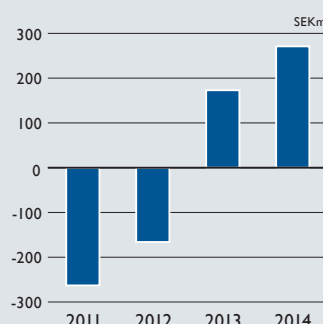
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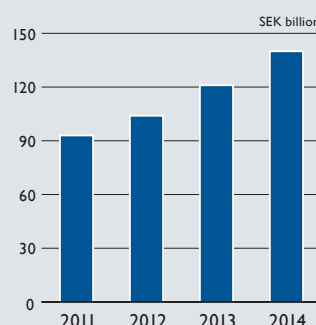
INCOME



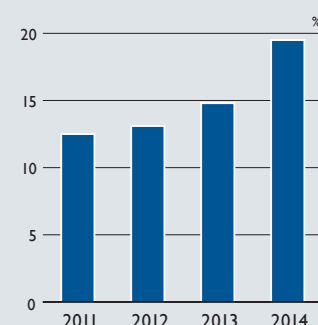
PROFIT BEFORE TAX



ASSETS UNDER MANAGEMENT



TIER I CAPITAL RATIO



OPERATIVE INCOME STATEMENT SUMMARY

SEKm	2013	2014
Operating income	1,753	2,076
Personnel expenses before variable remuneration	-1,347	-1,523
Profit before variable remuneration	406	553
Financing expenses, variable remuneration, amortisation of intangible assets	-245	-300
Profit before items affecting comparability, credit losses and tax	161	253
Items affecting comparability, credit losses and tax	33	-18
Profit for the year	194	235

KEY DATA

	2011	2012	2013	2014
C/I ratio, %	115	111	90	87
Total assets, SEKm	12,483	10,741	10,613	12,443
Common Equity Tier I Capital, SEKm	906	824	969	1,272
Total capital bass, SEKm	1,316	1,234	1,378	1,770
Capital adequacy, %	18.2	19.6	21.1	27.2
Average number FTE employees	808	704	631	633

FINANCIAL BANK DGE

Carnegie is a leading provider of financial advisory services and asset management in the Nordic region. Our operations are divided into two business areas: Investment Banking & Securities and Wealth Management. Here is how we guide our clients towards better business.

Advisory services in corporate finance

With Carnegie's local presence, unique knowledge and experience acquired over many years, we have long been a leading Nordic adviser in mergers and acquisitions and equity market transactions in the region. Carnegie also offers capital acquisition solutions to companies via corporate bonds, for example.

Brokerage and research

Carnegie offers services in research, equity sales, sales trading and equity market transactions to Swedish and foreign institutions and investors. Carnegie's top-ranked research and equity sales enjoy a globally leading position in Nordic equities.

Wealth management for individuals

Carnegie provides comprehensive financial advisory services to high net worth individuals, small businesses, institutions and foundations. The staff of Carnegie Private Banking includes experts in asset allocation, asset management, law, tax management, pensions and securities trading.

Actively managed investment funds

Carnegie is one of the larger independent fund managers in Sweden. We are engaged in focused value management of Swedish equities, Nordic commercial paper and equities in selected emerging markets. The unit funds are invested in a limited number of assets assessed as attractively valued – an investment philosophy we call active value management. Nearly 90 percent of fund assets are five-star rated by Morningstar.

Products for all risk profiles

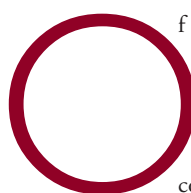
Carnegie offers structured products, such as equity-linked notes, that combine different financial instruments and which are designed to fit various risk profiles.

2014 IN SUMMARY

- High activity and rising market values had positive impact on Carnegie's income, which rose to SEK 2,076 million (1,753).
- Carnegie executed the highest number of equity market transactions in the Nordic market in 2014, including 15 IPOs.
- Carnegie Private Banking in Sweden launched a new investment offer and wealth management model for private individuals in the Swedish market – Life & Money.
- Carnegie was recognised with several awards:
 - ★ Nordic companies named Carnegie the best Nordic adviser in corporate finance.
 - ★ Carnegie was awarded as the best research house in Sweden in a survey arranged by Financial Hearings.
 - ★ Finance magazine Privata Affärer named Carnegie Privatbank the Best Private Bank in Sweden.
 - ★ Privata Affärer also named Carnegie Fonder Fund Manager of the Year in 2014, Carnegie Strategifond Newcomer of the Year and Carnegie Småbolagsfond Small Cap Fund of the Year.
 - ★ Fondmarknaden.se selected Carnegie Småbolagsfond as the Best Sweden Fund of the year.
- Net inflow to Carnegie Wealth Management in 2014 was SEK 8.3 billion. Total assets under management rose from SEK 121 billion in 2013 to SEK 140 billion by year-end 2014.

OUR SUCCESS ARISES FROM THE PROSPERITY WE HELP CREATE

Carnegie's success in 2014 is evidence of our ability to convert in-depth knowledge and understanding of companies, markets, industries and asset management into relevant, competitive advice.



f Carnegie's six latest years of operations, 2014 was our most profitable. Indeed, market conditions were favourable, however the foundation of our success is also the result of our long-term efforts to enhance our client focus, business development, cost efficiency and risk management. This is how we create value and assure a business model that is sustainable over time.

Favourable market development

The financial markets offered favourable conditions in 2014 for both private savers and corporate clients. Positive trends on world stock markets were sustained and the high level of business activity in 2013 continued with unabated strength during the year.

Operations in Investment Banking & Securities reaped great success as a result of higher transaction appetite in the market. Carnegie experienced a strong inflow of advisory assignments in equity market transactions as well as capital market transactions including mergers and acquisitions. Although the total market volume for equity market transactions declined somewhat during the year, there was a strong increase in the share of IPOs during the period. Carnegie executed an impressive 15 IPOs in the Nordic market in 2014, thus maintaining its leading position. Growth in M&A assignments also outperformed the market and Carnegie reinforced its position in the Nordic arena.

The positive development in 2013 of our business in the savings market, Wealth Management, continued in 2014. The savings market grew to new record levels and the favourable climate facilitated the positive net inflow of capital and a strong inflow of new clients during the year. In total, consolidated assets under management grew by SEK 19 billion, including SEK 9 billion in net inflow of new capital. Carnegie Fonder demonstrated successful management results in virtually all funds, as reflected in higher income and assets under management. Private Banking also recorded positive flows of new capital and new clients. Market development was weaker for Structure Products, which had negative impact on earnings.

Stable business model

The positive development in 2014 reflects the expertise and dedication proven by people of Carnegie, day in and day out. Our business model is built to generate the best possible results of everyone's work. For example, Private Banking and its clients derive great benefit from the unique opportunities that arise in connection with corporate finance transactions in which Carnegie is the adviser. In turn, Private Banking and other operations within Wealth Management contribute with



“Carnegie has reason for optimism in 2015.”

This is, in other words, a vital task – and one which brings great responsibility. The key is to understand the value chain that Carnegie is part of and the attitudes and changes that surround our clients and other stakeholders.

Our fundamental values

This not only defines our obligations as a builder of capital in the national economy, it also creates high expectations on every one of us at Carnegie. The words that express our values – client focus, commitment and expertise – spring from our expectations and those of our stakeholders.

Honours and awards

Carnegie's 'Bank of Knowledge' is another key concept for us. It symbolises the collective expertise that we believe creates Carnegie's distinct place in the market and acts as an internal standard in the client encounter, as knowledge must always be proven. The primary evidence is found in the delivery to our clients, but our expertise also drew attention in 2014 from other independent sources. Awards like 'Best Nordic Adviser in Corporate Finance', 'Best Private Bank in Sweden' and 'Fund Manager of the Year' are among the honours that confirm this.

Continued positive development

Carnegie has reason to look at 2015 with optimism and to expect continued good development going forward. Market conditions are presently favourable, but we know that this will change over time. For Carnegie to advance positions even under less benign conditions will require a combination of large and well-deserved trust capital, high cost-consciousness, skilled employees and ongoing business development. Carnegie will do business only in areas or markets where we have the opportunity to achieve or maintain a leading position. Our employees and our clients have no reason to settle for less.

Finally, I would like to thank my colleagues for their brilliant performance in 2014 and our clients for their trust in Carnegie.

Thomas Eriksson
President and Chief Executive Officer

earnings that are stabler than the more cyclical revenues generated through corporate advisory services.

We also aim to maintain a cost level that maintains Group stability under less favourable conditions. This requires high and constant cost-consciousness.

Our main growth areas, such as advisory services in mergers and acquisitions, capital acquisition, trading in interest-bearing instruments, Private Banking and a wider selection of funds, will further balance the product mix in each business while expanding the client offering going forward.

Carnegie's social responsibility

A sound and stable business model is also a central prerequisite for market players to assure confidence in the financial system. Carnegie plays an important role in the financial market and thus contributes to society as a whole by helping our clients make the right investments and grow their capital. When investments deliver returns, new capital can be reinvested in society.

OUR FOUNDATION IS FORGED BY THE WORLD AROUND US

OUR VISION

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

Our vision is based on our relationship with our stakeholders...

...and we meet their expectations by...

CARNEGIE'S VISION

OUR STAKEHOLDERS

CLIENTS

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

EMPLOYEES

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

OWNERS

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

SOCIETY

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

OUR BUSINESS PRINCIPLES

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

...imposing high demands on our client focus, expertise and commitment.

**CARNEGIE'S
BUSINESS
PRINCIPLES****CLIENT FOCUS**

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

EXPERTISE

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

COMMITMENT

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

FINANCIAL ADVICE IS IN INCREASING DEMAND

As the world changes faster than ever, the need for financial advice is growing. Carnegie crafts solutions that help clients prosper in an ever more complex world, whether that involves advice to Nordic business and industry, institutions or private individuals.

The world is changing at a pace that is presenting more challenges to our clients than in the past. Investment opportunities are here one moment and gone the next – which means those who want to benefit from those opportunities must be knowledgeable and decisive. Carnegie plays a self-evident role in a world where knowledge is becoming more valuable, while time and an overall view are in short supply. The value of our client offering is appreciating in step with accelerating complexity and the swifter pace of change.

CARNEGIE IS A BROAD AND REPUTABLE BANK OF KNOWLEDGE

Carnegie has been a leading provider of financial advisory services and asset management in the Nordic region for nearly a century. The knowledge is all gathered under one roof – experts in capital acquisition, research and equity sales as well as specialists in asset management, structured instruments and fund management. Together, we have built a unique financial Bank of Knowledge that guides our clients towards better business.

Proximity to the adviser wins

Nowadays, changes occur in the blink of an eye. As technology makes information immediately accessible, the 'shelf life' of business opportunities in the financial markets is growing ever shorter. This is why Carnegie puts strong emphasis on proximity to the client and short internal decision paths.

The changes we are experiencing today also tend to be more complex than before. Markets and countries are more intertwined and events have consequences on several areas simultaneously.

We believe institutions with rapid and integrated access to experts with a clear overall view have an important advantage.

Clients must be close to their advisers and their team, who provide the essential overall view. They have the knowledge, expertise and tools required to rapidly prepare a decision basis.

Wealth management from a lifetime perspective

Carnegie takes a lifetime perspective on wealth management for private individuals. That means we believe in long-term investments – where the client's total wealth has different tasks at various stages. In partnership, we generate better growth that serves the intended purpose.

★ Carnegie Privatbank was named Best Private Bank in Sweden by finance magazine Privata Affärer in 2014.

Investing where the world is growing

Carnegie invests in a limited number of attractively valued assets in Sweden, the Nordics and emerging markets around the world. This has been our steadfast investment philosophy since the beginning in 1988. Six out of 13 funds with the top Morningstar ranking account for around 90 percent of assets under management at Carnegie Fonder.

★ Finance magazine Privata Affärer named Carnegie Fonder the Swedish Fund Manager of the Year in 2014.

Top-ranked advisers in corporate finance

Two hundred years of experience in Nordic business have given Carnegie a top-ranked position in the Nordic capital markets at a time when large and medium-sized Nordic enterprises are seeking capital or are involved in structural deals such as mergers, buyouts and spin-offs.

★ In October 2014, Carnegie was ranked Best Nordic Corporate Finance Institution in the Nordic market.

Best research house in Sweden

Carnegie was awarded the most top rankings in Financial Hearings' annual survey of research departments at Swedish brokerage houses in 2014. This is evidence of our analysts' ability to interpret and draw conclusions from information about markets, sectors and companies and the ability to give our clients added value.

★ Carnegie was distinguished as the Leading Research House in Sweden in a ranking survey arranged by Financial Hearings.

A SELECT OFFERING FOR A DEMANDING CLIENT BASE

Carnegie has a broad customer base – companies and private individuals in the Nordic countries and abroad in both the private and public sectors – whose needs and preferences vary widely. Carnegie's offering therefore includes a range of different financial services and products. The Investment Banking unit offers brokerage services and advice to companies that are seeking capital or embarking on structural deals.

Private individuals in need of advice pertaining to wealth management, law and family law turn to Carnegie Privatbank to meet those needs. Carnegie Privatbank takes an overall perspective that focuses on the client's objectives for their assets.

Institutions in the Nordic region and abroad engage Carnegie for their securities deals. Private individuals who are seeking to grow their savings capital are offered the opportunity to invest in Carnegie's funds or in structured products.

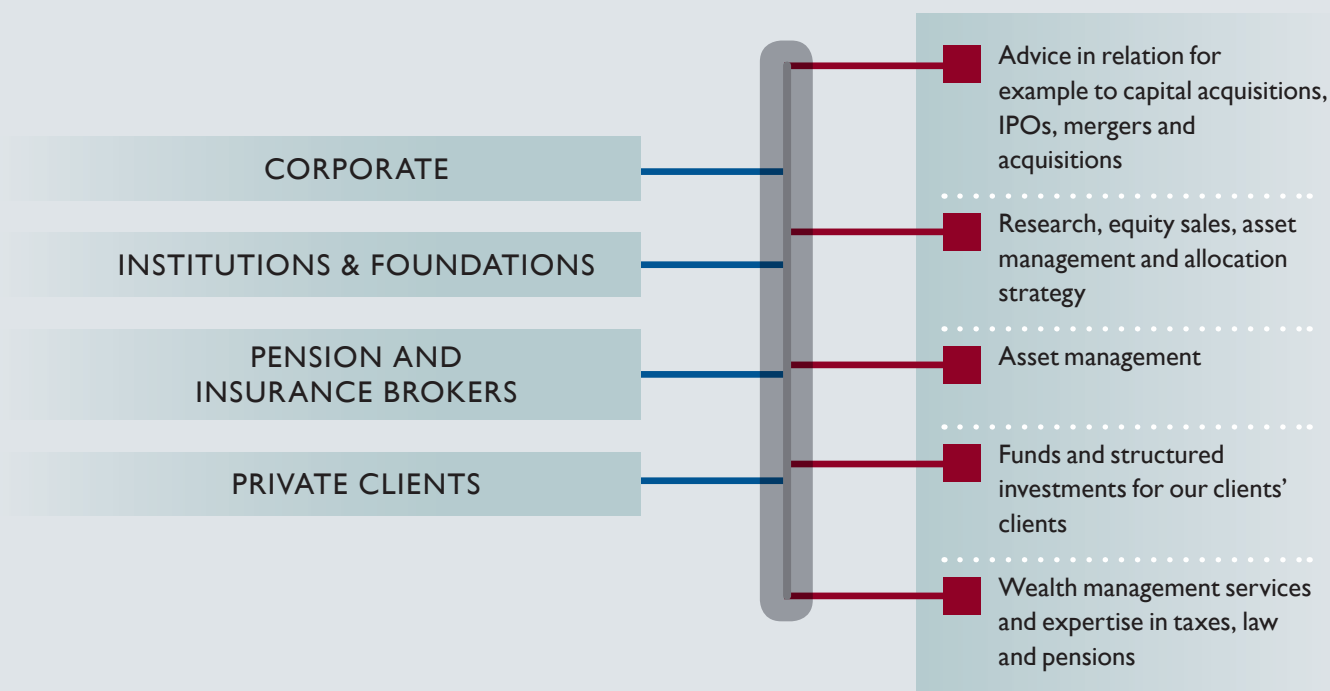
Several interfaces and channels

In many cases, the client works directly with Carnegie's advisers. In others, products and services are distributed via partners. Personal contact is critically important in corporate finance and wealth advisory services. How we approach and serve our clients is shifting and developing over time due to technological progress and changing client preferences. Web-based services are playing an increasing role for private individuals who want to manage their business themselves – whether they are trading in equities or saving in funds.

THE CLIENT RELATIONSHIP

Knowledge, judgement, integrity and confidentiality are the cornerstones of the relationship we have with our client.

CARNEGIE'S CLIENTS AND SERVICES



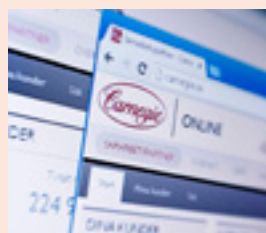


THE BANK OF KNOWLEDGE

The expert role is a key aspect of Carnegie's identity. Carnegie uses the concept of 'The Bank of Knowledge' to express the importance of knowledge to our clients and to our own competitiveness. Carnegie's recommendations are of the highest quality. They are in-depth and based on a process that unpacks the essential and meaningful aspects of phenomena. Carnegie colleagues are bearers of this knowledge and are responsible for renewing it and making it available to clients in various forms.

MANY WAYS TO MEET CLIENTS

Our clients come into contact with Carnegie in a variety of ways. New channels are complementing the traditional ones.



Carnegie on-line

Carnegie's on-line service makes it possible for private individuals to easily make securities deals on their own.



Insight & Outlook

Fund savers who save directly with Carnegie Fonder receive *Utsikt* ('Outlook') magazine. For Carnegie Privatbank clients, *Insikt* ('Insight') magazine is high-value reading.



Research and recommendations

Carnegie provides advice to institutions and private individuals concerning securities and investment strategies.



Platform for partnership

Carnegie offers its partners in brokerage and advisory services an infrastructure of custody accounts and reporting systems.



The advisers

Ultimately, everything depends on the people of Carnegie. Their commitment and expertise are a prerequisite for attracting and retaining clients.

INVESTMENT BANKING & SECURITIES

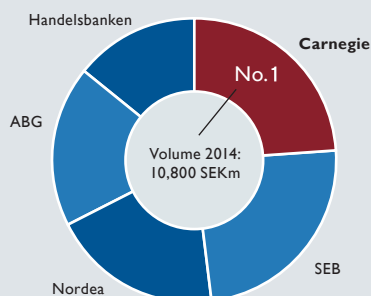
Carnegie further strengthened its leading position in the Nordic corporate finance market.

Investment Banking & Securities reported income of SEK 1,206 million (891) in 2014. Investment banking delivered outstanding performance in corporate finance, while income rose substantially in Securities due to higher commission income and ECM fees.

Carnegie in a leading position

The greater risk appetite and rising equity prices in 2014 created good conditions for IPOs and listings on the Nordic stock exchanges in Stockholm, Copenhagen, Helsinki and Oslo. A total of 91 companies were listed during the year (36 on the major lists and 56 on First North and Oslo Axxess), compared with 46 in 2013.

TOP FIVE ADVISERS IN NORDIC MID-MARKET M&A IN 2014



Refers to announced transactions to a value of SEK 3.5-35 billion with at least one Nordic party.

Source: Thomson Reuters

NORDIC IPOs IN 2014

Advisers (sole or joint bookrunner)	Volume, SEKm	Number
Carnegie	8,406	11
ABG	3,916	7
Nordea	6,614	6
Swedbank	5,029	5
SEB	6,152	4
Morgan Stanley	5,904	4
Goldman Sachs	5,597	4
UBS	2,476	2
Handelsbanken	1,887	2
Barclays	2,410	1

Source: Thomson Reuters

Carnegie acted as the advisor in 32 mergers and acquisitions and 33 equity capital market transactions during the year. Overall, Carnegie executed the highest

number of ECM transactions in the Nordics and was the third-largest player in corporate mergers & acquisitions in terms of the number of transactions. Carnegie participated in 15 IPOs in the Nordic market in 2014, acting as bookrunner or joint bookrunner in 11.

#1 NORDIC REGION'S MOST ENGAGED CORPORATE FINANCE ADVISER IN 2014

High activity in the Nordic markets

Carnegie Securities benefited from high activity in the Nordic equity markets. Trading on the Nordic stock exchanges increased by about 15 percent from SEK 22.9 billion to 26.5 billion in 2014, measured as the average value of the number of securities transactions per trading day.

Rising equity markets in the Nordics

All major Nordic markets rose in 2014, with the Copenhagen Stock Exchange leading the way. Declining interest rates contributed to lower return requirements, which, combined with expectations for economic recovery in the United States and Europe led to rising share prices.

Nordic financial market performance in 2014 should be considered in light of favourable economic development, particularly in the US, which compensated for cooling-off tendencies in China and continued weak development in Europe.

Well-known companies go to market

Eight of the 15 Nordic IPOs in which Carnegie participated in 2014 were Swedish companies. The major Swedish IPOs included Com Hem, Sweden's leading provider of broadband, television and telephone services; Recipharm, a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry; and Gränges, a leading global supplier of rolled products for soldered aluminium heat exchangers. Norway accounted for five and Denmark for two Carnegie-led IPOs. Seen as a whole, the companies were evenly distributed across sectors such as the building industry, energy, service, biotechnology and IT.

FOCUS: INVESTMENT BANKING

Carnegie the frontrunner in the Swedish IPO market



Nordic stock market trends were positive in 2014 and the volume of mergers and acquisitions increased compared with 2013. In spite of the steep increase in Nordic IPOs, there was a slight decline in the volume of equity market transactions in the Nordic market in 2014 compared with 2013.

Carnegie enjoyed favourable market conditions in 2014.

The company acted as an adviser in 32 Nordic announced mergers and acquisitions (with at least one Nordic party) to a total value of approximately SEK 65 billion. This put the company in 10th place among the most frequently engaged advisers in the Nordic region based on the total value of the transactions, and 3rd place in terms of number of transactions (a total of 476).

Carnegie was the clear market leader in Nordic IPOs. With its involvement in an impressive 15 IPOs, as bookrunner or joint bookrunner in 11, to a total value of approximately SEK 10 billion, Carnegie far outdistanced its closest competitor in terms of both number and volume.

Clear frontrunner in the Swedish market

The Swedish IPO market took off again in 2014 after a protracted period of low activity. In the wake of Sanitec's successful listing in December 2013, an impressive 13 IPOs followed in 2014 with a

transaction value of more than USD 50 million (approximately SEK 425 million). The total transaction volume was approximately SEK 33 billion. Carnegie has been a key component of the positive market change. Carnegie actively participated in 8 out of 13 IPOs in Sweden (corresponding to about three quarters of total transaction volume in SEK). Carnegie was joint bookrunner in 7 of these, which is significantly more than all other institutions in the market.

Early support among long-term investors

Carnegie has held a strong position in the IPO market for a very long time. The company continues to advance its positions and is an undisputed market leader. Garnering early support among long-term investors is a distinct new trend in the Swedish IPO market. Here as well, Carnegie has led the way and a great deal of time is devoted to presenting the companies to key investors at an early stage. Ahead of the IPO of e-commerce company Dustin, for example, Axel Johnson, the Fourth National Swedish Pension Fund and Swedbank Robur had, upon certain conditions, committed to subscribing for shares equal to 10%, 5% and 5%, respectively, of the company's total number of shares after the IPO. Generally speaking, there was widespread interest among Swedish and foreign investors in all companies that Carnegie took to market in 2014.

WEALTH MANAGEMENT

Carnegie has the best private bank in Sweden and top-ranked funds. Strong new capital inflow contributed to the increase in assets under management.

Income amounted to SEK 870 million (861). Assets under management increased from SEK 121 billion to 140 billion. Wealth Management operates in the Nordic savings market with a broad offering aimed at private individuals and institutions. This includes equity and bond funds, structured products, asset management services and advice pertaining to taxes, law and pensions. Operations are conducted in Carnegie Privatbank, Carnegie Fonder and Structured Finance.

Carnegie Private Banking

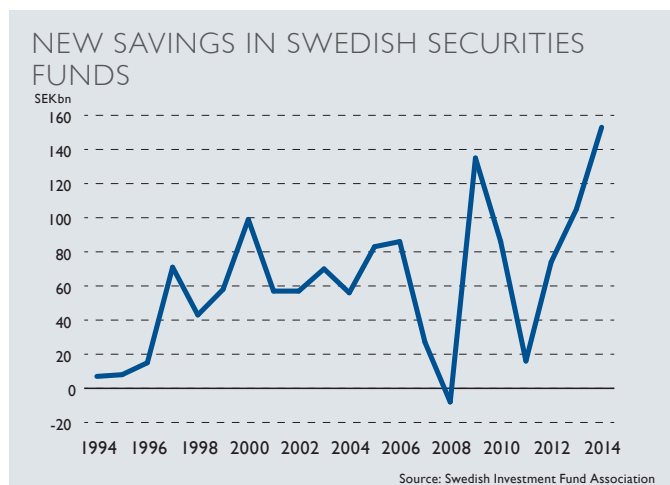
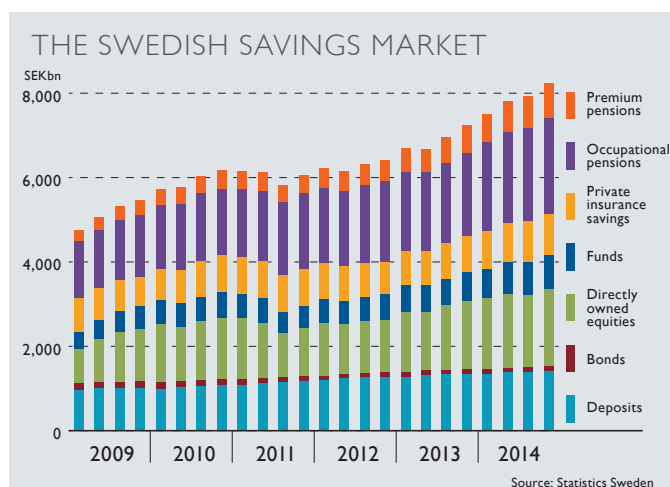
Carnegie Privatbank has received the Best Private Bank in Sweden award three times in the last five years, most recently by finance magazine Privata Affärer in 2014. Private Banking clients include individuals, company owners, foundations and institutions. The unit works from a

variety of perspectives on wealth – returns, taxes, law, insurance and pensions – to achieve good outcomes.

Wealth Management offers a variety of investment forms, such as purchases of individual securities, hand-picked fund investments or pre-structured portfolios with a variety of characteristics. Carnegie Privatbank provides a complete private banking service with specialists close at hand and emphasises short internal decision paths. The proximity to Carnegie's market-leading investment bank and top-ranked research house provides access to unique investment opportunities.

Carnegie Privatbank launched the 'Life & Money' investment offering in 2014, based on wealth management expertise linked to understanding of what our clients' wealth is meant to achieve for them.

#1 BEST FUND MANAGER AND BEST PRIVATE BANK IN SWEDEN



Carnegie Fonder

With SEK 51 billion in assets under management at year-end 2014, Carnegie Fonder is one of the largest fund managers in Sweden, after the major financial institutions. Carnegie specialises in Swedish equities, Nordic commercial paper and equities in selected emerging markets around the world. Carnegie invests in a limited number of attractively valued assets. All funds are actively managed based on keen analysis and a conscious philosophy.

Carnegie Fonder continued its positive development in 2014 and increased revenues, assets under management and profits on the strength of successful management and favourable market conditions. Swedish finance magazine Privata Affärer named Carnegie Fonder the Swedish Fund Manager of the Year in 2014. The award is proof of the outstanding effort and good performance achieved by Carnegie Fonder in recent years. Six out of Carnegie's 13 funds are five-star rated by Morningstar and several Carnegie managers are regularly ranked as the best in Sweden.*

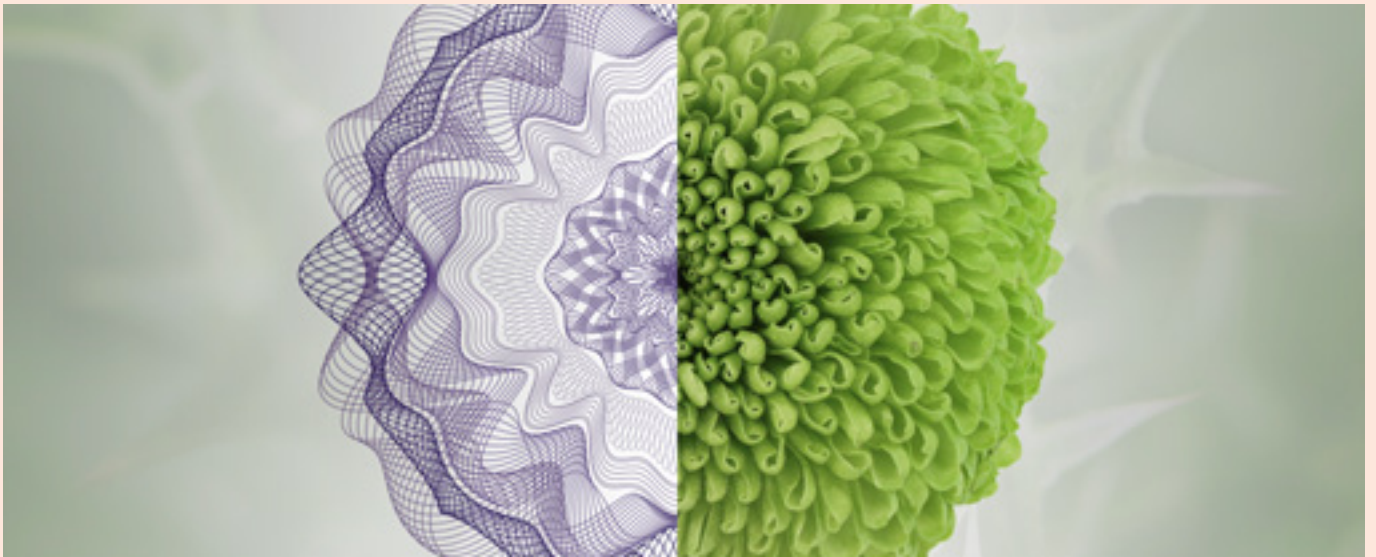
Structured Finance

'Structured investments' is a general term for a wide variety of compositions of financial securities. Examples of the various types include equity-linked notes, autocall, index-linked certificates, credit certificates and leverage certificates. Clients access the products directly from Carnegie or through the brokers and/or financial advisers with whom Carnegie partners.

* Morningstar assesses long-term risk-adjusted returns. Only the top 10 percent in each fund category are awarded five stars, and a minimum three-year history is required.

FOCUS: WEALTH MANAGEMENT ADVICE

Life & Money – asset management from the client perspective



New investment offering in the Swedish market

Carnegie Privatbank in Sweden launched the new offering in 2014 – Life & Money – a service that extends beyond returns and whose distinct point of departure is the individual's unique life situation and goals for their assets. The launch was inspired by a deeply felt conviction that the Swedish market was ready for a new perspective on private banking.

Goal-oriented clients seeking a plan

According to an interview survey in 2014 of 500 Swedes with net worth above SEK 5 million, their most common goals for their wealth were to:

- 52%** Help get my children off to a good start in life
- 39%** Secure a high standard of living for my entire life
- 23%** Decide for myself when I want to retire
- 20%** Set aside assets for future generations
- 20%** Self-actualisation through, for instance, experiences and travel
- 13%** Start and build a business
- 10%** Give to charity or research

Note: Some respondents reported more than one goal and the percentages therefore do not add up to 100.

Only four percent of respondents reported that they had no wealth management goals. Almost all respondents were very clear about what they wanted to achieve with their wealth – but only 18 out of 100 reported that they had a plan for how their assets would get them there.

Carnegie's holistic solution

Carnegie Privatbank offers a holistic solution based on understanding of the client's life as a whole, their preferences and their needs. Personal advisers who see the big picture and understand the purpose of their clients' wealth management. The solution is based on an approach that unites knowledge about how money grows with insight into what clients want to use their wealth for.

Carnegie sees the opportunity – challenges the big banks

The conditions for a successful initiative are good. The Swedish private banking market is dominated by the big banks. They account for 85-90 percent of private wealth management. Supported by a strong brand Carnegie is optimistic about the new offering.

More complex world

The initiative should also be regarded in light of structural changes in the Swedish savings market. On the macroeconomic level, globalisation is leading to greater complexity while the low interest rate environment is fuelling a race for returns. When public social security systems are perceived as inadequate, individuals are having to take increasing personal responsibility for their savings. Technological possibilities are creating new products and channels. But rather than eliminating uncertainty, more freedom of choice is making savers even less sure. As a whole, these changes are leading to greater needs for the advice and knowledge that Carnegie Privatbank is eminently equipped to provide.

CLIENT: OUR PORTFOLIO NICELY WITH CARNEGIE'S

Robert Szabó is an entrepreneur and founder of Matrisen, an accounting consultancy. His company has long been distinguished by its high growth rate. Matrisen's net sales have periodically increased by 30-35 percent per year. As a result, the company has several times been named both Super Company by the Swedish finance magazine Veckans Affärer and Gazelle Company by Dagens Industri newspaper.

Doing the same thing over and over again is not for Robert Szabó: his goals are development, innovation and improvement. One successful strategy has been to help his clients use financial information as a decision basis to optimise business management.

'To be a winner, you have to keep track of your numbers,' he says. 'Think about it in terms of a regatta. A lot of sailors say things like "everything feels good on the boat" or "the sails are up", but that is not enough if you want to win the race. You have to know what is good – not just feel it,' he says.

Robert knows whereof he speaks. Matrisen entered its first regatta in 2007, starting in the X-27 and X-35 classes, and competed most recently in the Farr 30 class. Matrisen, with its professional crew and Robert as tactician, have won races including the ÅF Offshore Race in 2010, 2011 and 2013, and came in second in the 2014 ORC World Championship in Copenhagen.

'The boat increases awareness of us and shows that we have big ambitions and are in great form. Sailing is an outstanding platform. It gives you access to a world with a very high population of entrepreneurs, great and small. You connect through sailing and that makes it easier to do business.' Robert Szabó has been a client of Carnegie Privatbank for a couple of years, after a friend recommended Carnegie adviser Daniel Dahlstedt.

'I am very interested in the stock market and have dabbled off and on my entire life, but have never really had the time to trade on a serious level. For the last couple of years, I have focused on the total portfolio, aiming to build a good structure that is more able to progress on its own. I am getting close to that situation now and it feels good,' Robert Szabó relates.

Robert Szabó
Entrepreneur,
interested in the stock
market and client of
Carnegie Privatbank



IS COMING ALONG HELP



OUR POSITION MANDATES RESPONSIBILITY

Carnegie has an important position in the financial market. Bearing responsibility towards all our stakeholders is a prerequisite for continued success.

Carnegie is helping to build and strengthen society by making it easier for companies and organisations to acquire capital that equips them to expand and develop new products and services. This in turn creates jobs, security, prosperity and economic growth. As we help institutions and private individuals to grow their investments, new capital is unleashed on the market.

We are humbled by the responsibility placed upon us in our role as a key institution in the financial market and understand the importance of systematic sustainability management. Our clients expect safe and reliable advice and management based on their needs and our colleagues expect the conditions necessary to enhance their expertise and commitment. Important aspects for our owners and investors include long-term profitability and responsible corporate governance.

CARNEGIE SOCIAL INITIATIVE

Since 2002, Carnegie has been supporting social projects around the world that give young people a brighter future, through the Carnegie Social Initiative, a voluntary organisation. Future-oriented initiatives are being carried out on behalf of disadvantaged children and youth in India and Uganda in carefully selected and quality-audited projects.

About 30 percent of Carnegie's employees are supporting the projects through monthly donations that are matched by equal donations from the company.

SOCIETY

Lenders and asset managers fill a vital function in ensuring the supply of capital in society. Secure and efficient function of the financial system as a whole is in the public interest. Carnegie and other financial intermediaries are responsible for the sustainability of the financial system.

Regulatory compliance and risk

Generally speaking, regulatory compliance and the capacity to take and manage risk are critical to the success of the Carnegie Group. This is necessary to maintain the trust of strategic stakeholders such as licensing authorities, clients, owners, lenders and employees. All stakeholders have an interest in Carnegie's operation of a sound business with carefully considered risk.

Sound business model

Carnegie has been working for several years to expand its operations and become a broad-based financial Bank of Knowledge for financial services in order to create more stable income and profit development. The Group has grown and intends to continue growing within asset management, where recurring revenues are a key element of the business model. As a result of several actions taken in recent years, the Carnegie Group overall now has a lower risk profile than in the past. Carnegie is financially strong and well-equipped to withstand unforeseen events.

CLIENTS

Carnegie acts as an adviser to companies in connection with, for example, capital acquisition, structural deals and IPOs, as well as institutions and private individuals in connection with securities deals and wealth management. The role of adviser and wealth manager is predicated upon integrity and responsible investment.

When Carnegie acts as an adviser to companies, institutions and private individuals, it all begins with the clients' needs and preferences. Advice must be characterised by superb quality and professionalism. Carnegie's objective is long-term client relationships based on trust.

EMPLOYEES

Carnegie strives to attract, retain and develop colleagues who are motivated by the company's ambition to meet our clients' expectations. Our business is based on the expertise, commitment and client focus of our employees. Carnegie contributes to their development by providing the best possible conditions. Proud and committed employees are a key success factor.

Employee development is accomplished through lessons learnt in the day-to-day work linked to various training programmes. Each individual's development plans are discussed and established within the framework of regular evaluations of all Carnegie employees in the Performance Management process.

OWNERS

Carnegie looks after the interests of its owners by achieving their return requirements and otherwise running the business in such a manner that the value of their ownership of a healthy and stable company is preserved or increased.

Carnegie does not only strive to deliver good returns at defined risk to its owners. Carnegie ensures that the company has management and reporting procedures that make it possible for owners and executive management to fulfil their owner/management responsibility in an adequate manner.

ENVIRONMENT

As an investment bank and wealth manager, Carnegie's direct environmental impact is relatively limited. We select suppliers for supplies and services such as electricity, cleaning and food service that support Carnegie's values concerning a good environment.

IT is the main source of the environmental impact of the business and the company has established procedures for managing IT waste. All worn-out IT equipment at Carnegie is collected and managed by an external party in compliance with applicable EU directives.



CHAIRMAN'S MESSAGE

Carnegie is stronger today than it has been for many years.

Few companies have undergone such a turbulent period as Carnegie over the last five years. The regained strength of the company says something about the inherent power of the Carnegie brand and the employees who uphold it, but it is also proof that our long-term strategy is delivering results.

Board focus

When Altor stepped in as the largest shareholder in Carnegie in spring 2009, the global financial crisis had changed the entire market. The crisis had major impact on the industry and the consequences for Carnegie were serious. Our strategy since then has been clear. A sound growth strategy with effective risk control and internal governance, financial stability and vigilant cost consciousness are and will remain our main focus areas.

Adjustment to a new reality

Tighter regulation of capital adequacy, internal governance, control, risk management and regulatory compliance have increased the costs of running a business in the financial services market. This has entailed a structural transformation for small and medium sized companies, where the business model has to be adjusted and where efficient processes and higher client volume are becoming increasingly important to profitable growth. This has also been the point of departure for the strategic work of the board.

More stable business model and higher profitability

We have expanded the scope of our operations in recent years and balanced revenue flows between asset management and the investment bank to build a more stable whole - which contributes to a sound business model over the long term. Carnegie's financial position is strong. The Common Equity Tier 1 Capital (CET1) ratio is 19.5 percent and the liquidity coverage ratio is more than three times the forthcoming legal requirement. As planned, we will in May 2015 settle the outstanding debt instrument within the Swedish National Debt Office guarantee scheme. Carnegie's operations are heavily cyclical and we are experiencing very good times at the moment. Long-term, it is crucial to Carnegie that we continue to strive for a culture in which cost control and smarter working methods make us cost-competitive.



Social responsibility

The board also initiated a project in 2014 to define Carnegie's approach and assumption of responsibility in the area of sustainability. Carnegie plays an important role in the financial services market and enjoys a leading position in several business segments. That leadership places a responsibility upon us to meet and preferably exceed the expectations and demands of our stakeholders.

Outlook

I am convinced that Carnegie is going to further strengthen its position and continue delivering competitive advice to our clients. We are strong and see further growth potential in all business areas. The strategy is solid and the board and management will maintain focus on the strategic choices that create optimal conditions for Carnegie and our stakeholders.

Bo Magnusson
Chairman

CORPORATE GOVERNANCE

Corporate governance refers to the decision processes through which the owners, directly or indirectly, govern the Group. Governance, management and control are distributed among the shareholders, the Board of Directors, Board Committees and the CEO.

The Articles of Association, external regulations and standards set the operational frameworks of the company's business. Governance within the Carnegie Group is also regulated by internal policy documents and instructions that are updated and approved annually by the Board of Directors and the CEO.

The Board of Directors' responsibilities

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

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

The Board of Directors held 11 meetings in 2014.

The Board of Directors' work in 2014

The Board carries out its work according to an annual plan, by which the Board regularly follows up and evaluations operations based on the objectives and guidelines adopted by the Board. This work also includes monitoring risks, capital and liquidity in ongoing operations as well as the Internal Capital Adequacy Assessment Process (ICAAP) and other stress tests. Further study and ongoing skills development relating to competition and business intelligence, the various businesses within the Group, major projects and new regulations are also carried out within the board of directors' remit.

Board Committees

The Board of Directors cannot delegate its overarching responsibility, but the Board has established committees to manage certain defined

matters and to prepare such matters for decision by the Board. The Board presently has two committees: The Audit, Compliance, Capital and Risk Committee (ACCR), and the Remuneration Committee. The Committees report regularly to the Board. Committee members are appointed by the Board for a term of one year.

ACCR is tasked with supporting the Board in its work to review and ensure that the Group is organised and managed in such a manner that the business is operated in compliance with laws and regulations, that all risks in group operations are identified and defined and that such risks are measured, monitored and controlled in accordance with the board's risk appetite statement. The ACCR also continuously monitors the Group's risk and capital situation and supports the Board in its efforts to assure the quality of the Group's financial reporting and internal control over financial reporting. The Committee communicates regularly with the Group's internal and external auditors, discusses coordination of their activities and ensures that any problems to which the auditors have objected or noted are rectified.

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

CEO and Group Management

The President and CEO is the executive who is ultimately responsible for ensuring that the strategic direction adopted by the Board and other decisions are implemented and followed by the business areas and subsidiaries and that risk management, governance, IT systems, organisation and processes are satisfactory, with particular consideration given to risk. The CEO has the option to delegate tasks to subordinates but in so doing is not relieved of his responsibility. To support his work, the CEO has appointed a Group management team for consultation on important matters.

Internal Audit

The primary duty of the Internal Audit Department is to evaluate the adequacy and effectiveness of internal controls and risk management. Internal Audit is independent from the business operations and reports directly to the Board. The principles that govern the work of Internal Audit are reviewed and approved annually by the ACCR and adopted annually by the Board of Directors.

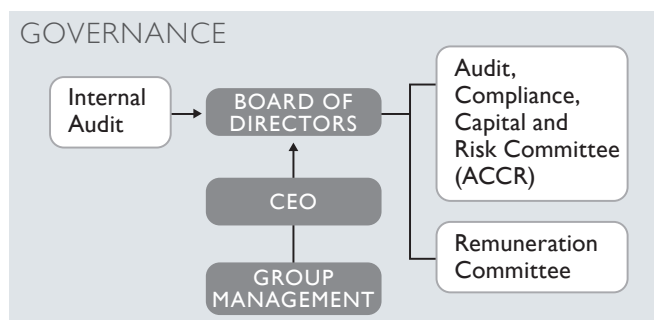
See pages 28-32 for a more detailed description of risk management at Carnegie.

Remuneration principles

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

Remuneration model

Skilled and dedicated employees are the key to creating value for



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

Remuneration policy

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

Fixed remuneration

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

Variable remuneration for the Group and to each segment

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

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

The CEO presents the proposal, including assessment based on the aforementioned factors, to the Remuneration Committee. The Remuneration Committee gives particular consideration to any risks that may be associated with the proposal to ensure that it is consistent with Carnegie Group's preferred level of risk. The Committee also analyses the impact on Carnegie's present and future financial position. The assessment is based on the forecasts used in the ICAAP. Special attention must be paid to ensuring there is no risk that capital targets set by the Board will be missed. Finally, the Committee assesses whether there is any risk of conflicts of interest and, if so, how the conflicts will be managed.

The recommendation from the Remuneration Committee forms the basis of the Board's final decision on variable remuneration.

Individual performance assessment

Carnegie applies a corporate-wide annual process to evaluate individual

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

Defined identified staff

Based on guidelines issued by the Swedish Financial Supervisory Authority (*Finansinspektionen*) and Regulatory Technical Standards issued by the European Banking Authority (EBA), Carnegie has recognized 'Defined identified staff', which refers to employees who exert significant influence over the company's risks that could lead to significant impairment of earnings or financial position. Defined identified staff include:

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

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

Employees in control functions

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

Allocations to variable remuneration for 2014

Allocations to staff in 2014 for variable remuneration amounted to SEK 216 million (157) excluding social insurance fees. For the individuals defined as risk-takers by Carnegie, as explained above, 40-60 percent of variable remuneration is deferred for three to five years.

For more information about remuneration in 2014, see Note 6 Personnel expenses.

Monitoring and control

Internal Audit performs an annual, independent review to ensure that the bank's remuneration is in compliance with the remuneration policy and regulatory requirements and reports its findings to the Board not later than in conjunction with approval of the annual accounts.

Partnership

Approximately 22.4 percent of equity in Carnegie Holding is owned by employees of the Carnegie Group. Employee ownership is an important aspect of generating commitment to the entire company's development and ensuring that employees have the same incentives as other owners to create long-term value. There are no ongoing incentive programmes in which employees are remunerated in shares or options.

BOARD OF DIRECTORS



Bo Magnusson

Chairman of the Board

Born: 1962

Other assignments: Chairman of the boards of SBAB Bank AB, Fastighetsaktiebolaget Norrporten and 4T AB.

Previous experience: Acting President and CEO, SEB.



Mårten Andersson

Director

Born: 1971

Other assignments: CEO of Volati and Chairman of the boards of Besikta Bilprovning and Corroventa.

Previous experience: Head of European wealth management operations for Old Mutual, CEO of Skandia and Chairman of Skandiabanken.



Fredrik Grevelius

Director

Born: 1968

Other assignments: Own investment business. Chairman of Royal Design Group Holding and a director of Acne Studios Holding and HomeMaid.

Previous experience: CEO of Investment AB Öresund, asset manager with Öhman Kapitalförvaltning and a financial analyst for a number of financial services companies including Carnegie.



Harald Mix

Director

Born: 1960

Other assignments: Founding partner of Altor Equity Partners. Chairman of the board of CAM Group Holding A/S and director of N Holding and Carnegie Asset Management Holding Danmark A/S.



Fredrik Strömholm

Director

Born: 1965

Other assignments: Founding partner of Altor Equity Partners. Director of Ferrosan, Medical Devices, Q-Matic, Åkers and Ortic 3D.

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

GROUP MANAGEMENT



Thomas Eriksson

President and CEO
since August 2012.

Born: 1963

Previous experience: CEO of Swedbank Robur AB. Head of SEB Private Banking and COO for SEB Asset Management. Several positions in the Nordea Group's Asset Management & Life Division.



Anders Antas

Chief Operating Officer (COO)
since May 2013.

Born: 1975

Previous experience: A number of positions at the company, including head of Treasury and most recently as Chief Operating Officer for Investment Banking & Securities. Formerly an analyst with SEB Enskilda Securities.



Björn Jansson

Head of Investment Banking & Securities
since February 2012.

Born: 1963

Previous experience: Co-head of the Securities business area at Carnegie. Global head of research and co-head of SEB Enskilda Securities and global head of research at Alfred Berg.



Fredrik Leetmaa

Chief Risk Officer (CRO)
since December 2010.

Born: 1971

Previous experience: Group Credit Manager at Carnegie, Credit Manager at SEB Luxembourg, BOS Bank Poland and senior positions within the SEB Group.



Helena Nelson

Chief Legal Counsel
since April 2013.

Born: 1965

Previous experience: Compliance manager and head of operational risk for the Swedbank Group. Chief legal counsel and corporate counsel at Skandia.



Henrik Rättzén

Chief Financial Officer (CFO)
since November 2014.

Born: 1965

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



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BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO of Carnegie Holding AB (Corp. ID no.556780-4983) hereby present the annual report of operations in the parent company and the Group for the financial year 2014.

Market development

Carnegie's income is linked to developments in global stock markets and the general business climate. Nordic stock market trends were positive in 2014 and the volume of corporate transactions (M&A) increased compared with 2013. The market for equity capital market transactions (ECM) continued to show strong growth in 2014. Although volume declined slightly on the Nordic markets year-on-year, there was marked increase in the share of IPOs.

Growth continued in the Swedish savings market in 2014 and new savings in funds increased to record levels. The largest deposits were in mixed funds and bond funds, but net new savings in equity funds also increased by nearly SEK 10 billion during the year in the Swedish market, according to information provided by the Swedish Investment Fund Association.

Business area comments¹⁾

Investment Banking & Securities

Investment Banking & Securities reported income of SEK 1,206 million (891) in 2014. Income rose substantially in Securities due to higher commission income and ECM fees, as well as income from advisory services.

Carnegie acted as the advisor in 32 mergers and acquisitions and 33 equity capital market transactions in 2014. Overall, Carnegie executed the highest number of ECM transactions in the Nordics and was the third-largest player in corporate mergers & acquisitions in terms of the number of transactions. Carnegie also participated in 15 IPOs in the Nordic market in 2014.²⁾

Wealth Management

Income in Wealth Management amounted to SEK 870 million (861) in 2014. Carnegie Fonder continued its positive development during the year and increased revenues, assets under management and profits on the strength of successful management and favourable market conditions. All funds have delivered good management results, with the highest inflows to Indiefonden, Småbolagsfonden and Sverigefonden. Assets under management at Carnegie Fonder were SEK 51 billion (43) at year-end.

The Private Banking unit also benefited from a positive market and both income and the inflow of new capital increased compared with 2013 in both the Swedish and Danish markets.

The Structured Finance unit has, however, demonstrated weaker development, owing primarily to a declining market for structured products, which has had negative impact on financial performance in the Wealth Management business area.

Income¹⁾

Carnegie is reporting total income in 2014 of SEK 2,076 million (1,753), an 18 percent increase year-on-year. The Investment Banking & Securities and Wealth Management business areas both delivered

Operative income statement

January-December, SEKm	2014	2013
Investment Banking & Securities	1,206	891
Wealth Management	870	861
Operating income	2,076	1,753
Personnel expenses before variable remuneration	-1,014	-912
Other expenses ³⁾	-509	-435
Expenses before variable remuneration, etc. ³⁾	-1,523	-1,347
Profit before variable remuneration, etc.³⁾	553	406
Financing expenses, variable remuneration, amortisation of intangible assets	-300	-245
Profit before items affecting comparability	253	161
Items affecting comparability	-7	-13
Profit/loss before credit net losses	246	148
Net credit losses	25	25
Profit before tax	271	173
Tax ⁴⁾	-36	21
Profit for the year	235	194
Average number of full-time equivalent employees	633	631
Number of employees at year-end (FTE)	638	622

higher income than in 2013. The underlying causes include higher business activity and a stronger market position resulting in higher ECM fees and management charges from private clients.

Expenses¹⁾

Expenses before variable remuneration, financing expenses and Group-wide amortisation amounted to SEK 1,523 million (1,347). Costs are carefully managed and controlled at Carnegie. The increase in 2014 is primarily related to selective recruitments in growth areas and business development aimed at further developing and strengthening Carnegie's positions in its markets. Total operating expenses amounted to SEK 1,823 million (1,592). Items affecting comparability had a net impact on earnings of SEK -7 million (-13).

Profit³⁾

Carnegie has grown by 18 percent while maintaining good cost control, which has substantially strengthened earnings. Profit before credit provisions increased by 66 percent to SEK 246 million (148). Profit before variable remuneration, financing expenses and consolidated amortisation was SEK 553 million (406). Profit before items affecting comparability amounted to SEK 253 million (161). As outlined above, items affecting comparability additionally impacted profit by SEK -7 million (-13). Credit recoveries had a positive effect on earnings of SEK 25 million (25). Tax expense for the year was SEK -36 million (+21)

1) Based on the operative income statement; page 25.

2) All figures based on data from Thomson Reuters, Jan-Dec 2014.

3) Excluding variable remuneration, financing costs and group-wide amortisation of intangible assets.

4) Of which SEK -31m (36) pertained to deferred tax on tax loss carryforwards.

including SEK -31 million (36) in deferred tax on loss carryforwards. This brought net profit for the year to SEK 235 million (194).

Financial position

Carnegie further strengthened its financial position in 2014 with a capital adequacy ratio of 27.2 percent (21.1) and strong liquidity. Carnegie's financial position is stable and resilient due to strong earnings combined with the Group's relatively low exposure to financial risk, which is rigorously controlled. Further disclosures concerning capital adequacy are provided in Note 29 Risk and capital management.

Liquidity, financing and investments

Group financing comprises equity, issued bonds and deposits from the public. Equity and bonds account for 27 percent of the balance sheet total, deposits from the public for 51 percent and other liabilities for 22 percent.

The liquidity buffer (as defined by the Swedish prudential requirements regulation) in the Carnegie Holding Group amounted to SEK 3,303 million at 31 December 2014. The liquidity coverage ratio was 211 percent.

The liquidity buffer should manage periods of market turbulence and must exceed the anticipated outflow of cash under stressed conditions. The liquidity buffer on 31 December 2014 accounted for 27 percent of the balance sheet total.

Group deposits during the period increased by SEK 1,716 million (decrease: 197), while Group lending decreased by SEK 32 million (increase: 1,287). Consolidated investments in fixed assets amounted to SEK 18 million (16) in 2014.

Proposed dividend

The Board of Directors of Carnegie is proposing that the annual general meeting endorse a cash dividend of SEK 100.1785 per preference share. This corresponds to a total dividend of SEK 22,014,826. The dividend is in accordance with the terms and conditions for preference shares set forth in the Articles of Association.

No dividend is proposed for ordinary shares. Carnegie's capitalisation is expected to be sound and well adapted taking into consideration the demands with respect to the size of equity in the company and the Group which are imposed by the nature, scope and risks associated with operations and the Group's need to strengthen the balance sheet, liquidity and financial position in general.

Disposition of profit

At the disposal of the annual general meeting, SEK

Premium reserve	1,101,485,929
Retained earnings	SEK 908,168,133
Profit/loss for the year	-33,283,607
Total	1,976,370,455

The Board of Directors proposes the following disposition

of profit: Dividend of SEK 100.1785 per preference share	22,014,826
To be carried forward	1,954,355,629

General information on risks and uncertainties

The parent company is financed with both debt and equity. Debt financing inherently entails liquidity and refinancing risks. The substantive risks

within the Carnegie Holding Group exist within Carnegie Investment Bank and Carnegie Fonder, which comprise the Group's operational activities. The risks that exist within Carnegie are described in the section Risk and capital management, pages 28-32, and Note 29 Risk and capital management.

Employees

President and CEO Thomas Eriksson is the sole employee of the parent company Carnegie Holding AB. The Carnegie Group, including Carnegie Investment Bank and Carnegie Fonder, had a total of 675 (657) employees in seven countries, representing 638 (622) full-time equivalents, at year-end 2014. Carnegie's ambition is to recruit and retain the best employees by means of active leadership, clear objectives and competitive remuneration systems and by creating a working environment that provides optimal opportunities for personal and professional development. Further disclosures on salaries and other remuneration for the parent company and the Group are provided in Note 6 Personnel expenses.

Environmental management

Carnegie strives to minimise the company's direct and indirect environmental impact. Environmental management involves continuous adaptation of operations, improved procedures and continuous updates of knowledge and information management related to environmental issues. Staff requirements for office premises, IT equipment, consumables, travel and energy consumption are examples of the direct environmental impact resulting from Carnegie's operations. See pages 16-17 for a more detailed description of responsibility at Carnegie.

Significant events in 2014

Strategic recruitments

Carnegie made several strategic recruitments in business operations during the year, within both Investment Banking & Securities and Wealth Management, in accordance with the organisation's long-term growth strategy.

New private banking offering launched

Carnegie Private Banking in Sweden launched its new management model in November, wherein the client's unique circumstances and goals are combined with modern portfolio theory under the theme 'Life & Money'. The model has met with a favourable initial response among new and existing clients.

New fund – Carnegie Asia

Carnegie Asia was started 2 July 2014 when Carnegie Kinafond changed its name and orientation. Previously focused on China, Carnegie Asia also invests in other markets in Southeast Asia.

Management changes

Henrik Rättzén took over as CFO for the Group in November 2014. Prior to joining Carnegie, he served as CFO for the PostNord Group and was previously Nordic CFO at Codan/Trygg-Hansa. Mr Rättzén also has many years of experience as a partner and authorised public accountant at KPMG with focus on the financial sector.

Awards

Sweden Fund of the Year and top-rated funds

In January, Carnegie Sverigefond was named Sweden Fund of the Year by Privata Affärer, the Nordic region's largest private finance magazine. In that same month, the fund's manager, Simon Blecher, was named Star Manager of the Year by independent fund rating institute Morningstar and Swedish business newspaper Dagens Industri. At the end of 2014, four Carnegie funds had the highest five-star rating by Morningstar: Carnegie Corporate Bond, Carnegie Sverigefond, Carnegie Rysslandsfond and Carnegie Sverige Select.

Best private bank in Sweden

In February, Carnegie Privatbank was named the best private bank in Sweden for clients with net worth of USD 1-10 million by business magazine Euromoney. Euromoney's award is primarily based on a survey in which various private banking institutions evaluate each other's services and products. In November, Carnegie Privatbank also received the highest score in a survey conducted by Privata Affärer based upon more than 100 anonymous customer visits undertaken by the magazine's readers.

Best research house in Sweden

In June, Carnegie was named Sweden's best research house in the Financial Hearings annual survey of brokerage houses in Sweden. Carnegie's research teams were awarded first place in the sectors of real estate; investment companies; retail & consumer goods; health care (equipment & services); micro cap; materials – forestry, pulp & paper; small cap; strategy; macro; and service & transport. Moreover, five Carnegie employees were among the six highest-ranked analysts.

Carnegie tops list of Nordic corporate finance institutions

In fall 2014, Carnegie placed first among Nordic institutions when TNS Sifo Prospera ranked financial advisers in corporate finance. The survey was based on interviews with 223 companies that used advisory services in 2014 for mergers, acquisitions, divestments or other capital market

transactions. The companies were asked to rank institutions according to several criteria including market position, competence and execution.

Important events after the end of the year

Savings account launched

Carnegie launched a deposit account in January 2015, aimed at new and existing private clients. The offering is a further component of Carnegie's ambition to grow in the savings market.

Carnegie Småbolagsfond named Best Sweden Fund

Carnegie Småbolagsfond was named Best Sweden Fund in January 2014 by Fondmarknaden.se.

Carnegie Fonder named Fund Manager of the Year

Carnegie Fonder was named Fund Manager of the Year by finance magazine Privata Affärer. Carnegie also placed first in the categories of Small Cap Fund of the Year (Carnegie Småbolagsfond) and Newcomer of the Year (Carnegie Strategifond).

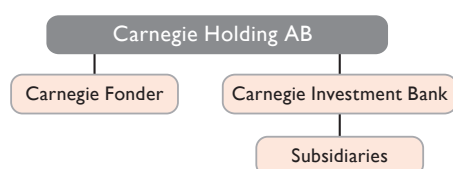
Description of operations

Carnegie Holding is the parent company in the Carnegie Group, which in turn comprises the wholly owned companies Carnegie Investment Bank AB (publ) and Carnegie Fonder AB. Carnegie Holding's business is to directly or indirectly own, manage, collateralise and provide loans to banking operations and other Group companies associated with financial operations and to conduct related business. All business operations within the Carnegie Group take place within the entities Carnegie Bank with subsidiaries and Carnegie Fonder. Carnegie Bank is consolidated into Carnegie Holding since 1 June 2009 and Carnegie Fonder is consolidated since 22 September 2010.

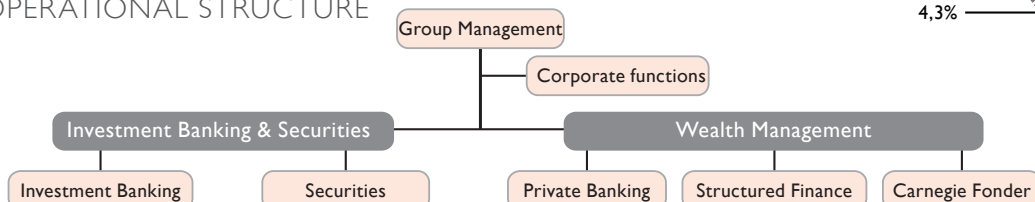
Ownership

Carnegie is owned by: Altor Fund III, 68 percent; Creades AB, 5 percent; Investment AB Öresund, 4 percent; and employees of Carnegie: 22 percent.

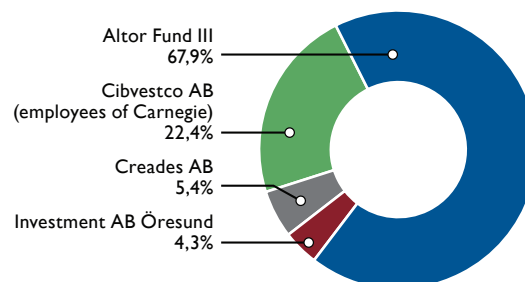
LEGAL STRUCTURE



OPERATIONAL STRUCTURE



OWNERSHIP AS OF 31 DECEMBER 2014



RISK AND CAPITAL MANAGEMENT

Risk involves uncertainty in various forms and is a natural element of all types of business. Carnegie's ability to assess and manage risks while maintaining adequate capital strength to manage unforeseen events is critical to the bank's long-term profitability.

Risk management involves identifying, analysing and taking action to manage risks that may affect the Group. Financial risks, such as market and credit risks, have been assessed as generally low and the Group had no material losses in 2014.

The Bank is always exposed to operational risk. Improving protection against operational risk is an ongoing process at Carnegie. Actions in 2014 included implementing an IT system for operational risk measurement, follow-up and reporting.

ORGANISATION AND RESPONSIBILITIES

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

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

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

First line of defence:

Risk management in the business areas

The first line of defence comprises the business areas and support functions under the guidance of operational managers. As the first line of defence, each operational unit bears full responsibility for the risks associated with their operations. Members of operational staff know their clients best and it is they who take ongoing business decisions. They are thus in the best position to assess risks and react swiftly if a problem should arise.

Second line of defence:

Risk management and compliance

The risk management function is responsible for controlling risk management by the business areas and ensuring that the level of risk is aligned with the bank's risk appetite. The function consists of risk managers at the Group and local levels. The risk management function at the Group level is headed by the Chief Risk Officer (CRO) who reports directly to the CEO and the Board of Directors. The Group function performs corporate risk management. This includes developing the risk process and risk management methods and monitoring their application. The Group function is also responsible for independently identifying, measuring and monitoring the development of the Group's risks over time and reporting risk on an aggregate level to the Board of Directors and Group management. This includes assessing the impact of external events and potentially extreme situations (stress tests).

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

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

Carnegie's compliance function is headed by the Group Compliance Officer (GCO), who reports directly to the CEO and the Board. In alignment with the risk management function, there are compliance officers at each subsidiary and branch. The local functions report to the CRO as well as local management and boards of directors.

Third line of defence

Internal Audit

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

RISK AREAS

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

Market risk

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

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

Carnegie offers its clients various types of financial services and products in several markets. Various types of market risk arise as a natural consequence of these operations. There are four main types of market risk: equity risk, volatility risk, currency risk and interest rate risk. For each type of risk, Carnegie applies complementary risk measures and limits based on sensitivities to changes in various market prices.

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

Equity price risk

Equity risk is the risk of loss due to adverse changes in equity prices. Equity risk arises when Carnegie acts as market maker or trades in equities and equity-related instruments.

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 positions in held and issued options and warrants.

Currency risk

Carnegie is exposed to structural and operational currency risk. Operational currency risk is the currency risk arising when Carnegie holds positions in financial instruments denominated in foreign currencies. Structural currency risk is defined as the currency exposure arising in the balance sheet through parts of the business being conducted in

countries with different currencies. The largest structural currency risk is associated with the Group's foreign subsidiaries and branches.

Interest rate risk

Interest rate risk arises both in the trading book and in other operations. Interest rate risk in the trading book is defined as the risk of losses due to changes in interest rates. Interest rate risk in the trading book primarily arises from bond and derivative positions. These risks are hedged where necessary with interest-bearing instruments.

Interest rate risk in other operations is the risk that net interest income will be adversely affected due to changes in market rates. It generally occurs when the fixed-interest periods of assets and liabilities do not coincide. Carnegie's lending and deposits are mainly at variable rates.

Credit risk

Credit risk is the risk of loss due to failure of counterparties to fulfil contractual obligations.

Counterparty risk . .	The risk of loss due to default by a counterparty in a financial transaction prior to final settlement of the cash flows in the transaction.
Concentration risk . .	Arises from concentrations in risk the credit portfolio to a single counterparty, industrial sector or geographical region, or from concentrations in pledged collateral.

Carnegie's exposure to credit risk originates mainly from margin lending, securities lending and exposure to central banks and major banks, primarily Nordic institutions.

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

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

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

The policy establishes credit operations shall be based on:**Counterparty**

assessment Credit decisions are based on careful assessment of the credit risk. This includes assessment of the counterparty's financial position, repayment capacity and the quality of pledged collateral or other credit risk-mitigating measures.

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

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

Sound principles Credit approvals are based on sound banking principles and high ethical standards. Legal principles and generally accepted methods must not be jeopardised in any way.

Settlement risk

Settlement risk is the risk that the bank will fulfil its commitment in a contractual exchange of financial assets but fail to receive the corresponding settlement in return.

Settlement risk is driven primarily by trading in securities on behalf of clients. Delivery and payment of financial instruments are simultaneous in most transactions. Settlement risk is therefore limited to the potential cost of replacing counterparties in the transaction and is affected by movements in the market price of the underlying instrument.

Liquidity risk

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

According to Carnegie's finance and capital policy, the Group must maintain a liquidity reserve that exceeds the expected maximum net cash flow over a 30-day period under stressed conditions. The liquidity buffer must consist of liquid assets. Stress tests are designed to evaluate potential effects of a series of extreme but possible events. The stress tests presume a significant reduction in client deposits simultaneously with a reduction in the market value of refinancable assets. Liquidity is monitored daily by Carnegie's Treasury Department and forecasts are prepared regularly.

Surplus liquidity has increased through the savings account launched at the beginning of 2015. This provides scope for repayment in spring 2015 of the bond loan of SEK 935 million issued under the state guarantee scheme.

Operational risk

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

Operational risk may arise from many different factors. These encompass a wide range of circumstances related to everything from transaction processes, internal or external fraud and system errors to natural disasters. These types of risks can be difficult to define and quantify. If left unmanaged, operational risk can, in worst case, lead to consequences of sufficient magnitude to cause grave problems and significant losses. It is therefore imperative that potential operational risks are understood and assessed.

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

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

Self-assessment Each unit within Carnegie regularly conducts a self-assessment exercise in which operational risks in all significant processes are identified, assessed and analysed. The purpose of this analysis is to raise awareness of operational risks and to address significant risks.

Incident reporting To assist in the identification, management and assessment of operational risk, Carnegie has developed a system for reporting of operational risk events, referred to as incidents. All employees have a responsibility to report incidents and managers are responsible for addressing unacceptable risks within their area of responsibility. The risk management function follows up on and analyses incidents.

Approval of new products and services Carnegie has a standardised process for examining and approving new products and services and major changes to existing products and services. The procedure involves a review of risks and controls related to new products in which all the concerned functions are involved and give their approval before the product is introduced. The purpose of the process is to ensure that potential operational risks are identified and addressed prior to product launch.

Carnegie implemented system support in 2014 for managing operational risks, which includes functionality for self-assessment, incident reporting and follow-up of key indicators. The investment in system support has resulted in more efficient risk management processes while enabling strong monitoring and control.

Improving and further developing operational risk management is however a continuing process. This work is driven by the Group Operational Risk Manager at the Group level in close cooperation with local risk management functions in each Group unit. Ultimately, however, the responsibility for managing operational risk lies where the risk arises. This means that each employee is responsible for managing the risks within their area of responsibility with the support of the risk management function.

Raising risk awareness among all employees is therefore a key component of operational risk management.

Compliance risk

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

Carnegie's business is subject to extensive legislation and regulations intended to provide strong consumer protection and secure the stability of the financial system.

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

- Our market conduct
- Proactive prevention of market abuse and money laundering
- Identification and management of conflicts of interest
- Drafting of joint policies, instructions and procedures within the Group

Reputational risk

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

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

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

Business risk and strategic risk

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

As such, business risk and strategic risk are closely related. Business risk involves external changes, such as trends in global stock markets and the general business climate. Strategic risk is related to the ability to adapt to these changes.

Carnegie continuously reviews its strategic position and business intelligence to be prepared for changes in market conditions and the competitive landscape. For example, Carnegie performs regular scenario analyses to assess the impact of changed market conditions. The purpose of these analyses is to create the best possible basis for strategic decisions.

CAPITAL ADEQUACY

Capital adequacy is primarily a matter of how much capital the institution must hold in order to cover its risks. The capital adequacy regulations consist of the following three pillars:

Pillar 1:

Minimum capital requirements

The institution must at all times have a capital base that, at minimum, is equal to the total of the capital requirements for credit risk, market risk and operational risk. Capital adequacy regulations give businesses the option to choose among different methods when calculating capital requirements to withstand losses arising from the credit risk, market risk and operational risk that an institution assumes.

Credit risk	Carnegie applies the standard method for calculating credit risks.
Market risk	Carnegie applies the standardised model issued by the Swedish Financial Supervisory Authority (Finansinspektionen).
Operational risk	Carnegie uses the basic indicator approach by which the capital requirement is calculated as 15 percent of average operating revenue over the three most recent financial years.

The Carnegie Group had a capital adequacy ratio of 27.2 on 31 December 2014, corresponding to a Common Equity Tier 1 ratio of 19.5 percent.

Pillar 2:

Risk assessment

Regulations require institutions to maintain satisfactory risk management and risk assessment. The institution must ensure that its total risk exposure does not jeopardise its capacity to perform its obligations. To fulfil these obligations, institutions are required to have processes and methods for continuously assessing and maintaining capital that is adequate in terms of amount, type and allocation to cover the nature and level of the risks to which they are currently exposed or may become exposed. This is achieved through the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP encompasses the identification, measurement and assessment of significant risks to which the bank is exposed, including risks not included in Pillar 1. This entails that the bank is expected to maintain a capital base that exceeds the minimum level required under Pillar 1.

As part of the ICAAP, an extensive risk analysis is performed, encompassing all potential risks that may arise within Carnegie. The Board of Directors and senior management participate throughout the process by contributing to identifying and analysing risks, defining scenarios and stress test methods and approving the final capital requirement.

Pillar 3:

Public disclosure

Capital adequacy regulations require banks to disclose qualitative and quantitative information on their capital adequacy and risk management. Additional disclosures concerning Carnegie's capital adequacy in 2014 are provided in the Capital Adequacy and Liquidity Report, available at www.carnegie.se.

New regulations

The European Parliament has adopted new regulations consisting of the Capital Requirements Regulation (CRR, EU 575/2013) and the Capital Requirements Directive (CRD IV, 2013/36/EU). The effects of these regulations include that institutions must have more capital of better quality than previously and certain calculations of capital requirements have been changed. The regulations will take effect in phases beginning in 2014.

FIVE-YEAR REVIEW

INCOME STATEMENT, SEK M	2014	2013	2012	2011	2010 ¹⁾
Securities	658	511	401	623	747
Investment Banking	530	363	361	244	434
Investment Banking & Securities	1,188	874	762	867	1,181
Private Banking	508	452	427	530	465
Structured Finance	102	184	184	177	96
Asset Management (Carnegie Fonder)	261	225	162	158	53
Wealth Management	870	861	773	865	615
Total income	2,058	1,735	1,535	1,732	1,796
Personnel expenses	-1,276	-1,098	-1,135	-1,309	-1,225
Other expenses	-536	-489	-596	-691	-822
Expenses before credit provisions	-1,812	-1,587	-1,731	-2,000	-2,047
Operating profit/loss before credit provisions	246	148	-196	-268	-251
Net credit provisions	25	25	30	5	135
Profit/loss before tax	271	173	-166	-263	-116
Tax ²⁾	-36	21	-117	9	-39
Profit/loss for the year	235	194	-283	-254	-155
FINANCIAL KEY DATA	2014	2013	2012	2011	2010
C/I ratio, %	87	90	111	115	70
Average income per employee, SEK m	3.3	2.8	2.2	2.1	2.6
Profit margin, %	11	11	neg.	neg.	28
Return on equity, %	10	9	neg.	neg.	22
Return on assets, %	2	2	neg.	neg.	3
Total assets, SEK m	12,443	10,613	10,741	12,483	15,078
CAPITAL BASE, SEK M ³⁾	2014	2013	2012	2011	2010
Equity	2,369	2,136	1,964	2,189	2,459
Additional Tier 1 capital	-88	-	-	-	-
Goodwill	-423	-424	-426	-431	-431
Intangible assets	-199	-280	-241	-257	-278
Deferred tax assets	-365	-441	-451	-572	-560
Dividends paid	-22	-22	-22	-22	-6
Common Equity Tier 1 Capital	1,272	969	824	906	1,185
Additional Tier 1 capital	88	-	-	-	-
Tier 1 capital	1,360	969	824	906	1,185
Tier 2 capital	410	410	410	410	410
Total capital base	1,770	1,378	1,234	1,316	1,594
CAPITAL REQUIREMENT, SEK M	2014	2013	2012	2011	2010
Capital requirement	521	523	503	579	726
Credit risk	177	145	132	164	166
Market risk	94	161	109	99	93
Operational risk	250	216	263	317	468
Tier 1 capital ratio, %	19.5	14.8	13.1	12.5	13.1
Capital adequacy, %	27.2	21.1	19.6	18.2	17.6
Capital adequacy ratio, %	3.4	2.6	2.5	2.3	2.2
EMPLOYEES	2014	2013	2012	2011	2010
Average no. of full-time equivalent employees	633	631	704	808	685
No. of full-time equivalent employees at closing date	638	622	653	758	838

1) Former HQ Bank included as of 3 September 2010. Carnegie Fonder included as of 22 September 2010. Negative goodwill arising from the acquisition of HQ Bank of SEK 656 million was recognised in the income statement in 2010. This was excluded from the five-year review.

2) Tax expense for the year includes -31 SEK million (36) in deferred tax on loss carryforwards. See Note 18.

3) In compliance with the Capital Requirements Regulation (CRR) implemented in 2014, the calculation of the capital base has changed slightly compared with earlier years.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK 000s	Note	Jan-Dec 2014	Jan-Dec 2013
Commission income	1	2,324,830	1,947,526
Commission expenses		-385,504	-336,630
Net commission income	2	1,939,325	1,610,897
Interest income	1	122,260	131,423
Interest expenses		-62,410	-88,012
Net interest income	3	59,849	43,411
Other dividend income	1, 4	-	835
Net profit from financial transactions	1, 5	58,832	79,809
Total operating income		2,058,007	1,734,952
Personnel expense	6	-1,275,532	-1,098,181
Other administrative expenses	7	-481,559	-426,194
Amortisation of intangible assets and depreciation of tangible assets	8	-54,736	-62,832
Total operating expenses		-1,811,827	-1,587,207
Profit before credit losses		246,180	147,745
Credit losses, net	9	24,811	25,416
Profit before tax		270,990	173,161
Tax	10	-36,190	21,004
Profit for the year		234,800	194,165
Other comprehensive income:			
Items that may subsequently be reclassified to the income statement:			
Translation differences, net after tax		20,063	326
Total comprehensive income for the year		254,863	194,491

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK 000s	Note	31 Dec 2014	31 Dec 2013
Assets			
Cash and bank deposits with central banks		1,832,581	992,991
Negotiable government securities		290,835	-
Loans to credit institutions ¹⁾	11	3,487,623	3,298,841
Loans to the general public	11	2,628,272	2,849,490
Bonds and other interest-bearing securities	12, 13	1,701,988	789,371
Shares and participations	12, 13	318,571	438,795
Derivative instruments	12	93,680	46,820
Shares in associated companies	15	8,963	5,756
Intangible assets	16	677,726	704,576
Tangible fixed assets	17	73,985	74,203
Current tax assets		2,104	3,385
Deferred tax assets	18	476,779	502,790
Other assets	19	613,836	670,430
Prepaid expenses and accrued income	20	235,851	235,176
Total assets	24	12,442,795	10,612,624
Liabilities and equity			
Liabilities to credit institutions	11	10,407	283,051
Deposits and borrowing from the general public ¹⁾	11	7,495,677	5,506,931
Issued securities	12	935,000	935,000
Short positions, shares	12	143,315	43,312
Derivative instruments	12	69,674	26,669
Current tax liabilities		10,583	21,275
Deferred tax liabilities	18	67,204	72,205
Other liabilities	21	235,581	587,799
Accrued expenses and prepaid income	22	683,732	572,099
Other provisions	23	12,663	18,172
Subordinated liabilities	31	409,702	409,702
Total liabilities	24	10,073,538	8,476,216
Equity			
Share capital (2,388,106 shares, quotient value SEK 100)		238,811	238,811
Other capital contributions		1,101,486	1,101,486
Reserves		-120,480	-140,543
Retained earnings		1,149,439	936,654
Total equity		2,369,257	2,136,408
Total liabilities and equity		12,442,795	10,612,624
1) Whereof client funds 1,156,693 (130,796).			
Memorandum items			
	25		
Assets pledged for own debt		1,456,578	725,969
Other pledged assets		830,633	899,164
Contingent liabilities and guarantees		505,420	534,346

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK 000s	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS				Total
	Share capital	Other capital contributions	Translation reserve	Retained earnings	
Equity - opening balance 2013	238,811	1,101,486	-140,869	764,504	1,963,932
Profit for the year				194,165	194,165
Other comprehensive income:					
Translation differences relating to foreign operations			326		326
Total comprehensive income (net after tax)			326	194,165	194,491
Dividends paid				-22,015	-22,015
Equity - closing balance 2013	238,811	1,101,486	-140,543	936,654	2,136,408
Profit for the year				234,800	234,800
Other comprehensive income:					
Translation differences relating to foreign operations			20,063		20,063
Total comprehensive income (net after tax)			20,063	234,800	254,863
Dividends paid				-22,015	-22,015
Equity - closing balance 2014	238,811	1,101,486	-120,480	1,149,439	2,369,257

PARENT COMPANY INCOME STATEMENTS

SEK 000s	Note	Jan-Dec 2014	Jan-Dec 2013
Net sales	1	10,207	10,200
Other external expenses	7	-5,262	-2,453
Personnel expenses	6	-10,759	-12,198
Operating profit/loss		-5,814	-4,451
Other interest income and similar income	1, 3	145	762
Interest expenses and similar expenses	3	-20,795	-20,817
Profit/loss from participations in subsidiaries	32	-6,953	-4,635
Profit/loss from financial items		-27,603	-24,690
Profit/loss before tax		-33,418	-29,142
Tax	10	135	446
Profit/loss for the year		-33,284	-28,696

PARENT COMPANY STATEMENTS OF OTHER COMPREHENSIVE INCOME

SEK '000s	Jan-Dec 2014	Jan-Dec 2013
Profit/loss for the year	-33,284	-28,696
Other comprehensive income	-	-
Total comprehensive income for the year	-33,284	-28,696

PARENT COMPANY BALANCE SHEETS

SEK 000s	Note	31 Dec 2014	31 Dec 2013
Shares and participations in group companies	14	2,604,290	2,604,290
Deferred tax assets	18	1,200	1,065
Total financial fixed assets		2,605,490	2,605,355
Receivables from group companies	27	78,502	142,767
Other current receivables		6,900	6,115
Prepaid expenses and accrued income		132	132
Cash and bank balances		6,008	8,068
Total current assets		91,542	157,082
Total assets		2,697,033	2,762,437
Share capital (2,388,106 shares, quotient value SEK 100)		238,811	238,811
Share premium reserve		1,101,486	1,101,486
Retained earnings		908,168	958,879
Profit/loss for the year		-33,284	-28,696
Total equity		2,215,181	2,270,479
Provisions for pensions		5,454	4,841
Other provisions		-	3,242
Total provisions		5,454	8,083
Convertible debentures	31	409,702	409,702
Total non-current liabilities		409,702	409,702
Accounts payable		50	12
Other current liabilities		44,055	50,505
Accrued expenses and prepaid income	22	22,591	23,655
Total current liabilities		66,696	74,172
Total liabilities		481,852	491,957
Total equity and liabilities		2,697,033	2,762,437
Memorandum items	25		
Assets pledged for own debt		-	-
Other pledged assets		-	-
Contingent liabilities		119,858	126,811

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

SEK 000s	Share capital	Premium reserve	Retained earnings	Total
Equity - opening balance 2013	238,811	1,101,486	980,894	2,321,191
Profit/loss for the year			-28,696	-28,696
Total income and expenses for the year			-28,696	-28,696
Dividends paid			-22,015	-22,015
Equity - closing balance 2013	238,811	1,101,486	930,183	2,270,479
Profit/loss for the year			-33,284	-33,284
Total income and expenses for the year			-33,284	-33,284
Dividends paid			-22,015	-22,015
Equity - closing balance 2014	238,811	1,101,486	870,884	2,215,181

CASH FLOW STATEMENTS

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Operating activities				
Profit/loss before tax	270,990	173,161	-33,418	-29,142
Adjustments for items not affecting cash flow	40,804	16,807	4,324	-2,072
Paid income tax	-24,270	-10,221	-	-
Cash flow from operating activities before changes in working capital	287,524	179,747	-29,094	-31,214
Changes in working capital	-1,009,523	-420,157	-52,285	36,749
Cash flow from operating activities	-721,999	-240,410	-81,379	5,535
Investing activities				
Acquisitions of fixed assets	-18,437	-16,011	-	-
Cash flow from investing activities	-18,437	-16,011	-	-
Financing activities				
Dividends paid	-22,015	-22,015	-22,015	-22,015
Cash flow from financing activities	-22,015	-22,015	-22,015	-22,015
Cash flow for the year	-762,451	-278,436	-103,394	-16,480
Cash and cash equivalents, opening balance	3,569,575	3,797,039	150,779	167,259
Translation differences in cash and cash equivalents	139,874	50,972	-	-
Cash and cash equivalents, closing balance	2,946,998	3,569,575	47,385	150,779

For further disclosures concerning cash flow statements, see Note 30

ACCOUNTING PRINCIPLES

General information

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

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

Carnegie Holding AB is owned by Altor Fund III, Creades AB/Investment AB Öresund and employees of Carnegie.

Basis for preparing financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU, with the exception of *IFRS 8 Operating Segments* and *IAS 33 Earnings Per Share*, for which application is not mandatory for entities whose shares are not publicly traded. Also applied were applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU; the *Swedish Act on Annual Reports of Credit Institutions and Securities Companies* (ÅRKL 1995:1559); recommendation *RFR 1 Supplementary Accounting Regulations for Corporate Groups* issued by the Swedish Financial Accounting Standards Council; and the *Regulations and general recommendations regarding annual reporting of credit institutions and securities companies* issued by the Swedish Financial Supervisory Authority (FFFS 2008:25). The consolidated financial statements were prepared in accordance with the purchase method with the exception of certain financial instruments measured at fair value.

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

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

New and amended accounting standards and interpretations

The following new standards and amendments of existing standards issued by the International Accounting Standards Board (IASB), all adopted by the EU, took effect during the year:

IFRS 10, Consolidated Financial Statements (effective January 2014), is based on existing principles, as it identifies control as the critical factor in determining whether an entity must be included in the consolidated financial statements. The standard provides further guidance to assist in determining control when this is difficult to assess. The

amendment had no effect on the consolidated financial statements.

IFRS 11, Joint Arrangements (effective January 2014), has superseded *IAS 31 Interests in Joint Ventures*. The new standard classifies arrangements subject to joint control as either joint operations or joint ventures. The parties to a joint operation have direct rights to the assets and direct obligations for the liabilities, while the parties to a joint venture have rights to the net assets of the arrangement. Accounting rules differ depending upon whether an arrangement is a joint operation or a joint venture. According to the new standard, accounting for joint ventures according to proportionate consolidation is no longer permitted. The equity method must be applied. The amendment has not affected the consolidated financial statements.

IFRS 12, Disclosures of Interests in Other Entities (effective January 2014), covers disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The standard has had no material effect on the financial statements.

IAS 27 (amendment), Separate Financial Statements (effective January 2014). Now that *IFRS 10* has superseded *IAS 27* with regard to the rules on consolidated financial statements, *IAS 27* contains only rules and disclosures concerning subsidiaries, associates and joint ventures in separate financial statements. In all material respects, the rules correspond to the earlier *IAS 27*. The amendment has not affected the financial statements.

IAS 28 (amendment), Investments in Associates and Joint Ventures (effective January 2014). *IAS 28* has been amended in conjunction with the joint arrangements project. The amendment has entailed no material differences compared to the earlier *IAS 28* and has thus not affected the financial statements.

In addition to the changes in IFRS described above, the Swedish Financial Supervisory Authority (*Finansinspektionen*) has amended Regulation FFFS 2008:25 concerning disclosures about capital adequacy assessments, which have affected *Note 29, Risk and capital management*.

Standards, amendments and interpretations that have not yet taken effect

A number of new and revised standards and interpretations are not mandatorily effective until the 2015 financial year or later and were not applied in preparing these financial statements.

IFRS 9 Financial Instruments covers the classification, measurement and reporting of financial assets and liabilities. The complete version of *IFRS 9* was issued in July 2014. It replaces those parts of *IAS 39* that cover classification and measurement of financial instruments.

IFRS 9 retains a mix of measurement approach, but simplifies the approach in certain respects. There will be three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument should be classified depends upon the entity's business model and the characteristics of the instrument. *IFRS 9* also introduces a new model for calculating credit loss reserves based upon expected credit

losses. The classification and measurement of financial liabilities is not changed except when a liability is reported at fair value through profit or loss based upon the fair value option. Value changes attributable to changes in own credit risk must be recognised in other comprehensive income. IFRS 9 further reduces the requirements for application of hedge accounting and documentation requirements pertaining to hedge accounting have also been changed compared with IAS 39. The standard is mandatorily effective for periods beginning on or after 1 January 2018. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the effects of implementation of the standard.

IFRS 15 Revenue from Contracts with Customers regulates how revenues must be recognised. The principles upon which *IFRS 15* is based are intended to provide more useful information to users of financial statements about the entity's revenues. Under the expanded disclosure obligation, the entity must provide information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Under *IFRS 15*, revenue must be recognised when control of the good or service sold is transferred to the customer and the customer obtains the benefits arising from the good or service. *IFRS 15* supersedes *IAS 18 Revenue* and becomes mandatorily effective 1 January 2017. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the effects of implementation of the standard.

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

Consolidated accounts

Consolidation principles

■ Subsidiaries

The consolidated financial statements include the parent company and all companies over which the parent company directly or indirectly exercises a controlling influence. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Controlling influence is assumed to exist when the ownership share amounts to at least 50 percent of the voting rights in the subsidiary but may also be achieved if a controlling influence is exercised in some other manner than share ownership. Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is attained and are eliminated as of the date on which the controlling influence ceases.

All internal transactions between subsidiaries, as well as intra-group unsettled balances, are eliminated in the consolidated financial statements. When necessary, the accounting principles of subsidiaries are modified in order to achieve greater agreement with Group accounting principles. The equity portion of untaxed reserves is recognised in equity as retained earnings. The tax portion of untaxed reserves is recognised as a deferred tax liability based on the current tax rate in each country.

Subsidiaries are recognised according to the purchase method. This means that identifiable acquired assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. The surplus, comprising the difference between the cost of the acquired shares and the sum of the fair value of the identifiable acquired net assets, is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in profit and loss. The cost of a subsidiary corresponds to the sum of the fair value of

purchased assets, accrued or assumed liabilities and the equity instruments that the purchaser has issued in exchange for the controlling influence in the subsidiaries. Minority owners' interests in the acquired company are initially calculated as the minority share of the net fair value of the recognised assets, liabilities and contingent liabilities.

■ Associates

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

Equity instruments

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

Foreign currency

The accounts of subsidiaries and branches are stated in their functional currencies, which in Carnegie's case is the same as local currency, meaning the currency used in the primary economic environment in which the subsidiary or branch office operates. Transactions in foreign currency are translated at average rates. Monetary assets and liabilities in foreign currency (such as accounts receivable and accounts payable) are translated at the closing-date rate, and the exchange-rate differences thus arising are recognised in profit and loss. Exchange rate differences recognised in profit and loss are included in the item 'Net profit/loss from financial transactions at fair value.'

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

Revenue recognition

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

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

In the consolidated financial statements, fees relating to advisory services are recognised as commission income. These fees are attributable to advisory services within Private Banking and Investment Banking. These services are recognised in profit and loss when the services

have been performed and when it is probable that the future economic benefits will accrue to the company and the benefits can be calculated reliably.

Interest income is recognised over the maturity period according to the effective-rate method.

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

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

Expense recognition

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

Remuneration to employees

Remuneration to employees in the form of salaries, paid holidays, sick pay, other current remuneration and similar items, as well as pensions, are recognised at the rate they are earned. Any other post-employment remuneration is classified and recognised in the same manner as pension commitments.

■ Share-based remuneration - incentive programmes

No share-based remuneration has been made to employees within the Group.

■ Variable remuneration

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

■ Severance pay

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

■ Pension commitments

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

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

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

Leasing

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

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

Current and deferred income tax

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

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

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

Financial assets and liabilities

Financial assets included on the asset side of the balance sheet include cash and cash equivalents, accounts receivable, shares and other equity instruments, loan and bond receivables and derivatives. Liabilities

include accounts payable, issued debt instruments, loan obligations, derivative instruments and short positions in various forms of spot instruments.

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. A liability is included when the counterparty has performed a service and there is a contractual payment obligation, even if an invoice has not yet been received.

A financial asset is eliminated from the balance sheet when the contractual rights have been realised or have expired or when the company loses control over them. The same applies for a portion of a financial asset. A financial liability is eliminated from the balance sheet when the contractual obligation is fulfilled or otherwise expires. The same applies to a portion of a financial liability.

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

The classification of financial assets and liabilities depends on the intention with the acquisition of the financial item. The categories within IAS 39 applied by Carnegie are as follows:

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

Financial assets and financial liabilities held for trading are measured at fair value in the balance sheet, with changes in fair value recognised in profit and loss. If market prices in an established marketplace are available, they are used for measurement. When there is no active market or when quoted prices are temporarily unavailable, Carnegie determines the fair value using various measurement techniques. These methods include Black-Scholes-based models. A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends. 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 Capital, Risk and Credit Committee (CRC). The measurement methods are primarily used to value derivative instruments. All measurement models and assumptions are regularly validated by internal risk control, monthly by the CRC and quarterly by an external independent party.

The above models are applied consistently from one period to the next to ensure comparability and continuity in measurements over time.

Each new measurement model is approved by the Group Risk Manager team and all models are reviewed regularly.

For financial instruments for which the fair value deviates from the carrying amount, information regarding the fair value is provided in a note.

■ *Cash and bank deposits with central banks*

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

■ *Loans to credit institutions*

Loans to credit institutions consists of loan receivables that are payable on demand and which are not listed on an active market, as well as the Group's invested surplus liquidity. These are categorised as loans and

accounts receivable and measured at amortised cost. Provisions are allocated for probable credit losses after individual assessment.

Provisions are made where the likelihood of default is significant and where pledges, obligations or other guarantees are not estimated to cover the claim amount. The principle for what is classified as an actual credit loss is that they are losses established through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is recognised under 'Net credit losses.'

■ *Loans to the general public*

Loans 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 loans and accounts receivable and measured at amortised cost. Loans extended by Carnegie are virtually exclusively linked to securities financing. The Bank does not provide corporate financing and does not extend consumer loans. Carnegie's client base is well-diversified and consists largely of private persons and small/medium size enterprises, and the risk of credit losses is linked to each client's collateral, which normally consists of market-listed securities. This means that counterparty classes have the same credit characteristics and Carnegie thus does not perform impairment testing on a group basis. Following individual assessment, provisions are made for probable credit losses where the likelihood of default is significant and where pledges, obligations or other guarantees are not estimated to cover the claim amount.

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

■ *Bonds and other interest-bearing securities*

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

■ *Shares and participations*

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

■ *Derivative instruments*

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

■ *Liabilities to credit institutions*

Liabilities to credit institutions consist mainly of short-term borrowing. They are categorised as 'Other financial liabilities' and measured at amortised cost.

■ *Deposits and borrowing from the general public*

Deposits and borrowing from the general public consist primarily of short-term borrowing from the public. These liabilities are categorised as 'Other financial liabilities' and measured at amortised cost.

Issued securities

In May 2010, Carnegie issued a bond loan under the state guarantee scheme in the nominal value of SEK 935 million with a time to maturity of 60 months. Securities issued are measured 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 recognised corresponding to the divested security's fair value. Received collateral in the form of cash is recognised under 'Liabilities to credit institutions' or 'Deposits and borrowing from the general public', depending on the counterparty. Pledged collateral in the form of cash is included on the balance sheet under 'Lending to credit institutions' or under 'Lending to the general public', depending on the counterparty.

Intangible assets

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

■ *Goodwill*

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

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

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

■ *Client relationships*

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

The anticipated duration of client relationships is 20 years.

■ *Distribution agreements*

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

■ *Capitalised expenditure for software development*

An internally developed intangible asset, meaning development expenses, is recognised as an asset only if the following conditions are satisfied:

- The asset is identifiable
- It is probable that the asset will provide economic benefits
- The entity has adequate resources and intends to complete the asset
- The cost can be measured reliably

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

■ *Other intangible assets*

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

Tangible fixed assets

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

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

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

An impairment loss is recognised when the carrying amount of an intangible asset or a tangible fixed asset exceeds its recoverable amount. The carrying amounts for fixed assets are established on each closing date to determine whether impairment is required. If there is such an indication, the asset's recoverable amount is estimated. The recoverable amount is the higher of the value in use and fair value less costs to sell.

In calculating the value in use, future cash flows are discounted at an interest rate before tax that is intended to take into account the market's expectations for a risk-free interest rate associated with the asset in question. For an asset that does not generate cash flows independently of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Provisions

Provisions for restructuring expenditures, legal claims or similar are recognised when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation has been estimated in a reliable manner.

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

Critical assessment parameters

Financial assets and liabilities

Financial assets and liabilities in the trading portfolio are measured at fair value in the balance sheet which changes in fair value recognised in profit and loss.

Critical assessment parameters 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 measurement models, such as assumptions about volatility, interest rates and dividends.

Changing the assumptions with regard to these parameters may affect the recognised value of the financial instrument. The assumptions used when observable parameters are lacking in the market are in accordance with the instructions defined by Carnegie's Capital, Risk and Credit Committee (CRC).

The measurement methods are primarily used to value derivative instruments. The determined theoretical prices are reconciled regularly against quoted market prices. In addition, all derivative instruments are verified quarterly by an independent party. The above models are applied consistently from one period to the next to ensure comparability and continuity in measurements over time.

Impairment requirement for goodwill

To assess whether there is a need for impairment of goodwill, a test is required of the goodwill value based on the cash-generating units' value in use. Value in use is calculated by discounting future expected cash flows from cash-generating units to present value. This value is then assessed in relation to the carrying amount of the asset when testing whether there is need to recognise an impairment loss. The carrying amount of goodwill at the balance sheet date was SEK 422,615 thousand (424,152). Information about impairment testing is provided in *Note 16 Intangible assets*.

Provision for restructuring reserve

In the fourth quarter of 2011, Carnegie initiated a restructuring programme aimed at reducing the cost base. The programme includes centralisation of several functions, more efficient system solutions and reduced complexity. The cost savings took effect gradually between 2012 and 2014 and will have continued effect in 2015. Provisions to the restructuring reserve have been based on the assessed cost of restructuring. The provision includes costs for IT systems and reductions in staff.

Recognition of deferred tax assets

Carnegie recognises deferred tax assets attributable to timing differences and tax-deductible deficits. The largest tax deficits are in Sweden and have an unlimited useful life (meaning that there is no expiration date). The ability to utilise deferred tax assets depends on Carnegie's capacity to report taxable profits in the future. Management believes that Carnegie will be able to report taxable profits within the foreseeable future that can be utilised against loss carryforwards of previous years, which justifies recognition of the deferred tax assets. *See Note 18 Deferred tax assets/liabilities*.

Recognition of endowment insurance

Certain individual pension commitments are guaranteed through what is called company-owned endowment insurance. Because Carnegie does not have any additional commitments to cover any declines in endowment insurance or to pay any amount above the paid premium, Carnegie considers these pension plans as defined contribution plans. Accordingly, the premium payments correspond to final settlement of the commitment to the employee.

In accordance with *IAS 19* and the rules for defined contribution pension plans, Carnegie therefore recognises neither assets nor liabilities with the exception of the special employer's contribution related to these endowment insurance policies.

Parent company's accounting policies

The parent company's annual accounts were prepared in accordance with the *Swedish Annual Accounts Act* (ÅRL 1995:1554) and recommendation *RFR 2 Accounting of Legal Entities* issued by the Swedish Financial Accounting Standards Council and applicable statements. *RFR 2* requires the parent to apply all IFRSs and interpretations approved by the EU to its annual accounts for the legal entity to the extent possible within the framework of the Annual Accounts Act and with the consideration taken to the relationship between accounting and taxation. Accordingly, the parent applies the same accounting principles as the Group except as specified below.

Financial assets

The parent company's holdings of shares in subsidiaries are recognised according to the historical cost method.

Anticipated dividends

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

Group contributions and shareholder contributions

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

Deferred tax in relation to untaxed reserves

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

Note 4 Other dividend income

SEK 000s	GROUP	
	2014	2013
Dividends received on shares and participations of a fixed-asset nature ¹⁾	-	835
Total other dividend income	-	835

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

Note 5 Net profit/loss from financial transactions

2014	Realised changes in value	UNREALISED CHANGES IN VALUE ¹⁾				Effect of exchange rate changes	Total
		Market price	Observable market data	Non-observable market data	Other method		
Group, SEK 000s							
Bonds and other interest-bearing securities and attributable derivatives	15,493	-54	616	-	-	-	16,055
Shares and participations and attributable derivatives	7,243	-8,212	8,317	-	3,207	-	10,555
Other financial instruments and attributable derivatives	17,260	3,196	-	-	530	-	20,986
Exchange rate changes						11,236	11,236
Net profit/loss from financial transactions	39,996	-5,071	8,934	-	3,737	11,236	58,832

2013	Realised changes in value	UNREALISED CHANGES IN VALUE ¹⁾				Effect of exchange rate changes	Total
		Market price	Observable market data	Non-observable market data	Other method		
Group, SEK 000s							
Bonds and other interest-bearing securities and attributable derivatives	6,267	2,102	-	-	-	-	8,369
Shares and participations and attributable derivatives	14,524	6,581	508	-	2,671	-	24,283
Other financial instruments and attributable derivatives	24,881	4,537	-	-	-	-	29,417
Exchange rate changes						17,739	17,739
Net profit/loss from financial transactions	45,672	13,219	508	-	2,671	17,739	79,809

1) Unrealised profits/losses are attributable to financial items measured at fair value. Fair value is based on the following measurement methods:

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

Note 6 Personnel expenses

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Salaries and fees	-706,456	-637,451	-6,714	-7,296
Social insurance fees	-153,133	-142,890	-2,086	-2,166
Allocation to variable remuneration ¹⁾	-261,286	-187,827	-	-
Pension expenses for Board of Directors and CEO	-2,331	-3,188	-1,821	-2,612
Pension expenses for other employees	-108,068	-99,361	-	-
Other personnel expenses	-44,259	-27,465	-139	-125
Total personnel expenses	-1,275,532	-1,098,181	-10,759	-12,198

1) Including social insurance fees.

Salaries and fees specified by category

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Salaries and fees to directors, CEO and members of Group management	-15,938	-18,582	-6,714	-7,296
Salary and remuneration to other employees not included in the Board of Directors or Group management	-690,517	-618,869	-	-
Total salaries and fees	-706,456	-637,451	-6,714	-7,296

Average no. of employees (of whom women)

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Denmark	75 (19)	69 (17)	-	-
Finland	18 (8)	19 (8)	-	-
Luxembourg	44 (11)	46 (11)	-	-
Norway	71 (14)	69 (16)	-	-
UK	31 (12)	24 (5)	-	-
Sweden	382 (128)	392 (126)	1 (-)	1 (-)
USA	11 (2)	13 (3)	-	-
Total	633 (194)	631 (185)	1 (-)	1 (-)

Note 6 Personnel expenses, cont.

Remuneration to the Board of Directors

	GROUP		PARENT COMPANY	
SEK 000s	2014	2013	2014	2013
Bo Magnusson, chairman	800 ¹⁾	1,200 ²⁾	600	1,000 ²⁾
Arne Liljedahl, former chairman	-	27 ³⁾	-	20
Mårten Andersson	500 ⁴⁾	500	350	350
Fredrik Grevelius	250 ⁵⁾	223	187	167
Harald Mix	250 ⁶⁾	250	187	187
Fredrik Strömholm	250 ⁷⁾	250	187	187
Total	2,050	2,450	1,511	1,911

1) Whereof SEK 200 thousand (200) in fees for assignments for Carnegie Investment Bank AB.

2) Bo Magnusson was elected chairman of the board in February 2013. The figure for 2013 includes additional fees of SEK 400 thousand for assignments for Carnegie Holding AB.

3) The fee paid to the former chairman in 2013 refers to the period of 1-12 January and includes SEK 7 thousand for assignments for Carnegie Investment Bank AB.

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

5) Whereof SEK 63 thousand (61) in fees for assignments for Carnegie Investment Bank AB. The fee for 2013 refers to the period of 12 February-31 December.

6) Whereof SEK 63 thousand (56) in fees for assignments for Carnegie Investment Bank AB.

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

Remuneration to the CEO, deputy CEO and other senior executives

	Gross salary and benefits	Variable remuneration ¹⁾	Pensions and comparable benefits	Severance pay
2014				
Parent company				
CEO Thomas Eriksson ²⁾	5,457	-	1,584	-
Carnegie Bank Group and Carnegie Fonder 2013 ³⁾				
Other senior executives ⁴⁾	11,235	190	1,861	-

1) Variable remuneration includes guaranteed variable remuneration upon new recruitment.

2) Thomas Eriksson is employed by and receives salary and benefits from the parent company Carnegie Holding AB.

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

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

	Gross salary and benefits	Variable remuneration ¹⁾	Pensions and comparable benefits	Severance pay
2013				
Parent company				
CEO Thomas Eriksson ²⁾	5,499	-	1,584	-
Carnegie Bank Group and Carnegie Fonder 2013 ³⁾				
Other resigning senior executives ⁴⁾	2,913	1,233	544	-
Other current senior executives ⁵⁾	9,580	221	1,732	-

1) Variable remuneration includes guaranteed variable remuneration upon new recruitment.

2) Thomas Eriksson is employed by and receives salary and benefits from the parent company Carnegie Holding AB.

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

4) Amounts relate to the period they held positions as other senior executives. The group includes four individuals: Jan Enberg (1 January - 31 May), Hans Hedström (1 January - 31 May), Andreas Koch (1 June - 31 December) and Katja Levén (1 January - 31 January).

5) Amounts relate to the period they held positions as other senior executives. The group includes five individuals: Anders Antas (1 June - 31 December), Björn Jansson (1 January - 31 December), Helena Nelson (15 April - 31 December), Fredrik Leetmaa (1 January - 31 December) and Pia Marions (1 January - 31 December).

Gender distribution

The current Board of Directors consists of 0% (0) women and 100% (100) men. The current management group consists of 17% (33) women and 83% (67) men.

Remuneration

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

Notice period and severance pay

There are no agreements on severance pay for non-executive directors. The notice period for the CEO is six months, whether the CEO resigns or is terminated by Carnegie. In the event of immediate termination by Carnegie, the CEO receives 12 months' severance pay in lieu of salary during the notice period. Senior executives at Carnegie have notice periods that vary between three and twelve months.

Pensions

Carnegie makes salary-based provisions for pension insurance (payments are based on total salary excluding any allocation of profit sharing) in accordance with customary rules in each country. These provisions amounted to the following percentages in relation to total salary costs: Group 16% (16), parent company 10% (6). All of Carnegie's pension commitments consist of defined contribution pension plans with external insurance companies. Carnegie has no outstanding pension commitments and makes no pension provisions for non-executive directors.

The CEO is entitled to retire at the age of 65, and the company also has the right to require retirement. Other senior executives are covered by the terms prevailing in each country and may retire at the age of 65-67. Reaching retirement age does not entail any further costs for Carnegie.

Endowment insurance

Individual pension commitments, which are fully guaranteed through company-owned endowment insurance and for which Carnegie has no further obligation to cover any losses on such insurance or any additional payment obligation above the premiums already paid, are treated according to the rules for defined contribution plans.

The total market value amounts to: In the Group, SEK 377,958 thousand (361,135) and in the parent company SEK 5,454 thousand (4,841).

Premiums paid during the year amounted to SEK 1,533 thousand (2,210) in the Group, whereof SEK 1,140 thousand (1,763) in the parent company.

Note 6 Personnel expenses, cont.

Report on remuneration expensed by the Carnegie Holding Group in 2014 pursuant to the Capital Requirements Regulation for credit institutions and investment firms and Regulation FFFS 2014:12 from the Swedish Financial Supervisory Authority:

Expensed remuneration 2014

SEK 000s	TOTAL REMUNERATION TO EMPLOYEES IN THE GROUP			
	Total remuneration excluding variable component ¹⁾	Total number of employees	Variable remuneration ¹⁾	Number of recipients of variable remuneration
Total remuneration to employees in the Group	778,717	648	215,828	412

SEK 000s	SPECIFICATION OF REMUNERATION ACCORDING TO CATEGORIES			
	Executive management	Other employees identified to the category	Other employees	Total
Fixed remuneration ¹⁾	61,605	165,692	551,420	778,717
Number of employees	25	99	524	648
Variable remuneration ¹⁾	22,581	51,114	142,134	215,828
Number of employees	16	77	319	412
Whereof:				
Cash-based variable remuneration	22,581	51,114	142,134	215,828
Share-based variable remuneration	-	-	-	-
Deferred remuneration ³⁾	13,567	21,531	1,416	36,514
Committed and paid remuneration ⁴⁾	70,619	195,274	692,138	958,032
Severance pay (paid out) ⁵⁾	232	4,166	23,747	28,146
Number of employees	1	4	25	30
Committed severance pay (not yet paid)	3,233	2,162	7,004	12,399
Number of employees	1	2	13	16
Highest individual severance pay (not yet paid)	3,233			3,233

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

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

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

4) Includes amounts paid out in the first quarter of 2015.

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

Severance pay is agreed upon and paid out when employment is involuntarily terminated prior to reaching retirement age or when an employee voluntarily resigns in exchange for severance pay. Severance payments in 2014 are related to the cost savings programme or changes in management.

Note 7 Other administrative expenses

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Other administrative expenses include the following amounts paid to elected auditors:				
Statutory auditing				
PwC	-5,615	-5,135	-689	-689
Regen, Benz & MacKenzie	-343	-	-	-
Total statutory auditing	-5,958	-5,135	-689	-689
Other auditing				
PwC	-726	-1,383	-206	-
Total other auditing	-726	-1,383	-206	-

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Tax advice				
PwC	-217	-244	-217	-172
Total tax advice	-217	-244	-217	-172
Other consultancy assignments				
PwC	-	-777	-	-
Regen, Benz & MacKenzie	-112	-383	-	-
Total other consultancy assignments	-112	-1,160	-	-

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

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

SEK 000s	GROUP	
	2014	2013
Computer equipment and other equipment	-13,071	-18,726
Renovations	-6,796	-7,525
Impairment of acquired goodwill (see Note 16)	-895	-
Recognised negative goodwill/adjustment of acquisition analysis	-6,953	-4,635
Impairment of goodwill (see Note 16)	-	-4,419
Other intangible assets	-27,020	-27,527
Total depreciation and amortisation of intangible assets and fixed tangible assets	-54,736	-62,832

Note 9 Net credit losses and provisions for doubtful receivables

SEK 000s	GROUP	
	2014	2013
Provisions for doubtful receivables on the opening date	-288,408	-316,216
Effect on income of individually evaluated credits included in profit and loss (minus is increased provision):		
Reversals of previous provisions	24,811	25,416
Provisions for the year	-	0
Total net credit losses	24,811	25,416
Translation differences	-861	-
Total items affecting income	23,950	25,416
Previously reported as doubtful receivable, now eliminated as actual	4,387	-
Increased provision for interest on doubtful receivables	-	-11,817
Translation differences	974	14,209
Provisions for doubtful receivables on the closing date	-259,098	-288,408

Note 10 Taxes

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Current tax expense				
Tax expense for the year	-17,959	-24,633	-	-
Adjustment of tax attributable to previous years	4,916	-8,008	-	-
Total current tax expense	-13,044	-32,641	-	-

Note 10 Taxes, cont.

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Deferred tax expense (-) tax income (+)				
Deferred tax related to timing differences	15,351	17,089	135	446
Tax effect of changed tax rate	-	-1,465	-	-
Deferred tax income in the tax value of loss carryforwards capitalised during the year	5,606	38,021	-	-
Deferred tax income in the tax value of loss carryforwards utilised during the year	-44 104	-	-	-
Total deferred tax expense/income	-23,147	53,645	135	446
Total recognised tax expense	-36,190	21,004	135	446

Reconciliation of effective tax

Group	2014		2013	
	Tax rate, %	Amount	Tax rate, %	Amount
Profit before tax		270,990		173,161
Tax according to prevailing tax rate for the parent company	22.0	-59,618	22.0	-38,095
Tax effects in respect of:				
Other tax rates for foreign companies	4.1	-11,085	4.1	-7,120
Non-deductible expenses	5.7	-15,410	12.4	-21,422
Non-taxable income	-4.5	12,439	-8.4	14,571
Increase in loss carryforwards without corresponding capitalisation of deferred tax	2.1	-5,711	5.6	-9,635
Utilisation of non-capitalised loss carryforwards	-18.2	43,782	-30.2	52,270
Capitalisation of loss carryforwards in previous years	-0.2	5,606	-22.0	38,021
Revaluation of deferred tax	3.3	-8,925	0.3	-436
Tax attributable to previous years	-1.8	4,916	4.6	-8,008
Adjustments of taxable profit	0.4	-706	-1.9	3,282
Revaluation at new tax rate	0.0	-	0.8	-1,465
Other	0.5	-1,479	0.6	-959
Recognised effective tax ¹⁾	13.4	-36,190	-12.1	21,004

1) The weighted average tax rate for the Group is 26.1% (26.1).

Reconciliation of effective tax

Parent company	2014		2013	
	Tax rate, %	Amount	Tax rate, %	Amount
Profit before tax		-33,418		-29,142
Tax according to prevailing tax rate for the parent company	22	7,352	22.0	6,411
Tax effects in respect of:				
Non-deductible expenses	-29.0	-9,707	-36.1	-10,516
Non-taxable income	23.7	7,920	34.0	9,900
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-16.7	-5,565	-18.5	-5,387
Valuation of deferred tax assets	0.4	135	-	-
Other	-	-	0.1	38
Recognised effective tax	0.4	135	1.5	446

Note 11 Maturity information

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

Group, 31 Dec 2013	Payable on demand	<3 months	>3 months but <1 year	>1 year but <2 years	>2 years but <5 years	Interest effect	N/A	Total
Negotiable government securities	-	-	-	-	-	-	-	-
Loans to credit institutions	3,198,137	100,703	-	-	-	-	-	3,298,841
Loans to the general public	2,252,281	481,766	115,979	224	-	-760	-	2,849,490
Bonds and other interest-bearing securities	-	3,962	682,145	23,295	98,124	-18,155	-	789,371
Total financial assets	5,450,418	586,432	798,124	23,519	98,124	-18,915	-	6,937,702
Loans to credit institutions	283,051	-	-	-	-	-	-	283,051
Deposits and borrowing from the general public	4,961,000	545,662	269	-	-	-	-	5,506,931
Securities issued	-	3,747	11,241	941,245	-	-21,233	-	935,000
Total financial liabilities	5,244,051	549,409	11,510	941,245	-	-21,233	-	6,724,982

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

Valuation method 2014¹⁾

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

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

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

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

Offset financial assets and liabilities

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

The above table presents the financial assets and liabilities that are recognised net in the balance sheet. Financial assets and liabilities are recognised net in the balance sheet when Carnegie has a legally enforceable right to net transactions and intends to settle the asset or liability net. On the closing date, these financial instruments comprised trade and client receivables and trade and client payables. The scope of financial assets and liabilities whose value is recognised gross but which are subject to enforceable master netting arrangements or similar agreements is marginal; disclosures have therefore not been provided.

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

Valuation method 2013¹⁾

Group, 31 Dec 2013	HELD FOR TRADING				Total
	Market price (Level 1)	Observable market data (Level 2)	Non-observable market data (Level 3)	Other method	
Negotiable government securities	-	-	-	-	-
Bonds and other interest-bearing securities	641,998	147,373	-	-	789,371
Shares and participating interests	415,865	22,930	-	-	438,795
Derivative instruments	41,943	4,877	-	-	46,820
Total financial assets	1,099,806	175,180	-	-	1,274,987
Securities issued ²⁾	-	-	-	935,000	935,000
Short positions, shares	43,312	-	-	-	43,312
Derivative instruments	26,329	340	-	-	26,669
Total financial liabilities	69,642	340	-	935,000	1,004,981

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

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

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

Offset financial assets and liabilities

Group, 31 Dec 2013	Gross amount	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables	2,519,176	-2,091,977	427,199
Liabilities			
Trade and client payables	2,412,419	-2,082,255	330,164

The above table presents the financial assets and liabilities that are recognised net in the balance sheet. Financial assets and liabilities are recognised net in the balance sheet when Carnegie has a legally enforceable right to net transactions and intends to settle the asset or liability net. On the closing date, these financial instruments comprised trade and client receivables and trade and client payables. The scope of financial assets and liabilities whose value is recognised gross but which are subject to enforceable master netting arrangements or similar agreements is marginal; disclosures have therefore not been provided.

Note 13 Other information concerning financial assets

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Financial assets		
Bonds		
Bonds, listed	1,701,988	641,998
Bonds, unlisted	-	147,373
	1,701,988	789,371
Swedish government	-	202
Other Swedish issuers	46,931	147,374
Foreign governments	-	25,958
Other foreign issuers	1,655,057	615,839
	1,701,988	789,371
Equity		
Shares, share warrants, listed	313,608	433,538
Shares, share warrants, unlisted	4,963	5,257
	318,571	438,795

Note 14 Shares and participations in Group companies

SEK 000s	PARENT COMPANY	
	31 Dec 2014	31 Dec 2013
Cost of shares and participations in Group companies on the opening date, 1 January	2,604,290	2,604,290
Cost of shares and participations in Group companies on the closing date, 31 December	2,604,290	2,604,290

Note 14 Shares and participations in Group companies, cont.

2014	Corporate Reg. No.	Registered office	No. of shares	Carrying amount	Equity ¹⁾
Carnegie Investment Bank AB (publ)²⁾	516406-0138	Stockholm	400,000	1,780,084	2,126,483
<i>Branches of Carnegie Investment Bank AB:</i>					
Carnegie Investment Bank AB, Norway branch	976 928 989	Oslo			
<i>Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige</i>					
Carnegie Investment Bank AB, Finland branch	1439605-0	Helsinki			
Carnegie Investment Bank AB, UK branch	3022 (FC 018658)	London			
<i>Subsidiaries of Carnegie Investment Bank AB:</i>					
Carnegie, Inc.	13-3392829	Delaware	100		
Carnegie AS ²⁾	936 310 974	Oslo	20,000		
Carnegie Ltd	2 941 368	London	1		
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776	Karlstad	1,000		
Carnegie Properties AB	556680-5288	Stockholm	1,000		
Carnegie AB	556946-9355	Stockholm	50		
Carnegie Fastigheter AB	556946-9371	Stockholm	50		
Banque Carnegie Luxembourg S.A. ²⁾	1993-2201863	Luxembourg	349,999		
<i>Subsidiary of Banque Carnegie Luxembourg S.A.</i>					
Carnegie Fund Services S.A.		Luxembourg			
Carnegie Fonder AB	556266-6049	Stockholm	30,000	824,206	48,663
Total				2,604,290	2,175,146

1) Equity in subsidiaries is recognised less anticipated dividends to the parent company. All of the above shares are unlisted and owned 100%.

2) Entities classified as credit institutions.

Note 15 Shares in associates

	Corporate Reg. No.	Registered office	No. of shares	Share of equity/ votes, %	Carrying amount in the parent company	Carrying amount in the Group
Optimized Portfolio Management Stockholm AB	556648-6832	Stockholm	1,000,000	50	6,819	8,963

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

The difference of SEK 2,144 thousand between the carrying amounts in the Group and the parent company arises from the inclusion of participating interests in earnings of associates in the consolidated accounts. The share of earnings was recognised in 2014 in the amount of SEK 3,207 thousand. The cumulative share of earnings in previous years amounts to SEK -1,063 thousand.

Other financial disclosures

SEK 000s	Assets	Liabilities excluding equity	Income	Operating profit
Optimized Portfolio Management Stockholm AB	38,205	20,278	50,682	7,573

Note 16 Intangible assets

GROUP			GROUP		
SEK 000s	31 Dec 2014	31 Dec 2013	SEK 000s	31 Dec 2014	31 Dec 2013
Goodwill			The carrying amount of goodwill is attributable to the following companies:		
Cost on the opening date	433,358	431,030	Carnegie Fonder AB	421,823	421,823
Translation differences	-398	-	Carnegie AS ¹⁾	792	2,328
Acquisitions during the year	-	2,328	1) Arose in 2013 in connection with acquisition/merger of NRP Securities ASA.		
Cost on the closing date	432,961	433,358	<i>Impairment testing of recognised goodwill is performed annually regardless of whether there is any indication that the carrying amount is in need of impairment.</i>		
Amortisation on the opening date	-	-	Impairment testing of Carnegie Fonder AB		
Amortisation during the year	-895	-	<i>Impairment testing was performed as required by IAS 36 to measure the recoverable amount. A discounted cash flow model was applied in the measurement. The forecast period is four years. The recoverable amount exceeds the carrying amount.</i>		
Amortisation on the closing date	-895	-			
Impairment losses on the opening date	-9,207	-4,788			
Translation differences	-244	-			
Impairment losses during the year	-	-4,419			
Impairment losses on the closing date	-9,450	-9,207			
Carrying amount	422,615	424,152			

Note 16 Intangible assets, cont.

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Other intangible assets¹⁾		
Cost on the opening date	376,639	374,620
Translation differences	1,765	1 098
Acquisitions during the year	1,795	1,036
Sale/scraping	-20,421	-115
Cost on the closing date	359,778	376,639
Amortisation on the opening date	-96,215	-66,677
Translation differences	-1,860	-1 406
Sale/scraping	20,421	-605
Amortisation during the year	-27,020	-27,527
Amortisation on the closing date	-104,668	-96,215
Carrying amount	255,110	280,424
Total carrying amount of intangible assets	677,726	704,576

1) Other intangible assets consist of systems developed in-house, client relationships and distribution agreements.

Note 18 Deferred tax assets/liabilities

SEK 000s	GROUP	PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014
Deferred tax assets			
Pensions	83,151	79,450	1,200
Capitalised loss carryforwards ¹⁾	365,027	396,206	-
Other	28,602	27,135	-
Total deferred tax assets	476,779	502,790	1,200
Deferred tax liability			
Intangible assets	-58,554	-64,173	-
Other	-8 650	-8 032	-
Total deferred tax liabilities	-67,204	-72,205	-

Changes for the year - deferred tax assets

	OPENING BALANCE	DEFERRED TAX IN	RECOGNISED DIRECTLY AGAINST EQUITY, EXCHANGE-RATE DIFFERENCES, ACQUISITIONS AND ELIMINATIONS	CLOSING BALANCE
Group, SEK 000s	(Plus is increased asset)	INCOME STATEMENT		(Plus is asset)
Pensions	79,450	3,701	-	83,151
Capitalised loss carryforwards ¹⁾	396,206	-32,835	1,657	365,027
Other	27,135	298	1,169	28,602
Total	502,790	-28,836	2,826	476,779

Changes for the year - deferred tax liabilities

	(Minus is increased liability)			(Minus is liability)
Group, SEK 000s				
Intangible assets	-64,173	5,788	-169	-58,554
Other	-8,032	-98	-519	-8,650
Total	-72,205	5,690	-688	-67,204

Changes for the year - deferred tax assets

	(Plus is increased asset)			(Plus is asset)
Parent company, SEK 000s				
Pensions	1,065	135	-	1,200
Total	1,065	135	-	1,200

1) Capitalised loss carryforwards in the Group: The majority of the opening balance of capitalised loss carryforwards is attributable to Carnegie Investment Bank AB, Sweden, and the Norwegian branch: SEK 349,650 thousand and SEK 36,282 thousand, respectively. The capitalised loss carryforward in Carnegie Investment Bank AB, Sweden, was unchanged at 31 December, while the Norwegian branch utilised a significant portion of the loss carryforward in 2014. At 31 December, the capitalised loss carryforward attributable to the Norwegian branch amounted to SEK 4,147 thousand. The remainder of capitalised loss carryforwards is attributable to Carnegie AS in the amount of SEK 4,835 thousand, and Carnegie Inc., in the amount of SEK 6,395 thousand. Total loss carryforwards in the Group at 31 December amounted to SEK 1,808,695 thousand (2,215,661), whereof SEK 80,766 thousand (49,561) is attributable to the parent company. Of the total amount SEK 262,833 thousand is blocked and cannot be used until the 2017 fiscal year. No significant deferred tax assets or liabilities are expected to change within the next 12 months. The basis for capitalised loss carryforwards is the budget for coming years, which shows that Carnegie will post positive earnings.

Note 17 Tangible fixed assets

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Computer equipment and other equipment		
Cost on the opening date	193,066	190,261
Translation differences	3,856	-5,162
Acquisitions during the year	11,566	16,531
Sale/scraping	-2,892	-8,564
Cost on the closing date	205,595	193,066
Depreciation on the opening date	-152,731	-145,833
Translation differences	-3,014	4,701
Sale/scraping	2,222	4,895
Depreciation for the year	-14,586	-16,494
Depreciation on the closing date	-168,109	-152,731
Carrying amount	37,486	40,335
Renovation of leased premises		
Cost on the opening date	98,740	97,470
Translation differences	3,470	185
Acquisitions during the year	9,384	1,085
Sale/scraping	-10,598	-
Cost on the closing date	100,996	98,740
Depreciation on the opening date	-64,871	-57,239
Translation differences	-2 831	-297
Sale/scraping	9,948	-
Depreciation for the year	-6,743	-7,335
Depreciation on the closing date	-64,497	-64,871
Carrying amount	36,499	33,869
Total carrying amount of tangible fixed assets	73,985	74,203

Note 19 Other assets

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Trade and client receivables	390,157	427,199
Accounts receivable	118,998	138,525
Other	104,681	104,706
Total other assets ¹⁾	613,836	670,430

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

Note 20 Prepaid expenses and accrued income

SEK 000s	GROUP		PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accrued interest	20,761	12,642	-	-
Rent	17,039	17,877	-	-
Fees	3,583	2,534	-	-
Personnel-related	12,515	9,737	-	-
Pensions	681	529	132	132
Accrued income	50,642	39,344	-	-
Other	130,631	152,513	-	-
Total prepaid expenses and accrued income ¹⁾	235,851	235,176	132	132

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

Note 21 Other liabilities

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Trade and client payables	19,347	330,164
Accounts payable	70,096	120,732
Other	146,138	136,903
Total other liabilities ¹⁾	235,581	587,799

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

Note 22 Accrued expenses and prepaid income

SEK 000s	GROUP		PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accrued interest	23,064	24,561	20,770	20,770
Rent	635	-	-	-
Fees	4,184	5,953	567	466
Personnel-related	412,370	278,159	826	-
Pensions	3,041	4,757	-	2,420
Other	240,438	258,668	429	-

Total prepaid expenses and accrued income ¹⁾ **683,732** **572,099** **22,591** **23,655**

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

Note 23 Other provisions

SEK 000s	GROUP	
	31 Dec 2013	31 Dec 2014
Restructuring provisions		
Opening balance	10,617	37,304
Translation differences	21	555
Utilised amounts	-5,356	-32,674
Provisions for the year	5,000	5,432
Closing balance	10,282	10,617
Other provisions		
Opening balance	7,555	16,456
Translation differences	281	-103
Utilised amounts	-5,593	-8,736
Reversal, unutilised amounts	-	-62
Provisions for the year	138	-
Closing balance	2,381	7,555
Total other provisions	12,663	18,172

Most of the provisions are expected to be utilised during 2015. The provisions to the restructuring reserve made in 2011 and 2012 were increased during the year by SEK 5 million, as shown above. The increase is primarily related to IT systems.

Note 24 Classification of financial assets and liabilities

Group, 31 Dec 2014	Held for trading	Financial assets available for sale	Loan and accounts receivable	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and bank deposits with central banks			1,832,581			1,832,581
Negotiable government securities			290,835			290,835
Loans to credit institutions			3,487,623			3,487,623
Loans to the general public			2,628,272			2,628,272
Bonds and other interest-bearing securities	1,701,988					1,701,988
Shares and participations	313,608	4,963				318,571
Derivative instruments	93,680					93,680
Shares in associates					8,963	8,963
Intangible assets					677,726	677,726
Tangible fixed assets					73,985	73,985
Current tax assets					2,104	3,385
Deferred tax assets					476,779	476,779
Other assets			613,836			613,836
Prepaid expenses and accrued income			20,761		215,090	235,851
Total assets	2,109,277	4,963	8,873,908	-	1,454,648	12,442,795

Note 24 Classification of financial assets and liabilities, cont.

Group, 31 Dec 2014	Held for trading	Financial assets available for sale	Loan and accounts receivable	Other financial liabilities	Non-financial assets/liabilities	Total
Loans to credit institutions				10,407		10,407
Deposits and borrowing from the general public				7,495,677		7,495,677
Securities issued				935,000		935,000
Short positions, shares	143,315					143,315
Derivative instruments	69,674					69,674
Current tax liabilities					10,583	10,583
Deferred tax liabilities					67,204	67,204
Other liabilities				89,443	146,138	235,581
Accrued expenses and prepaid income				23,064	660,668	683,732
Other provisions					12,663	12,663
Subordinated liabilities				409,702		409,702
Total liabilities	212,989	-	-	8,963,293	897,256	10,073,538
Equity					2,369,257	2,369,257
Total liabilities and equity	212,989	-	-	8,963,293	3,266,513	12,442,795

Group, 31 Dec 2013	Held for trading	Financial assets available for sale	Loan and accounts receivable	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and bank deposits with central banks			992,991			992,991
Negotiable government securities			-			-
Loans to credit institutions			3,298,841			3,298,841
Loans to the general public			2,849,490			2,849,490
Bonds and other interest-bearing securities	789,371					789,371
Shares and participations	433,538	5,257				438,795
Derivative instruments	46,820					46,820
Shares in associates					5,756	5,756
Intangible assets					704,576	704,576
Tangible fixed assets					74,203	74,203
Current tax assets					3,385	3,385
Deferred tax assets					502,790	502,790
Other assets			670,430			670,430
Prepaid expenses and accrued income			12,642		222,534	235,176
Total assets	1,269,730	5,257	7,824,393	-	1,513,244	10,612,624
Loans to credit institutions				283,051		283,051
Deposits and borrowing from the general public				5,506,931		5,506,931
Securities issued				935,000		935,000
Short positions, shares	43,312					43,312
Derivative instruments	26,669					26,669
Current tax liabilities					21,275	21,275
Deferred tax liabilities					72,205	72,205
Other liabilities				453,195	134,603	587,799
Accrued expenses and prepaid income				24,561	547,538	572,099
Other provisions					18,172	18,172
Subordinated liabilities				409,702		409,702
Total liabilities	69,981	-	-	7,612,440	793,794	8,476,216
Equity					2,136,408	2,136,408
Total liabilities and equity	69,981	-	-	7,612,440	2,930,203	10,612,624

Note 25 Pledged assets and contingent liabilities

SEK 000s	GROUP		PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Assets pledged for own debt				
Pledged assets for:				
Deposited securities ¹⁾	842,086	255,979	-	-
whereof own securities	-	3,900	-	-
whereof cash	842,086	252,079	-	-
Derivative instruments ²⁾	322,196	284,065	-	-
whereof own securities	164,791	104,382	-	-
whereof cash	157,405	179,683	-	-
Other liabilities	292,296	185,925	-	-
whereof own securities	153,556	156,300	-	-
whereof cash	138,739	29,625	-	-
Total pledged assets for own liabilities	1,456,578	725,969	-	-
Other pledged assets				
Pledged assets for:				
Deposited securities on clients' account ³⁾	271,469	196,012	-	-
whereof client securities	-	-	-	-
whereof cash	271,469	196,012	-	-
Derivative instruments on clients' account ⁴⁾	212,968	158,200	-	-
whereof own securities	166,371	53,008	-	-
whereof cash	46,598	105,192	-	-
Trade in securities on clients' account and own account ⁵⁾	346,196	544,952	-	-
whereof own securities	282,707	373,832	-	-
whereof cash	63,488	171,120	-	-
Total other pledged assets	830,633	899,164	-	-
Contingent liabilities and guarantees				
Contingent liabilities	129,414	139,431	119,858	126,811
Guarantees	376,007	394,915	-	-
Total	505,420	534,346	119,858	126,811

1) The collateral requirement was SEK 829,104 thousand (189,270), while 12,981 thousand (66,709) was excess collateral.

2) The collateral requirement was SEK 17,129 thousand (10,196), while 305,067 thousand (273,869) was excess collateral.

3) The collateral requirement was SEK 261,603 thousand (176,133), while 9,866 thousand (19,879) was excess collateral.

4) The collateral requirement was SEK 143,672 thousand (110,485), while 69,296 thousand (47,715) was excess collateral.

5) The collateral requirement was SEK 134,375 thousand (384,121), while 211,821 thousand (160,831) was excess collateral.

Note 26 Operational leasing

SEK 000s	GROUP	
	31 Dec 2014	31 Dec 2013
Contracted payments relating to land and buildings		
Within one year	59,316	67,985
Later than one year but within five years	216,154	265,125
Later than five years	13,890	-
Other contracted payments		
Within one year	8,690	4,862
Later than one year but within five years	5,922	7,063

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 following disclosures are presented from Carnegie Holding's perspective, that is, how Carnegie Holding's figures were affected by transactions with related parties. Lending has taken place on market terms. Information on remuneration to key persons in executive positions is presented in Note 6.

SEK 000s	GROUP		PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Related-party transactions with the CEO and board of directors				
Deposits/liability	660	1,265	-	-
Interest expenses	3	18	-	-
Lending/assets	101	-	-	-
Interest income	0	-	-	-
Pledged assets and guarantees	24,470	19,146	-	-

Related-party transactions with Group companies

Deposits/liability	-	-
Interest expenses	128	-
Lending/assets	78,502	142,767
Interest income	-	670
Sales	10,200	10,200

Related-party transactions with the owners

Deposits/liability	594,098	488,055	430,472	430,472
Interest expenses	21,089	21,684	20,770	20,770

For other transactions with owners, see 'Parent company's statements of changes in equity' (page 39) and 'Consolidated statements of changes in equity' (page 36).

Related-party transactions with others

Deposits/liability	1,757	5,559	-	-
Interest expenses	36	186	-	-

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

Note 28 Significant events after 31 December 2014**Savings account launched**

Carnegie launched a deposit account in January 2015, aimed at new and existing private clients. The offer is a further component of Carnegie's ambition to grow in the savings market.

The annual report was approved for publication by the Board of Directors on 25 March 2015. The annual general meeting is scheduled to be held 14 April 2015.

Note 29 Risk and capital management

Credit risk

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

Carnegie's total credit risk exposure per exposure class¹⁾

Group, 31 Dec 2014, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating	Past due but not reserved	Provisions
Governments and central banks	2,107,342	-	-	-	-	-
Institutional exposures	3,887,241	841,427	-	761,963	-	-
Corporate exposures	-	-	-	2,924,777	-	241,242
Retail exposures	-	-	-	724,586	-	9,658
Total	5,994,583	841,427	-	4,411,326	-	250,900
Group, 31 Dec 2013, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating	Past due but not reserved	Provisions
Governments and central banks	1,046,041	-	-	-	-	-
Institutional exposures	1,432,845	2,141,184	155,646	15,360	-	-
Corporate exposures	13,137	72,626	46,199	2,169,577	-	113,154
Retail exposures	-	-	-	1,723,640	-	175,252
Total	2,492,023	2,213,810	201,845	3,908,577	-	288,406

1) The definitions of exposure classes were changed between 2013 and 2014.

Pledged collateral

Carnegie's corporate and retail exposures are primarily collateralised with pledged liquid financial securities (referred to as margin lending). Only a small fraction of these exposures are unsecured (in blanco). Exposures are usually secured by a diversified portfolio of financial collateral.

The majority of clients have assets whose worth far exceeds the utilised credit amount

as illustrated in the following tables. However, there are large differences in loan-to-value amongst individual clients. Equities are the most common form of collateral used in custodian account loans. No individual security represents more than 3 percent of utilised collateral.

Exposure refers to the size of outstanding credit secured by the individual instrument. 'Other collateral' refers to funds, structured products, guarantees and pledged custodian accounts with underlying financial collateral.

Client-pledged collateral in margin lending

Group, 31 Dec 2014, SEKm	Market value	Collateral value	Exposure
Financial collateral			
Equities	42,928,708	31,785,963	1,386,085
Cash	2,316,642	2,307,228	707,352
Bonds	6,384,576	2,210,178	205,086
Other collateral	11,267,337	5,431,989	979,553
Total	62,897,264	41,735,358	3,278,076
Group, 31 Dec 2013, SEKm	Market value	Collateral value	Exposure
Financial collateral			
Equities	13,270,987	6,857,713	1,275,592
Cash	2,247,356	2,247,321	889,966
Bonds	1,710,422	926,450	396,270
Other collateral	2,649,271	1,915,594	1,176,120
Total	20,632,102	11,947,078	3,737,949

About 75 percent of 'other collateral' consists of pledges from another custody account/pledgor wherein the underlying collateral consists primarily of equities, bonds, cash or funds.

Loss provisions

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

Carnegie considers various parameters in assessing whether an impairment need is indicated. These parameters are described in Carnegie's internal control documents. An impairment need may arise as a result of various events, such as increased risk due to changes in the client's financial statements and/or changes in the composition of pledged collateral. Carnegie performs regular reviews of specific impairment requirements.

As of 31 December 2014, the value of collateral the bank is holding for loans where the value has been impaired was SEK 21 million (31). The collateral consists of equities.

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

Financial assets past due for payment for which no provisions have been made are handled according to Carnegie's procedures for doubtful receivables and are assessed regularly in operations. Individual decisions are taken in every case and may include the realisation of collateral through the sale of pledged listed securities. As of the closing date, there were no financial assets with renegotiated terms and conditions for which no impairment loss had been taken.

The value of financial assets taken over was SEK 3 million (11) at the end of the period. All assets taken over are equity, and Carnegie's strategy is to gradually sell these assets. The entire value of the assets taken over refers to realised collateral.

Note 29 Risk and capital management, cont.

Liquidity risk

The table below provides a maturity analysis of the contracted maturity of financial assets and liabilities. Carnegie calculates and stress tests the liquidity reserve daily to

ensure that liquidity targets are met and that liquid assets are available to meet contractual and modelled cash flows.

Contracted maturities of financial assets and liabilities, 2014

Group, 31 Dec 2014, SEK 000s	Payable on demand	Up to 3 months	3-12 months	1-2 years	2-5 years	More than 5 years	Interest effect	Not applicable	Total
Negotiable government securities	-	249,943	40,893	-	-	-	-	-	290,835
Bonds and other interest-bearing securities	-	749,707	906,158	8,414	36,634	-	-767	1,841	1,701,988
Shares and participations	-	6,495	1,757	-	-	-	-	310,319	318,571
Total financial assets	-	1,006,145	948,808	8,414	36,634	-	-767	312,161	2,311,394

Liabilities to credit institutions	4,635	5,771	-	-	-	-	-	-	10,407
Deposits and borrowing from the general public	6,146,407	1,349,270	-	-	-	-	-	-	7,495,677
Securities issued	-	-	935,000	-	-	-	-	-	935,000
Short positions, shares	-	-	-	-	-	-	-	143,315	143,315
Other liabilities	-	235,581	-	-	-	-	-	-	235,581
Accrued expenses and prepaid income	-	23,064	-	-	-	-	-	-	23,064
Total financial liabilities	6,151,042	1,613,686	935,000	-	-	-	-	-	8,843,044

Derivatives

Liabilities at market value	9,351	54,183	6,140	-	-	-	-	-	69,674
Assets at market value	10,331	67,489	15,860	-	-	-	-	-	93,680

Contracted maturities of financial assets and liabilities, 2013

Group, 31 Dec 2013, SEK 000s	Payable on demand	Up to 3 months	3-12 months	1-2 years	2-5 years	More than 5 years	Interest effect	Not applicable	Total
Negotiable government securities	-	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	-	3,962	682,145	23,295	98,124	-	-18,155	-	789,371
Shares and participations	396,263	1,526	12,571	764	16,504	11,166	-	-	438,795
Total financial assets	396,263	5,488	694,715	24,060	114,628	11,167	-18,155	-	1,228,166

Loans to credit institutions	283,051	-	-	-	-	-	-	-	283,051
Deposits and borrowing from the general public	4,961,000	545,662	269	-	-	-	-	-	5,506,931
Securities issued	-	3,747	11,241	941,245	-	-	-21,233	-	935,000
Short positions, shares	-	-	-	-	-	-	-	43,312	43,312
Other liabilities	-	587,799	-	-	-	-	-	-	587,799
Accrued expenses and prepaid income	-	24,561	-	-	-	-	-	-	24,561
Total financial liabilities	5,244,051	1,161,769	11,510	941,245	-	-	-21,233	43,312	7,380,654

Derivatives

Liabilities at market value	-	274	26,395	-	-	-	-	-	26,669
Assets at market value	-	12,095	34,725	-	-	-	-	-	46,820

Market risk

Reported amounts refer to the Group. Amounts for the preceding year are stated in brackets.

Equity price risk

Carnegie's own exposure to equity and equity-related instruments consists of both assets and liabilities among balance sheet items. At year-end, the total value of these assets and liabilities amounted to SEK 625 million (556). Of the total for the Group, SEK 462 million (482) related to shares and SEK 163 million (73) to derivative instruments. The net exposure at year-end was SEK 199 million (416).

Assets and liabilities are measured at fair value, which corresponds to the carrying amount. Equity positions consist of both long and short positions in shares and share-based derivative instruments, primarily listed in Sweden and other Nordic marketplaces. A simultaneous price change of -3% of all equity holdings in the Group's trading book would have had an effect on earnings of SEK -0.4 million (-0.2) at year-end. A +3% price change at the same date would have had an effect of SEK 0.5 million (0.2) in the Group. The derivative positions consist of held or sold contracts for forward call options, put options and warrants.

Volatility risk

Exposure to volatility risk is measured in Vega, which describes the change in value of the position if the volatility in the position increases by one percentage point. At year-end, Carnegie had volatility risk of Vega SEK 0.2 million (<0.1). The exposure in the Group represents the net of positions with negative or positive Vega exposure.

Scenario analysis

The risks in operations where risk-taking is an element of the business consist mainly of equity price risk and volatility risk. These risks are measured by simulating the effect on earnings of a combined change of share prices and volatility. Carnegie focuses on and has limits for the maximum potential loss for two specific scenarios; a medium scenario and a stress scenario. The medium scenario means that prices in the entire equity market change by $\pm 3\%$ simultaneously with a change in market volatility of ± 10 percent. The greatest potential loss in such a scenario is called the Medium Max Loss and was at year-end SEK 0.8 million (0.3). The stress scenario means that prices in the entire equity market change by $\pm 10\%$ and that market volatility changes by ± 40 percent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 1.9 million (1.7) at year-end.

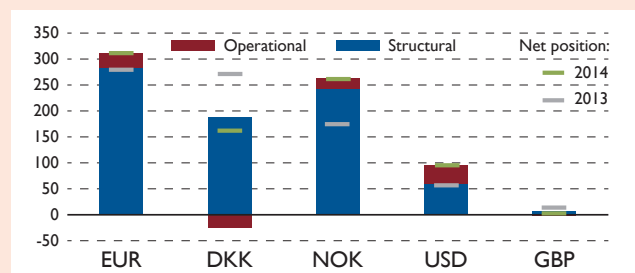
Currency risk

Currency risk is divided into structural and operational currency risk. Structural currency risk arises in financing of foreign subsidiaries and branches with equity or subordinated loans in another currency. Operational currency risk arises in ongoing business operations. Carnegie has limited operational currency exposure that includes only liquid currencies. Carnegie's own portfolios had no currency exposure on 31 December 2014.

Note 29 Risk and capital management, cont.

Group currency exposure at 31 December 2014:

The lower structural currency risk in DKK compared with 2013 is a result of the conversion of the Danish operations to a branch at the end of 2013.



Interest risk in the trading book

Carnegie's own trading book is affected by interest-rate changes through holdings of bonds and derivative instruments. At year-end, the effect on earnings of the trading book in connection with an interest rate increase of 1 percentage point was SEK 0.8 million (1.2). The interest risk in the trading book is limited and is calculated and reported daily to risk management and senior management.

Interest risk in other operations

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 basis points applied on the yield curves to which the positions are linked. At year-end, the loss risk from such downward shift of basis points was SEK 4.6 million (3.1).

Capital adequacy analysis

The capital adequacy analysis applies to Carnegie Holding AB and subsidiaries (the Group). For a specification of subsidiaries, see Note 14 Shares and participating interests in Group companies. Certain discrepancies arise between 2014 and 2013, which are attributable to the new capital requirements regulations imposed through the implementation of the Capital Requirements Regulation (CRR) in 2014. Carnegie analyses future capital requirements through the Internal Capital Adequacy Assessment Process (ICAAP), which means that future capital requirements can be guaranteed. For more information about the ICAAP, see page 32.

GROUP		
SEK 000s	31 Dec 2014	31 Dec 2013
Capital adequacy		
Capital base	1,770,015	1,378,376
Risk exposure amount	6,509,618	6,534,488
Capital requirement	-520,769	-522,759
Surplus capital	1,249,246	855,618
Capital adequacy ratio, %	27.2	21.1
Tier I capital ratio, %	20.9	14.8
Common equity Tier I capital ratio (CET1), %	19.5	14.8
Capital buffer requirement		
Total CET1 requirement including buffer requirement, %	7.0	-
whereof: Capital conservation buffer, %	2.5	-
CET1 available as buffer, %	14.9	-
Capital base		
Capital instruments and related share premium reserve	1,252,238	1,340,297
Retained earnings and reserves	1,028,959	796,111
Anticipated dividend	-22,015	-22,015
Goodwill and intangible assets	-621,902	-704,576
Deferred tax assets	-365,027	-441,144
Total common equity Tier I capital	1,272,253	968,674
Additional Tier I capital		
Preference shares	88,059	-
Total Tier I capital	1,360,313	968,674
Tier 2 capital		
Perpetual convertible debentures	409,702	409,702
Total capital base	1,770,015	1,378,376

Capital requirements for credit risks

Carnegie applies the standard method for calculating credit risks.

GROUP		
SEK 000s	31 Dec 2014	31 Dec 2013
Capital requirements from exposures to:		
Central counterparties	255	-
Governments and central banks	-	-
Municipalities and comparable public bodies and authorities	-	-
Institutional exposures	50,195	58,966
Corporate exposures	47,776	23,136
Retail exposures	2,476	14,007
Exposures to funds	712	13,397
Exposures in the form of covered bonds	13,672	-
Equity exposures	1,793	-
Other items	56,197	34,999
Total capital requirement for credit risks	173,075	144,506

Settlement risk	345	498
Total capital requirement for settlement risks	345	498

Capital requirements for market risks

Equity price risk

Specific risk	11,750	46,763
General risk	10,181	30,728
Non-delta risk	1,335	-
Total capital requirement for equity risks	23,266	77,490

Interest rate risk

Specific risk	1,678	6,598
General risk	945	3,471
Total capital requirement for interest rate risks	2,623	10,069
Currency risk	68,027	73,824
Total capital requirement for currency risks	68,027	73,824

Capital requirement from credit valuation adjustment risk

Credit valuation adjustment risk	3,324	-
Total capital requirement for credit valuation adjustment risk	3,324	-

Capital requirement for operational risks

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

Income indicator	1,667,393	1,442,482
Capital requirement for operational risks	250,109	216,372

Note 30 Information on statements of cash flows

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Interest paid	63,907	118,409	20,795	20,874
Interest received	114,141	144,427	145	762
Adjustments for items not affecting cash flow				
Anticipated dividends and Group contributions from subsidiaries	-	-	-36,000	-45,000
Expense related to additional purchase consideration, as yet unpaid	42,953	49,635	42,953	49,635
Income from Valot Group, not yet received	-36,000	-45,000	-	-
Depreciation, amortisation and impairment of assets	48,350	58,197	-	-
Change in the balance sheet item 'provisions'	-3,692	-35,534	-2,629	-9,949
Share of profit/loss in associates	-3,207	-2,671	-	-
Unrealised changes in value of financial instruments	-7,600	-16,412	-	-
Other profit/loss items not affecting liquidity	-	8,592	-	-
Total adjustments for items not affecting cash flow	40,804	16,807	4,324	-5,314

SEK 000s	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
Cash and cash equivalents				
Cash and bank deposits with central banks	1,832,581	992,991	-	-
Negotiable government securities	290,835	-	-	-
Loans to credit institutions	2,330,930	3,185,387	47,385	150,779
Loans to credit institutions, not payable on demand	-353,148	-100,703	-	-
Less: pledged cash	-1,154,200	-508,100	-	-
Cash and cash equivalents, closing balance	2,946,998	3,569,575	47,385	150,779

Note 31 Subordinated liabilities

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

Accrued interest calculated at 5% amounts to SEK 20,770 thousand (20,770) for this year and is included in the balance sheet item 'Accrued expenses and prepaid income'.

Note 32 Profit/loss from participations in subsidiaries

SEK 000s	PARENT COMPANY	
	31 Dec 2014	31 Dec 2013
Anticipated dividends from subsidiaries	36,000	45,000
Cost of supplementary purchase consideration related to the acquisition of Carnegie Investment Bank AB ¹⁾	-42,953	-49,635
Total result from investments in subsidiaries	-6,953	-4,635

1) The cost refers to additional purchase consideration paid to the Swedish National Debt Office. The subsidiary Carnegie Investment Bank AB has income of SEK 36 million (45) from the Valot Group attributable to its sale of Norrvidden. Accordingly, the effect in the Carnegie Holding Group is a loss of SEK 6,953 thousand (-4,635).

Note 33 Reporting by country

As required by Swedish Regulation FFFS 2008:25, the following table provides information about the nature of the business, geographical territory, average number of employees, operating income, operating profit/loss and tax on profit for each country in which Carnegie is established, meaning where Carnegie has a physical presence. Carnegie is considered to have a physical presence in a country if Carnegie has a subsidiary or branch in that country. Carnegie has not received any government subsidies.

Group			2014				2013			
Country	Business ¹⁾	Geographic territory	Average number of employees	Operating income, SEKm ²⁾	Operating profit/loss, SEKm	Tax, SEKm	Average number of employees	Operating income, SEKm ²⁾	Operating profit/loss, SEKm	Tax, SEKm
Denmark	IB, SEC, PB	Denmark	75	235	17	-2	69	256	79	-10
Finland	SEC	Finland	18	42	-3	-	19	27	-19	-
Luxembourg	PB	Luxembourg	44	149	54	-14	46	144	53	-15
Norway	IB, SEC	Norway	71	307	98	-	69	247	68	-
Sweden	IB, SEC, PB, F, SF	Sweden	382	1,228	80	32	392	1,061	181	0
UK	SEC	London	31	116	-16	-	24	81	3	-
US	SEC	New York	11	63	7	-2	13	51	2	0
Eliminations	-	-	-	-82	33	-32	-	-133	-192	0
Total			633	2,058	271	-18	631	1,735	173	-25

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

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

CERTIFICATION

The Board of Directors and the CEO hereby certify that the annual report was prepared in accordance with the Swedish Annual Accounts Act (ÅRL), recommendation RFR 2 Reporting of Legal Entities; and that it provides a fair presentation of the parent company's financial position and earnings and that the Board of Directors' report provides a fair presentation of the company's operations, financial position and earnings; and that it describes significant risks and uncertainties facing the company.

The Board of Directors and the CEO hereby certify that the consolidated financial statements were prepared in accordance with

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

Stockholm, 25 March 2015

The consolidated financial statements will be presented to the annual general meeting on 14 April 2015 for resolution.

Bo Magnusson
Chairman

Mårten Andersson

Fredrik Grevelius

Harald Mix

Fredrik Strömholm

Thomas Eriksson
President and CEO

Our audit report was submitted 25 March 2015
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised public accountant

AUDITOR'S REPORT

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Carnegie Holding AB for the year 2014.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for credit institutions and securities companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and

Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Carnegie Holding AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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

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

Opinions

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

Stockholm, 25 March 2015
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

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.

Capital adequacy

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

Capital adequacy ratio

Total regulatory capital divided by the total capital requirement for credit risk, market risk and operational risk.

Capital requirement

A measure of how much capital an institution must have given the risks involved in the business. Capital requirements are calculated for credit risk, market risk and operational risk.

Cost/income (C/I) ratio

Total costs (including allocations to profit sharing) as a percentage of total income (including income from associates and other significant holdings).

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.

Liquidity reserve

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

Loans to the general public

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

Number of employees at year-end (FTE)

The number of annual employees (full-time equivalents) on the closing date.

Profit margin

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

Profit per share

Profit or loss for the period divided by the average number of shares.

Regulatory capital

Tier 1 capital plus Tier 2 capital.

Return on assets

Profit for the most recent 12-month period as a percentage of total assets.

Return on equity

Profit for the most recent 12-month period as a percentage of average equity.

Risk-weighted assets

A measure of the total risk exposure at any given time.

Specific provisions

Loan receivables which have undergone individual impairment testing and where there are objective circumstances that have led to impairment of the asset.

Tier 1 capital

Equity plus the equity portion of untaxed reserves minus goodwill, any proposed dividends, deferred tax assets, intangible assets and any treasury shares.

Tier 1 capital ratio

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

Tier 2 capital

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

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CARNEGIE AWARDS IN 2014

★ **Best in Nordic Corporate Finance**

In October 2014, Carnegie placed first among Nordic institutions when TNS Sifo Prospera ranked financial advisers in corporate finance in the Nordic market in its annual survey.

The survey was based on interviews with 223 companies that used advisory services for mergers, acquisitions, divestments or other capital market transactions. The criteria include market position, perceived capacity and ability, understanding of companies and markets, competence and execution.

★ **Best in Corporate Finance in Denmark and Sweden**

Carnegie was ranked number one in the Danish market overall and was also given the highest ranking for capital market transactions in the Swedish market.

★ **Best Research House in Sweden**

Carnegie was awarded the most top rankings in Financial Hearings' annual survey of research sectors among brokerage houses in Sweden in 2014. Carnegie analysts achieved top rankings in an impressive ten out of twenty categories. The survey was based on responses from the largest institutional investors in Sweden. Based on an overall assessment, Carnegie was named the best research house in Sweden.

★ **Best Private Bank in Sweden**

Carnegie Privatbank was named the Best Private Bank in Sweden by finance magazine Privata Affärer in 2014. Carnegie Privatbank also took first place when Privata Affärer carried out the same survey in 2012 and in business magazine Affärsvärlden's similar survey in 2010.

★ **Fund Manager of the Year 2014**

Finance magazine Privata Affärer named Carnegie Fonder Fund Manager of the Year in 2014. Carnegie also placed first in the categories of Small Cap Fund of the Year (Carnegie Småbolagsfond) and Newcomer of the Year (Carnegie Strategifond). Fondmarknaden.se also named Carnegie Småbolagsfond the Best Sweden Fund of the year.