

# Garantum Annual Report 2022



# Management report

The Board of Directors and the CEO of Garantum Fondkommission AB hereby submit the annual report for the 2022 financial year.

## Ownership

Garantum Fondkommission AB, ("Garantum") owns 100% of Garantum Invest AB, corporate registration number 556859-2447 with registered office in Stockholm. Garantum has 1 subsidiaries, as set out below, and the ownership amounts to:

- 100% of the shares in Garantum Strukturerade Produkter AB, corporate registration number 556672-8365, with registered office in Stockholm.

## General information about the business

Garantum operates a securities business including asset management, the arrangement of structured financial products, the brokering of financial products and otherwise participates in transactions in such instruments. As part of its operations, Garantum provides advice on financial matters and conducts other activities relating to the securities business, and conducts these activities in accordance with the Securities Business Act and the company's securities licence. The Swedish Financial Supervisory Authority has granted Garantum permits to conduct its business since April 2005. All permits are published on [www.fi.se](http://www.fi.se). The Garantum Group has 49 (46) affiliated agents and pursues transnational business in Norway.

## Development of the company's activities, profit/loss and financial position

### Financial information

The profit for the company as of 31 December 2022.

The operating profit amounted to SEK 59.1 (64.3) million, and the profit after tax amounted to SEK 34.5 (36.5) million. Total revenue was SEK 217.2 (241.9) million.

Operating expenses amounted to SEK 158.1 (178.0) million during the financial year. At year end, total staff amounted to 53 (54) employees.

During the year, the company arranged in 178 (139) different products where the longest issue had a maturity of 8.0 (8.0) years and the shortest had a maturity of 2.0 (2.0) years. The average maturity amounted to 4.87 (4.81) years.

Equity amounted to SEK 174 (170) million. The total capital ratio amounted to 20.66 (16.72) %.

## **Corporate development**

The year started out strong, but the Russian invasion of Ukraine at the end of February initially resulted in dampening customers' willingness to invest, not least due to a weaker stock market, higher interest rates and rising inflation. Despite this, we experienced strong flows in all business areas throughout the year, such as our quality-assured fund marketplace, discretionary management, share trading, and structured products. We also saw a widening impact from the results of our strategic efforts of recent years to develop our provision of services, focused on personalised advice. The breadth of our provisions prompted many advisers to choose to join forces with us and, during the year, several associated agents joined our platform, resulting in a large influx of managed assets into our platform. In addition, other partners, who for a prolonged period of time have adapted their undertakings to the new set of have resumed their business relations with us. The financial result was positive once again.

## **Investment solutions**

Demand for alternative yield profiles through our award-winning structured products remain high. Rising interest rates contribute positively to the conditions and we have seen a growing interest in investing in capital-protected investments.

During the year, Garantum was named "Best Distributor" of structured products in both Sweden and Norway. The assessment is based on a combination of the value of sold products and the returns on those that have gone into decline. This was the 20th time that the European sector organisation SRP has presented these awards, and Garantum won the 'Best Distributor' awards in the last eight banks?? in Europe, Garantum has made an impression, not least when the prestigious award 'Best Distributor, Capital Protected Products, Europe' was presented to Garantum. The award shows that we are right out there and that we are far ahead on our home turf in the Nordic region. We aim to continue implementing and strengthening our provisions to give more customers and advisors the opportunity to take advantage of our personalised investment solutions.

Garantum was the only Swedish player to also be nominated for 'Best Private Bank' in Europe along with operators such as UBS and Société Générale. Being recognised, nominated and praised in international contexts is a key milestone in our efforts to develop Garantum into the Nordic Region's leading player in Private Banking and personalised wealth advice.

## **Wealth Management**

The Private Banking segment is growing, and we saw a continued heavy influx of major customers who chose to place their portfolio with us in competition with well-established players. This clearly shows that we have a powerful, competitive provision of services in all customer segments. During the year, the Garantum Private Banking Conference was held at a packed Grand Hotel in Stockholm, a recurring event that has contributed in earnest to establishing Garantum as a challenger in Private Banking and Wealth Management.

Over the year, the intra-group advisory companies received an upgrade of their brands with an add-on for 'Garantum Wealth Management', a natural extension of our Wealth Management and Private Banking strategy.

### **Fintech hub for individualised guidance.**

Investments and further development of our infrastructure and organisation continued to proceed as planned. The development of our technical platform with unique tools is accelerating, creating better prerequisites for the provision of individualised, quality-assured advice. We're starting to see how these investments create a competitive advantage where advisors working on our platform can enhance the added value for their customers compared to other solutions. With the technical conditions in place, we will continue our efforts to build the market's leading fintech hub for personalised advice.

### **Environmental policy**

The company works to raise environmental awareness. Decisions have previously been made regarding sorting at source of waste and office equipment, environmentally friendly electricity, environmentally friendly paper for advertising prints, eco-friendly promotional pens and the use of bicycle messengers, and that wherever possible business travel uses eco-friendly alternatives such as trains rather than cars or planes. Additional steps were taken several years ago to significantly reduce the use of paper by, among other things, transitioning to providing product brochures in electronic format wherever possible.

From the outset, we have also actively endeavoured to meet the rising demand for sustainable investments, where the exclusion criteria in this area are constantly being evaluated and widened, if necessary. We are doing this to be able to offer our advisors and clients the right products and tools in a changing world where we aim to promote that capital is allocated for sustainable investments. In order to meet the expectations of our customers and external parties, Garantum continued to hold training courses for our advisors in environmental, social and governance aspects during the year.

### **Risks and uncertainties**

Garantum's operations are subject to a number of different risks on a daily basis. In some segments, these are a natural part of business activities, such as market risks in the trading portfolio. Garantum's Board of Directors has executive responsibility for Garantum's risk management. Board of Directors has a special instruction, and have within certain frameworks delegated the responsibility to Garantum's CEO, who is ultimately responsible for Garantum's risk management. For the daily risk management and checks, Garantum has entered into an outsourcing with Garantum Invest AB concerning risk management and compliance. The Board is kept informed by reporting on a regular basis. See Note 3 for more details. The risks to which Garantum is exposed and which are managed include:

- Market risks
- Liquidity risks
- Operational risks
- Credit risks
- Legal risks

### **Staff**

The average number of employees in the company during the financial year was 53 (54). The number of employees at the end of the financial year was 51 (54), 30 (33) of whom were men and 21 (21) women. See further details in Note 9.

### Events after the balance sheet date

Business-wise, we still see satisfactory flows in all business areas. The financial result continues to be positive, and the demand for alternative yield profiles through our award-winning structured products remained high.

Rising interest rates still contribute positively to current circumstances, and the rising interest in capital-protected investments is accelerating.

New return figures for structured products issued by Garantum show that they have given an average annual return of almost eight percent since 2005. The high historical returns are in keeping with Stockholm Stock Exchange trends, the major difference being that our customers have generally been exposed to significantly lower risk.

### PROPOSAL FOR PROFIT ALLOCATION

At the disposal of the Annual General Meeting is SEK

Retained earnings	130 993 278
Profit/loss for the year	34 500 516
<b>Total</b>	<b>165 493 794</b>
SEK 3,333.33 per share is distributed to the shareholders	30 000 000
Profit carried forward to next year	135 493 794
<b>Total</b>	<b>165 493 794</b>

Board assesses that the company's activities, after the proposed dividend, will be continue to be conducted with good profitability. The liquidity in the company is also assessed to be maintained at a reassuring level, and the company is expected to continue to fulfil the regulatory capital adequacy requirements for the operations. The proposed dividend can therefore be justified in light of the statements made in ABL, Chapter 17, Section 3, second paragraph (precautionary rule). See further details in Note 21.

## MULTI-YEAR OVERVIEW

<b>PROFIT/LOSS AND BALANCE SHEETS</b>	2022	2021	2020	2019	2018
Income statement					
Total operating income	217 232	241 937	157 728	214 097	187 227
Total costs before credit losses	-158 134	-177 627	-138 512	-183 481	-154 514
<b>Operating profit/loss</b>	<b>59 098</b>	<b>64 310</b>	<b>19 216</b>	<b>30 616</b>	<b>32 713</b>
<b>Profit/loss for the year</b>	<b>34 501</b>	<b>36 508</b>	<b>9 544</b>	<b>16 985</b>	<b>14 608</b>
Balance sheet					
Lending to credit institutions	465 181	790 064	686 310	382 657	352 812
Other assets	972 860	974 561	752 204	681 925	606 018
<b>Total assets</b>	<b>1 438 042</b>	<b>1 764 625</b>	<b>1 438 513</b>	<b>1 064 582</b>	<b>958 830</b>
Deposits from the public	965 292	857 296	846 789	635 417	589 513
Other liabilities	250 606	695 786	413 808	258 915	196 551
<b>Total liabilities</b>	<b>1 215 898</b>	<b>1 553 082</b>	<b>1 260 597</b>	<b>894 332</b>	<b>786 065</b>
Untaxed reserves	47 650	41 550	35 432	37 309	42 809
Equity	174 494	169 993	142 485	132 941	129 956
<b>Total liabilities and equity</b>	<b>1 438 042</b>	<b>1 764 625</b>	<b>1 438 513</b>	<b>1 064 582</b>	<b>958 830</b>
<b>RATIOS</b>					
Balance sheet total, SEK 1000	1 438 042	1 764 625	1 438 513	1 064 582	958 830
Return on assets, %	2,40	2,07	0,66	1,60	1,52
Solvency, %	15	12	12	12	14
Total capital ratio, %	20,66	16,72	18,33	18,68	18,20
Capital ratio	2,58	2,09	2,29	2,33	2,27
Average number of employees	53	54	49	42	39

*As regards Garantum's profit/loss and financial position in general, reference is made to subsequent income statements and balance sheets*

## INCOME STATEMENT

1 January – 31 December

SEK thousand	Note	2022	2021
Interest income	4	7 995	2 011
Interest expenses	4	-1 125	-1 653
Net interest income		6 870	357
Commission income	5	513 172	561 496
Commission costs	6	-306 502	-371 342
Net income from financial transactions	7	1 523	42 874
Other operating income	8	2 170	8 552
Total operating income		217 232	241 937
General administrative expenses	9	-158 134	-177 627
Write-downs of shares in subsidiaries	14	-	-
Total costs		-158 134	-177 627
Operating profit/loss		59 098	64 310
Year-end appropriations	10, 20	-14 030	-17 158
Tax on profit for the year	11	-10 568	-10 643
<b>Profit/loss for the year</b>		<b>34 501</b>	<b>36 508</b>

### Report for the total profit/loss

1 January – 31 December

SEK thousand	2022	2021
Profit/loss for the year	34 501	36 508
Other comprehensive income that will be reversed through the income statement	-	-
Comprehensive income after tax for the year	34 501	36 508

## BALANCE SHEET

As per 31 December

SEK thousand	Note	2022	2021
<b>TOTAL ASSETS</b>			
Lending to credit institutions	12	465 181	790 064
Bonds and other securities	13	334 008	269 856
Shares and units in group companies	14	100	100
Current tax asset	11	6 095	6 019
Other assets	15	602 806	654 470
Deferred costs and accrued income	16	29 851	44 116
<b>Total assets</b>		<b>1 438 042</b>	<b>1 764 625</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>			
Deposits from the public	17	965 292	857 296
Other liabilities	18	178 975	608 169
Accrued costs and deferred income	19	71 631	87 617
<b>Total liabilities</b>		<b>1 215 898</b>	<b>1 553 082</b>
Untaxed reserves	20	47 650	41 550
<b>EQUITY</b>			
21			
Restricted equity			
Share capital (9,000 shares and P/B ratio SEK 1,000)		9 000	9 000
Unrestricted equity			
Retained profit or loss		130 993	124 485
Profit/loss for the year		34 501	36 508
<b>Total equity</b>		<b>174 494</b>	<b>169 993</b>
<b>Total liabilities, provisions and equity</b>		<b>1 438 042</b>	<b>1 764 625</b>



## SUMMARY OF CHANGES IN EQUITY

SEK thousand	Restricted equity	Unrestricted equity	Total equity	
	Share capital	Retained profit or loss	Profit/loss for the year	
Opening equity 1 January 2021	9 000	123 941	9 544	142 485
Profit/loss for the previous year	-	9 544	-9 544	-
Profit/loss for the year	-	-	36 508	36 508
Dividend	-	-9 000	-	-9 000
Closing equity, 31 December 2021	9 000	124 485	36 508	169 993

SEK thousand	Restricted equity	Unrestricted equity	Total equity	
	Share capital	Retained profit or loss	Profit/loss for the year	
Opening equity, 1 January 2022	9 000	124 485	36 508	169 993
Profit/loss for the previous year	-	36 508	-36 508	-
Profit/loss for the year	-	-	34 501	34 501
Dividend	-	-30 000	-	-30 000
Closing equity, 31 December 2022	9 000	130 993	34 501	174 494

## CASH FLOW STATEMENT

1 January – 31 December

SEK thousand	2022-12-31	2021-12-31
Ongoing operations		
Operating income	59 098	64 309
Adjustment for items not included in the cash flow		
Unrealised changes in the value of securities	-7 167	3 331
Unrealised gains/losses	-1 309	-1 990
Income tax paid	-17 508	-17 199
Cash flow from ongoing operations before changes in working capital	33 114	48 451
Cash flow from changes in working capital		
Change in bonds, shares and participation	-56 984	-110 850
Change in other assets	72 792	-108 283
Change in other liabilities	-453 110	270 939
Cash flow from ongoing operations	-404 188	100 257
Investment activities		
Cash flow from investment activities	-	-
Financing activities		
Deposits from the public	107 996	10 507
Dividend paid	-30 000	-9 000
Cash flow from financing activities	77 996	1 507
Cash flow for the year	-326 192	101 764
Cash and cash equivalents at the beginning of the year	790 064	686 310
Exchange-rate difference in cash and cash equivalents	1 309	1 990
Cash and cash equivalents at year-end	465 181	790 064

SEK thousand	2022-12-31	2021-12-31
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The following subcomponents are included in cash and cash equivalents:

Lending to credit institutions	465 181	790 064
Total	465 181	790 064

Interest paid and dividends received that are included in cash flow from ongoing operations

SEK thousand	2022	2021
Interest received	7 995	2 011
Interest paid	1 125	1 653

**Stockholm, date: 23 May 2023**

To the best of our knowledge, this annual report was prepared in accordance with generally accepted accounting principles. The provided information corresponds to the actual conditions of the operations and nothing of material significance which could impact the image of the company created by this annual report has been omitted.

As stated above, the Annual Report has been approved for presentation by the Board of Directors on 23 May 2023. The company's Income Statement and Balance Sheet will be adopted on 23 May 2023.

Our audit report was submitted on 23 May 2022.

Öhrlings PricewaterhouseCoopers AB

