ANNUAL REPORT

2023

CARNEGIE HOLDING AB

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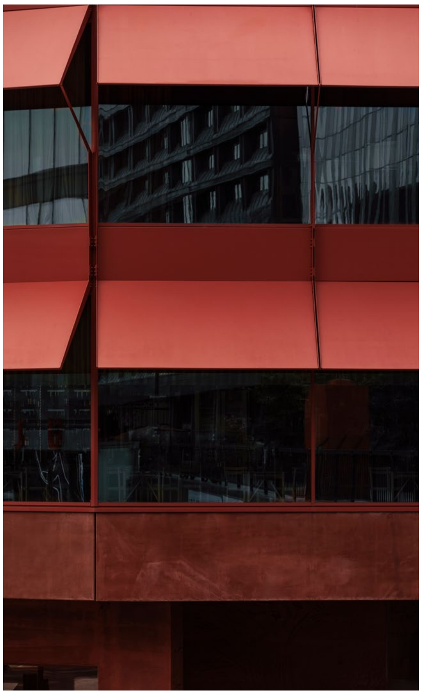

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This is Carnegie's annual report for the 2023 financial year. The formal annual report comprises pages 23-65. The annual report also comprises Carnegie's sustainability report for 2023 as required under the Swedish Annual Accounts Act, ch 6 s 10, (1995:1554).

About Carnegie

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

OUR VISION
To be the most competent and respected financial adviser and asset manager in the Nordics.

OUR MISSION
We enable companies, capital and communities to achieve sustainable growth.

OUR CLIENTS
We we work with companies, their owners, institutions and individuals.

OUR FOUR BUSINESS UNITS

01 Investment Banking

Carnegie Investment Banking offers professional advisory in mergers and acquisitions (M&A) and equity capital market (ECM) transactions. The Debt Capital Markets (DCM) unit also provides advisory related to capital acquisition via corporate bonds and fixed income instruments. With unique understanding of sectors and capital markets in the Nordic region, Carnegie is a leading Nordic adviser in corporate finance. Operations in Sweden, Norway, Denmark, Finland, the UK and the US.

02 Securities

Carnegie Securities offers institutional clients services within research, brokerage and sales trading and equity capital market transactions (ECM). In addition, the Fixed Income unit offers bond research and sales. Carnegie's top-ranked research, brokerage and equity sales enjoy a globally leading position in Nordic equities. Operations in Sweden, Norway, Denmark, Finland, the UK and the US.

03 Private Banking

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

04 Asset Management

Carnegie Asset Management offers long-term, sustainable and active asset management through its two fund companies, Carnegie Fonder and Holberg. Carnegie Fonder operates in Sweden and Holberg in Norway. They are independent fund companies that offer a complete range of services from tailored total solutions to individual fund products in traditional and alternative asset classes.

The year in brief

Carnegie is accelerating its long-term growth strategy, with focus on further strengthening the core business and building stable business units that generate recurring revenues. Carnegie has gained a larger product offering and more stable revenue base through our new business initiative Montrose by Carnegie, the acquisition of parts of Erik Penser Bank's securities business and the launch of commissioned research.

Operating revenue 2023
SEK 3,402m (3,883) -12%

SEK 3,402 m

Profit before tax 2023
SEK 412m (652) -37%

SEK 412 m

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

100%

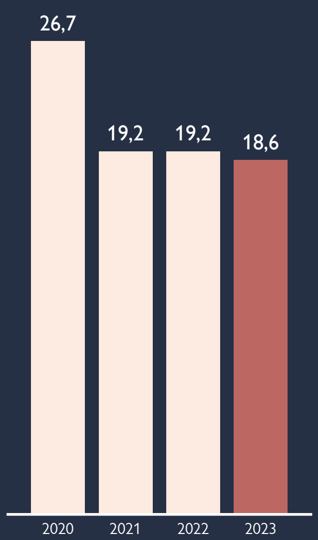
Responsible business
KPI from the annual risk culture measurement showing persistently good risk awareness

85%*

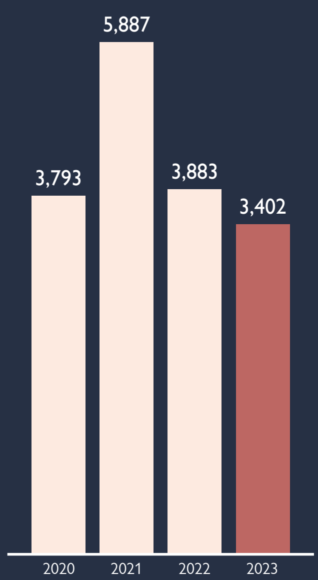
Responsible employer
KPI from the annual employee survey

82%*

COMMON EQUITY TIER 1 CAPITAL RATIO
%



OPERATING REVENUE
SEKM



CLIENT SURVEYS AND RECOGNITION IN 2023

#1 Euromoney Award for Excellence and Best Private Bank in Sweden 2023 (Euromoney)

#1 Best Research House in Sweden (Financial Hearings)

#1 Carnegie Fonder top-ranked in the Fund Distributors & Selectors category (Prospera)

 # 1 Carnegie ranked highest among international investors in Nordic equity research and sales in 2023 (Prospera)

#1 Ranked best investment bank in Nordic Corporate Finance (Prospera)

#1 in M&A Advisory in Sweden and the Nordics according to clients (Prospera)

#1 Back-office ranked highest by clients in the Nordics (Prospera)

* The share of employees who gave positive answers to the questions linked to the 'Responsible business' and 'Responsible employer' sections of the employee survey for Carnegie Investment Bank.

REVENUES
Per business area

Investment Banking 28% | Securities 26% | Private Banking 24% | Asset Management 18% | Other 4%

REVENUES
Geographical distribution

Sweden 66% | Norway 14% | Denmark 10% | Other 10%

EMPLOYEES
Per unit

Investment Banking 21% | Securities 21% | Private Banking 16% | Asset Management 6% | Business Support 36%

CEO's message

Stability and growth in a hesitant market

As an aspect of the long-term growth strategy, we implemented several key initiatives during the year aimed at growing recurring revenues. In parallel, we are focusing on maintaining and strengthening our leading position in transactions, advisory and research. In executing our strategy, we are also broadening our client offering and reaching key new client segments.

Geopolitical instability, rising interest rates and higher inflation continued to impact the market, although the inflation rate has gradually slowed, which triggered expectations of falling rates. Here at Carnegie, our unwavering focus is on being available to our customers, particularly when the market is characterised by uncertainty, and client demand for knowledge is growing. Happily enough, stock market trends in the US and the Nordics were positive in 2023 compared to 2022 and, driven by increased risk appetite, several interesting transactions were completed in the Nordic region, especially towards the end of the year. Carnegie was the adviser for the biggest IPOs of the year, including Norconsult and DOF, as well as Rusta, for which Carnegie was the sole financial adviser.

GROWTH PRODUCES STABILITY

Several strategic initiatives were executed during the year as an aspect of the broader client offering, as well as a goal-oriented, long-term growth strategy in which we are focusing on building up our recurring revenues while retaining and strengthening our leading positiosn in transactions, advisory and research.

In the autumn, we announced a new business initiative - Montrose by Carnegie. Montrose by Carnegie is a digital investment platform for people who are active in the stock market and are seeking more in-depth knowledge about investment opportunities. Montrose by Carnegie has not yet been launched, but there is already keen interest from the target group.

In the fourth quarter, Carnegie acquired Erik Penser Bank's securities business, which contributed to growth in assets under management in Private Banking, numerous new clients and advisers. We also expanded our commissioned research product with about 80 companies and integrated a Corporate Finance team who are leaders in small cap transactions, paving the way to widening our client segment within Investment Banking. The acquisition became something of an historic moment when Erik Penser came back to the company where he once began his career. Under Erik Penser's leadership, the banking firm of Langenskiöld, which later became Carnegie, was transformed into a successful stock brokerage firm, primarily due to the efforts of Penser and Fischer. In conjunction with the acquisition, Jenny Penser was seated on the Board of Directors, meaning that the Penser family is now an active owner of Carnegie.

Yet another new business, Carnegie Commissioned Research, was announced in the autumn. This is Carnegie's first venture into commissioned research and the decision to launch the new business came after we had received numerous queries from clients and investors. Carnegie Commissioned Research started off very well, with several new clients, while an additional injection of about 80 companies came with the acquisition of Penser Access and Penser Future.

OUR EMPLOYEES ARE THE KEY TO SUCCESS.

Our ambition at Carnegie is to be a workplace where the most talented people in the market aspire to work. Consequently, the outcome of our employee survey is not only an indicator of how well we have succeeded in attaining our ambition, it is also a tool that we use in the effort to live up to that ambition. We still receive high scores from our employees, but that does not make continuous improvement any less important. For although both women and men give their workplace high scores, we still have some way to go before we are a company that fully reflects the diversity of the world in which we live and work.

THE IMPACT OF OUR KNOWLEDGE

The historic climate agreement signed at COP28 established that the world must phase out fossil fuels. The global target is to transition to fossil-free energy and achieve zero emissions by 2050. Now that the agreement has been signed and the world has agreed on a guideline, it is up to politicians and business to fall in line. This makes it important to understand the forces that are going to affect the market and the consequences that this agreement is going to have. To help our clients navigate the ongoing transition, we are working determinedly with skills development aimed at both employees and clients, especially how we identify, evaluate and approach sustainable investments. We have worked during the year to clarify our strategy and our sustainability targets, where our economic, environmental and social responsibility proceed from the 1.5 degree target set in the Paris Agreement and the UN Sustainable Development Goals.

GETTING WOMEN ON BOARD

One important issue where we can be involved and make a difference is achieving better board gender diversity. Through the Getting Women On Board initiative, we will be actively identifying women with the skills and experience required for board service and recommending them to companies seeking to strengthen their boards in connection with an IPO, for example. In this way, we can make a difference and promote board gender balance. In connection with the initiative, we are also creating a forum for board candidates, representatives of nomination committees, owners and other directors. The aim of this meeting place is to share knowledge and open pathways into the nomination process.

CLIENTS ARE AT THE HEART OF OUR BUSINESS

However Carnegie grows in the future, the core of our business never changes – the trust of our clients. I am delighted that we continued to receive high scores in independent client surveys during the past year. It is naturally an honour to place highest in the rankings, but what we are most truly grateful for is that our clients continue to demonstrate their high trust in us as advisers and asset managers. As we sum up 2023, the interest rate situation has stabilised and we are seeing increased risk appetite that is generating positive market sentiment.

As we look forward to 2024 with hope for a more stable and peaceful world, I would like to extend my sincere thanks and appreciation to all of our clients – for putting your trust in us and for your willingness to be a part of Carnegie: where knowledge and capital meet.

Tony Elofsson
President and CEO

Business model

Carnegie's business model is based on the capacity to translate our expertise into relevant advisory and asset management to generate value for our clients. We also aim to guide our clients towards decisions that are sustainable for companies, people and society. We bring people, companies, ideas and capital together through value-add advisory and asset management.

KNOWLEDGE

Knowledge of Nordic enterprise, markets and business environment

INVESTMENT BANKING

SECURITIES

PRIVATE BANKING

ASSET MANAGEMENT

VALUE CREATING AND SUSTAINABLE GROWTH

For clients

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

For shareholders

Sustainable and long-term returns based on sound risk-taking.

For employees

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

For society

Companies and capital that grow, unleash innovatio, create jobs that increase prosperity and drive the economy.

WHERE KNOWLEDGE AND CAPITAL MEET

Carnegie is the leading financial adviser and asset manager in the Nordics. The foundation of our business model is the ability to leverage our knowledge to generate value for our clients and create sustainable growth. Carnegie promotes positive social development by acting as a meeting place for knowledge and capital where companies that need capital to grow and develop meet retail and institutional investors seeking returns. Our knowledge of enterprise, markets and the business environment connects our four business areas: Investment Banking, Securities, Private Banking and Asset Management.

A REWARDING WORKPLACE

Carnegie is an institution in the Nordic market and is still defined by the entrepreneurship and innovation capacity that laid the foundation for the company we are today. The ability to transform our knowledge into relevant advisory is critical to maintaining the trust of our clients, and thus efforts to attract and retain outstanding employees are critical to our business. Accordingly, we strive to create an engaging, secure and rewarding workplace characterised by diversity, equal opportunity, attractive conditions and ample opportunities for advancement.

VALUE CREATION AND SUSTAINABLE GROWTH

Our mission is to make companies and communities stronger by supplying knowledge and capital for sustainable growth. Sustainability is an integrated component of our business model and we actively strive to ensure that our investments and our advice promote responsible, long-term business strategies in the companies in which we are engaged. We aim to contribute to the green transition by steering capital towards sustainable projects and businesses with a strong commitment to transparency and responsible business. We maintain a stable financial foundation with sustainable profitability and growth, and are defined by a company culture that protects and defends responsible risk management, high ethical standards and integrity.

> “ Carnegie acts as a meeting place through its networks of investors, companies and specialists.

OUR ROLE IN SOCIETY

Companies and capital that grow have the power to generate innovation, create jobs and promote economic prosperity. The aim of our meeting place is to help more companies grow and become a positive force in society. That is why we are actively engaged in supporting innovation and entrepreneurship, where the goal is to promote the growth of sustainable businesses that can contribute novel ideas and solutions to society. We strengthen enterprise through access to our network of investors, contribute our knowledge and put the spotlight on good examples to inspire others.

Sustainability

Promoting positive change

Our sustainability programme rests on three pillars: knowledge, transparency and responsibility. As a financial adviser and asset manager, we consider it our duty to actively contribute as the world strives to achieve change towards a more sustainable world.

OUR ROLE

The financial sector plays a critical role in the transition to a more sustainable world by securing access to capital for sustainable investments. Accordingly, Carnegie's mission is to strengthen companies and communities by providing expertise and capital that enables sustainable growth. We are achieving this by:

- Contributing knowledge about sustainability in our advisory so that the companies we work with can be both sustainable and profitable.
- Ensuring transparency in our investment products and working to secure capital allocation that promotes a sustainable future.
- Promoting diversity and equal opportunity in our own organisation and in the companies we work with.
- Promoting good governance in our investment products and in our own organisation.

WE CAN MAKE A DIFFERENCE WITH OUR KNOWLEDGE

Carnegie's greatest impact is reflected in our client advisory and asset management. We have a responsibility to promote transparency and build up in-depth knowledge about corporate sustainability work.

Initiatives to increase knowledge are a central component of our sustainability programme. To help our clients navigate the ongoing transition, we are actively engaged in developing the skills of our employees in relation to sustainability, particularly in terms of how we find, evaluate and work with sustainable investments.

We implemented initiatives to increase the knowledge of our advisers in 2023 and arranged thematic seminars on sustainability to give our clients insight into new investment opportunities. Carnegie Fonder launched the ESG Academy in 2023, aimed at educating clients and partners about ESG.

CARNEGIE SUSTAINABILITY AWARD

We can influence development in a more sustainable direction by drawing attention to good examples. Carnegie established the Carnegie Sustainability Award to demonstrate how a clear sustainability strategy can generate shareholder value. The award, established in 2019, is based on Carnegie's own ESG research and puts the spotlight on good examples that can inspire other companies and investors. Presented in three categories, the Carnegie Sustainability Award was given to Novo Nordisk, AF Gruppen and Kempower in 2023.

The Carnegie Fonder ESG Academy

Carnegie Fonder is endeavouring to educate and inform through the ESG Academy in various areas and in relation to ESG-related concepts and strategies. The goal is to boost knowledge and interest in these matters among Carnegie Fonder's clients and partners. When investors understand the concepts behind sustainable investment, they become more aware of their own choices and their potential impact.

ESG Academy consists of six modules that cover various aspects of sustainable investment. The modules include an intro to the field, an explanation of all three letters of the ESG acronym and, finally, three common strategies that fund companies can apply to integrate sustainability in their investments. The topics that the training programme covers are:

- How can a company be analysed based on social factors?
- What does being an active owner entail?
- What is the exclusion process?
- What differentiates an Article 8 fund from an Article 9 fund, specifically?
- Why should managers actually care about sustainability?

WINNERS OF THE CARNEGIE SUSTAINABILITY AWARD 2023

Large Cap – Novo Nordisk

Novo Nordisk is a global healthcare company that took on the challenge of defeating diabetes by working to prevent the increase of type 2 diabetes and obesity. The company has set a target of net zero emissions across its entire value chain by 2045, and is working to reduce the environmental impact of its products by improving recycling speeds and using non-plastic materials.

Small Cap – AF Gruppen

AF Gruppen is a leader of its industry with its sustainability programme and company recycling centre. CO2 reductions from the company's environmental centres and demolition business correspond to about 150% of its own climate emissions. The company has ambitious sustainability targets and leads the industry in recycling, with a source separation rate of 88%.

Newcomer – Kempower

Kempower is a leading player in the Nordic market for DC charging. By enabling EV charging, Kempower is contributing to fighting climate change. Kempower's charging solutions are modular, cost-effective and feature reusable components. The company aims to be carbon neutral by 2035 and fully recyclable in its own operations by 2025.

GETTING WOMEN ON BOARD

Women are still seriously under-represented on boards of directors worldwide, and the Nordic countries are no exception. In line with the EU Women on Boards Directive, Carnegie has introduced the "Getting Women On Board" programme, which is focused on increasing the share of women on corporate boards of directors.

Getting Women On Board is aimed at promoting board gender balance in Nordic companies and will initially be launched in Sweden. Our aim with the Getting Women On Board initiative is to create a wider selection of board candidates. As a transaction adviser, we participate in the recommendation of potential board candidates when boards require additional expertise. Through the Getting Women On Board initiative, Carnegie is actively seeking women board candidates who will become part of Carnegie's own pool of potential board candidates. With this active and deliberate approach, we can promote gender balance in the board selection process and accelerate Swedish board diversity. Getting Women on Board provides a forum where participants can be inspired, while also being the place where owners and representatives of nomination committees can meet and work together to achieve change.

Competency assurance for the future

Engaged and competent employees are the foundation of our success and critical to our capacity to maintain client trust and achieve our goals. It is thus strategically important to both attract and retain the right employees. Carnegie prioritises investments that promote employee job satisfaction, well-being and development to ensure our long-term success.

EMPLOYEE SURVEY

To ensure that our employees are happy and want to stay with Carnegie, it is important to understand how they feel about the workplace, their day-to-day work and Carnegie as an employer. We carry out regular employee surveys to follow up our goals within the operations of the Carnegie Group. Carnegie Investment Bank, which is the largest business within the Group, conducts an employee survey every year, which includes questions about the company's sustainability work, risk management and the progress and effectiveness of the company culture. Particular attention is paid to matters related to diversity, equity and inclusion (DEI). Once again, this year's employee survey showed good results and strong employee engagement, as 91 percent said that they would be happy to recommend Carnegie as an employer.

EQUAL OPPORTUNITY REMAINS A KEY ISSUE

Efforts related to DEI have been a high priority in the last year. Companies with a homogeneous workforce are at risk of overlooking key perspectives and becoming lethargic and one-dimensional. Striving to attract employees of varying backgrounds, genders, ages and experiences is thus very important to us. Equal opportunity to grow and develop is vital to making employees want to stay. Within Carnegie, 89 percent of employees believe that opportunities for advancement are equal, regardless of gender, but we can see that the percentage of women who share this view is somewhat lower. Over the next few years, we will be working to monitor the issue and ensure that clear DEI targets are set. We have worked during the year to attract more women to the financial services industry and especially to Carnegie. These efforts have included reviewing the recruitment process for our internship programme within Investment Banking and taking action to ensure that an equal number of women and men are invited to an interview. We have also arranged various activities to trigger interest in the financial services industry and Carnegie. Several of these initiatives are specifically aimed at groups that have traditionally not identified Carnegie as a potential employer.

CARNEGIE PROFESSIONAL DEVELOPMENT

Aimed at giving our employees optimal conditions, we focus on skills development every day in the context of the ongoing work, as well as through various types of training. The Carnegie Professional Development (CPD) Foundation offers employees training and personal development courses in which 262 individuals had the opportunity to participate in 2023. Lectures with inspiring themes like health and well-being are offered regularly within the framework of CPD.

Leadership

Share of employees who expressed high trust in management.

87%

Engagement

Share of employees who expressed high engagement with their jobs.

93%

Net Promoter:

Share of employees who would recommend Carnegie as an employer.

91%

Gender Equality

Share of employees who believe Carnegie offers equal opportunities for all, regardless of gender

89%

For a sustainable future

As the leading adviser and asset manager in the Nordics, we have a responsibility to promote transparency and knowledge about corporate sustainability work, and to work actively ourselves to be a sound and responsible employer and good corporate citizen.

Our economic, environmental and social responsibility is based on the 1.5 degree target set under the Paris Agreement and the UN Sustainable Development Goals. Carnegie has signed and integrated the UN Global Compact (UNGC) into its operations and has identified six targets under the 17 SDGs that are particularly relevant to the business and with which we work regularly. In addition, Carnegie Private Banking, Carnegie Fonder and Holberg have signed the UN Principles for Responsible Investment (UNPRI) and incorporated them in the screening of potential investments. We have signed a commitment on the Group level to comply with science based targets to reduce climate impact and are in the process of setting our targets for validation by the Science Based Targets initiative. Carnegie Fonder was the first fund company in Sweden to join the initiative and its targets were validated by SBTi in 2022.

We support and adhere to international principles of fundamental human rights and sustainable development, including the UN Universal Declaration of Human Rights, the ILO Fundamental Conventions including the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

We have performed a materiality assessment in order to analyse and report the impacts of our operations. The assessment is based on a proven model in which we examine the market, analyse risks and engage in stakeholder dialogues through interviews and surveys with employees, clients and shareholders. We also performed an impact assessment that identifies how Carnegie impacts sustainability and how sustainability impacts Carnegie's business, with regard to both risks and opportunities.

The most material topics for Carnegie are to:

- Promote diversity, equity and inclusion
- Attract, retain and develop employees
- Integrate sustainability in existing products and product development
- Integrate sustainability in client advisory

These matters are strategically important to us as a company and we have accordingly chosen to integrate targets and tracking with our long-term business objectives.

Business objectives and outcomes

Our business objectives are based on financial and non-financial parameters and are categorised under three main focus areas: responsible business, responsible advisory and responsible employer.

The objectives are meant to secure Carnegie's leading position in the financial market by maintaining and strengthening the trust of clients, employees, the market and society. We have opted to integrate our key sustainability topics with our long-term business objectives and to track them in the same way as our financial parameters.

RESPONSIBLE BUSINESS

We look at both risks and business opportunities through clear investor's glasses. The ultimate objective is to enable our clients to create value in society.

Carnegie must stand on solid financial ground, with sound and sustainable growth and profitability. This is prerequisite for our ability to play an active and prominent role in the financial value chain.

Our entire business must be operated responsibly, with a sound and prudent risk culture, high ethics, integrity and confidentiality, good governance and regulatory compliance.

Taking responsibility for the world in which we live and do business is of paramount importance to Carnegie. That means that we as a company have a responsibility to make every effort to base our actions on having the least possible climate impact while not compromising our general objectives. Our businesses must strive to reduce our climate impact and help our employees become more knowledgeable about the effects of climate change.

Material sustainability topics

- Protect client privacy and safeguard client data
- Work actively to eliminate all forms of corruption
- Reduce climate impact and use of resources in Carnegie's own operations
- Ensure a sustainable supply chain

RESPONSIBLE ADVISORY AND ASSET MANAGEMENT

Sustainability and responsibility are integral to every aspect of our advisory, from allocation of capital to fund investment advice, as well as within equity research. We adhere to policies and guidelines including the credit policy, instructions for provision of investment services and instructions regarding money laundering. We also provide the support necessary for transparent risk assessments based on solid input, which makes it possible to reject business that does not meet our standards. In addition, each business unit has its own guidelines that indicate how economic, environmental and social aspects must be interwoven in business assessments.

Material sustainability topics

- Integrate sustainability in client advisory
- Integrate sustainability in existing products and product development
- Develop products and advisory services with a specific ESG focus
- Contribute to improving clients' climate transition processes and in so doing mitigate the effects of climate change

RESPONSIBLE EMPLOYER

We aim to create the optimal conditions for enhancing employee engagement and work to achieve greater diversity, equity and inclusion. Creating a stimulating, rewarding work environment where employees are happy and which attracts tomorrow's talents is critical to retaining the role of Nordic market leader over the long term.

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

Material sustainability topics

- Promote diversity, equity and inclusion
- Attract, retain and develop employees
- Ensure employee well-being
- Ensure an innovative and inclusive work environment

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Corporate governance

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

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

Annual General Meeting

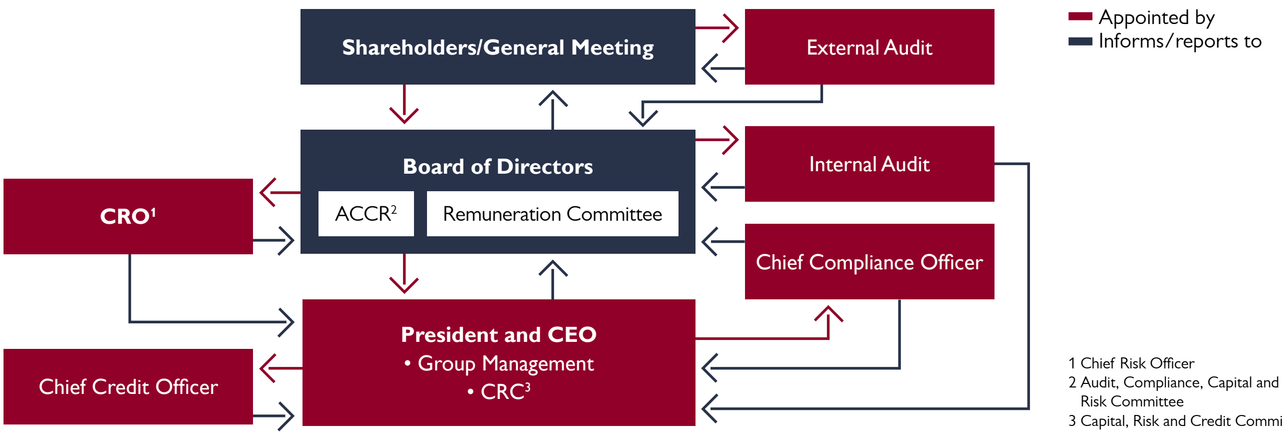
The shareholders exercise their influence at general meetings, among else through appointing the company's directors and auditors.

Board of Directors

Directors are elected by the shareholders at the annual general meeting for a term of one year. The composition of the Board must comply with applicable laws and regulations and the policy on board suitability, diversity and composition adopted by the Annual General Meeting and the Board of Directors. A key principle in this context is that the Board must be of most suitable size and composition. Board size and composition are discussed and assessed in terms of appropriate expertise and experience. The directors must also have adequate time to perform their duties and understand Carnegie's business and its greatest risks. The Board must include independent directors. Another key principle of board composition is the conviction that board diversity, in terms of directors' education, professional history and cultural background, as well as age, gender and national and ethnic origins, creates conditions conducive to strategic development and innovation. During the period of April-November 2023, the Board of Directors was composed of six directors. The number was thereafter increased to seven. The CEO is not a director. The CEO participates in all board meetings except when prevented due to conflicts of interest, such as when the work of the CEO is evaluated. Other members of executive management participate as required. The Board of Directors is presented on page 43.

The Board of Directors has overall responsibility for the business conducted in the Group. The Board establishes the general objectives and strategy for business operations, regularly monitors and evaluates operations based on the objectives and guidelines it has adopted, appoints the CEO and continuously evaluates operative management. The Board is also responsible for ensuring that the organisation is dimensioned so that accounting, asset management and other financial conditions are adequately controlled and that risks involved in the business are identified, defined, measured, monitored and controlled in compliance with external and internal

Governance model



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

regulations, including the Articles of Association. The Board of Directors also decides on significant acquisitions, divestments and other major investments and ensures that external information provision is objective and transparent. The Board of Directors also has final say on the appointment/dismissal of the Chief Risk Officer (CRO) and the Head of Internal Audit.

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

The Board of Directors' work

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

The Board of Directors held 19 meetings in 2023.

Board committees

The Board of Directors cannot delegate its overarching responsibility, but the Board has established committees to manage certain defined matters and to prepare such matters for decision by the Board. The Board presently has two committees: the Audit, Compliance, Capital and Risk Committee (ACCR), and the Remuneration Committee. The committees report regularly to the Board.

Committee members are appointed by the Board for a term of one year. The ACCR's duties include supporting the Board in its efforts to assure the quality of the Group's financial reporting and internal control over financial reporting. ACCR also supports the Board in its work to review and ensure that the Group is organised and managed so that the business is operated in compliance with laws and regulations, that all risks in Group operations are identified and defined and that such risks are measured, monitored and controlled in accordance with the Board's risk appetite statement. The ACCR also continuously monitors the Group's risk and capital situation. The committee communicates regularly with the Group's internal and external auditors, discusses coordination of these activities and ensures that any problems noted or objected to by the auditors are rectified.

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

CEO and Group Management

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

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

Risk management and compliance functions

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

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

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

Internal Audit

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

Compensation policy

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

Remuneration policy

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

Fixed remuneration

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

Variable remuneration for the Group and each unit

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

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

Individual performance assessment

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

Identified staff

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

Employees in control functions

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

Monitoring and control

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

Partnership

Through various companies, employees of the Carnegie Group are part owners of the parent company. Employee ownership is an important aspect of generating commitment to the entire Group's development and ensuring that employees have the same incentives as other owners to create long-term value.

Board of Directors

Anders Johnsson

Chair since 2019

Committee: ACCR, RemCom

Born: 1959

Education: St Mikaelskolan, Mora.

Other significant assignments:
Director of Carnegie since 2016.

Previous experience:
Many years with SEB, most recently as head of the Life and Wealth Management Division and member of executive management.

Ingrid Bojner

Director since 2015

Born: 1973

Education: MSc, Stockholm School of Economics. Studies at Georgia State University and UCLA Anderson School of Management.

Other significant assignments:
Chair of New Republic PR. Director of Falck Group, Deezer and Apoteket AB.

Previous experience:
CEO and CCO, Storytel. Senior positions with TeliaSonera and McKinsey & Company.

Gustav Axelson

Director since 2023

Committee: ACCR

Born: 1989

Education: BSc, Stockholm School of Economics.

Other significant assignments:
Director of Altor Equity Partners AB, Rillion and QNTM Group.

Previous experience:
Engagement Manager at McKinsey & Company.

Pia Marions

Director since 2023

Committee: ACCR

Born: 1963

Education: BSc Business and Economics, Stockholm University.

Other significant assignments:
Senior Advisor for the Skandia Group. Chair of Skandiabanken. Director of Unilabs Group Holding APS, Duni AB and Vitrolife AB.

Previous experience:
CFO at Skandia Liv, Folksam Liv and Carnegie, and senior roles in organisations including Royal Bank of Scotland, Länsförsäkringar Liv and Finansinspektionen.

Harald Mix

Director since 2009

Committee: RemCom

Born: 1960

Education: MBA, Harvard Business School, BSc Applied Mathematics and Economics, Brown University.

Other significant assignments:
Founder and Partner, Altor Equity Partners. Board Chair of Vargas Holding, H2 Green Steel and Aira. Director of Nordic Leisure Travel Group and Kinnevik AB.

Previous experience:
CEO of First Boston Corporation and Booz Allen & Hamilton.

Andreas Rosenlew

Director since 2015

Born: 1962

Education: MSc Economics & Business Administration, Hanken School of Economics, Helsinki.

Other significant assignments:
Chair of Lumene Group Holding Oy and Grow AB. Vice Chair of Digitalist Group Oy Plc.

Previous experience:
Founder and Managing Partner of Grow AB. Senior Partner at Lowe & Partners Worldwide Inc.

Jenny Penser

Director since 2023

Born: 1973

Education: BSc Business and Economics, Lund University.

Other significant assignments:
Chair of Altaal AB. Director of Erik Penser Bank AB and Bolivio Holding AB.

Previous experience:
Worked actively within Erik Penser Bank; formerly responsible for reporting on the banking and insurance industry in the Nordics for Bloomberg.

Management

Tony Elofsson

President and CEO since April 2023

Born: 1972

Previous experience:
Joined Carnegie in 2002 within Equity Capital Markets (ECM) Head of ECM from 2007, Head of Investment Banking Sweden from 2019 and Global Head of Investment Banking from 2022. Has worked with Nordic ECM/ Investment Banking since 1996.

Anders Antas

Chief Financial Officer (CFO) since 2018

Born: 1975

Previous experience:
A number of positions with Carnegie, including Head of Treasury and, most recently, COO. Formerly an analyst with SEB Enskilda Securities.

Jacob Bastholm

Head of Carnegie Denmark since 2017

Born: 1970

Previous experience:
Head of Corporate Finance, Handelsbanken Capital Markets. Formerly, executive positions within ABN AMRO.

Christian Begby

Head of Carnegie Norway since 2012

Born: 1963

Previous experience:
Leading positions in research and Corporate Finance. Former head of Corporate Finance at SEB Enskilda, Norway. Head of Equity Research at SEB Enskilda, 1996-2000.

Emelie Friberg

Head of Communications and Sustainability since 2020

Born: 1979

Previous experience: Nordic Head of Market and Communication at the legal firm of White & Case. Prior to that, Business Developer and Head of Employer Branding at Deloitte.

Henric Falkenberg

Global Head of Securities since 2009

Born: 1960

Previous experience:
Head of Securities at SEB Enskilda and Alfred Berg. Prior to that, broker at Öhman and Consensus.

Fredrik Leetmaa

Head of Private Banking since 2022

Born: 1971

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

Helena Nelson

Chief Legal Counsel since 2013

Born: 1965

Previous experience:
Chief Compliance Officer and Head of Operational Risk, Swedbank Group. Chief legal counsel and corporate counsel at Skandia.

Andreas Uller

Head of Asset Management

Born: 1971

Previous experience:
CEO of Carnegie Fonder since 2021. Prior to that, Vice CEO and Head of Business Development since 2010. Former Head of HQ Private Banking and CEO of CAAM Fund Services.

Lena Österberg

Head of Sustainability, Strategy and Advisory, and Global Head of Equity Research since 2023

Born: 1971

Previous experience:
Several roles within Carnegie, including Head of Equity Research Sweden and Head of Sustainability, Research & Strategy. Employed at SEB Enskilda prior to joining Carnegie.

Elisabeth Erikson

Chief Information Officer (CIO) since 2017

Born: 1974

Previous experience:
Head of Business Development, Skandiabanken. Formerly Business Area Manager, Banking Services and Mortgages, Skandiabanken.

Elisabeth Erikson left Carnegie on 30 January 2024.

Board of Directors' report

The Board of Directors and CEO of Carnegie Holding AB (reg. no. 556780-4983) hereby present the annual report of operations in the parent company and the Group for the financial year 2023.

Operations

Carnegie Holding is the parent company in the Carnegie Group. Business is conducted through Carnegie Investment Bank AB (publ) and subsidiaries, and through the subsidiaries Carnegie Fonder AB, Holberg Fondsforvaltning A/S and Montrose by Carnegie AB. Another subsidiary, CAAM Fund Services AB, became dormant during the year. For an illustration of the Group, see the chart showing the legal structure on page 25.

Ownership

Altor Fund III owns 70.6 percent of Carnegie Holding AB and the remaining 29.4 percent is owned by employees of Carnegie and Erik Penser Bank AB.

Acquisitions

Carnegie acquired the business areas Erik Penser Wealth Management, Erik Penser Corporate Finance and the Penser Access and Penser Future research services from Erik Penser Bank in November 2023. The consideration for the completed transaction consisted of shares in Carnegie. Upon completion of the acquisition, Jenny Penser was seated on the Board of Directors of Carnegie.

Market & Position

Corporate transactions market

Equity capital market transactions (ECM)

Weak activity in the equity capital market transactions market continues to affect the revenue flow for Investment Banking & Securities. Carnegie's market position remains strong, which generates stable business flow, and the Nordic Investment Banking team still receives top rankings in independent client surveys. Although transaction activity remains low in the equity market, stock market performance was positive in 2023 compared to 2022 and several interesting transactions were completed in the Nordic region.

Carnegie acted as adviser to the largest IPOs executed in 2023. In Q4, Carnegie executed the IPOs of Norconsult and Rusta, the only IPOs in the Nordics during the quarter. Although revenues from advisory related to M&A transactions fell slightly, increased interest in bond financing and other debt advisory contributed to an increase in debt advisory revenues.

Nordic equity market (Equity Research & Trading)

The adverse impact of the weak equity market on equity sales revenues persisted, while revenues from bond sales increased. Nevertheless, we are maintaining our leading market position and are still ranked highest for both equity sales and research by institutional investors in independent client surveys. The expansion of the client offering with the launch of commissioned research that occurred in October was the biggest event of the year for the Securities unit.

Capital and wealth management market

Numerous stock exchanges around the world ended the year on an upturn, but we saw major movements across the full year and wide variation in share price performance among different sectors, markets and stocks. As a result, clients still have a substantial need for active advisory within asset management as well as from our respected specialists in family law, tax law and insurance solutions.

Asset management market

The Asset Management business area, including the subsidiaries of Carnegie Fonder and Holberg, demonstrated good performance during the year and remains a key component of the Group's recurring revenues.

Carnegie Fonder solidified its position as one of the leading asset managers in Sweden. All funds* generated positive returns during the year and assets under management increased. Holberg demonstrated strong development in the past year with growth in assets under management, attributable to strong return performance and net inflows.

*) Except for Carnegie Bear, a fund intended to generate positive returns when the performance of Nasdaq Stockholm is negative.

Acquisition of fund businesses in 2022
The Group acquired three asset management companies in 2022: Carnegie Fonder, Holberg Fondsforvaltning ("Holberg") and CAAM Fund Services ("CAAM"). The new group is named Carnegie Group. The comparative figures in the annual report have been restated to reflect the Group as if Carnegie had owned the acquired entities for the entire period presented in the report, regardless of the actual transaction date. See Note 1 on page 39 for more information.

Group financial performance
Consolidated operating revenues[1] amounted to SEK 3,402 million (3,883), a decrease of 12 percent compared to FY 2022.

Operating income statement

SEKm	2023	2022
Operating revenue	3,402	3,883
Operating expenses	-2,992	3,234
Profit before credit losses	**411**	**649**
Credit losses	1	3
Profit before tax	**412**	**652**
Tax	-65	-184
Profit for the year	**347**	**467**
Employees		
Average number of employees	809	787
Number of employees at the end of the year	871	808

See page 87 for definitions.

Revenue
Investment Banking & Securities (IB&S)
Income in IB&S is generated primarily from advisory fees related to equity capital market transactions and mergers and acquisitions, bond-related advisory income, commissions related to brokerage services and equity capital market transactions and charges related to equity research. IB&S generated revenues of SEK 1,823 million (2,380).

[1]See page 87 for supplementary information.

Private Banking
Revenues in Private Banking are generated mainly from discretionary management, advisory, net interest income and charges related to securities transactions. Revenues in Private Banking amounted to SEK 829 million (880) for the period and assets under management were SEK 223 billion (179).

Asset Management
Revenues in Asset Management are generated mainly by fund management commissions. Revenues in Asset Management increased by 4 percent to SEK 604 million (580). Assets under management were SEK 130 billion (119).

Costs
Operating expenses decreased to SEK 2,992 million (3,234), primarily due to lower personnel expenses resulting from the subdued business flow, while other expenses increased slightly due to further investments in business development, which includes non-recurring items.

Profit
Profit before tax for the year was SEK 412 million (467), down 12 percent compared to the preceding year. The decrease is attributable mainly to lower activity in the transaction market. Profit after tax was SEK 347 million (467). Profit in the comparison period was reduced by non-recurring costs of SEK 124 million.

INVESTMENTS
Consolidated investments in tangible and intangible non-current assets amounted to SEK 384 million (31) during the period. Carnegie acquired the business areas Erik Penser Wealth Management, Erik Penser Corporate Finance and the Penser Access and Penser Future research services from Erik Penser Bank on 30 November. Of the total investments above, SEK 366 million consisted of intangible assets attributable to the acquisition, including client relationships, goodwill and brands. Consolidated investments in financial assets amounted to SEK 79 million (277), arising mainly from the fund companies' investments of surplus liquidity in various investment funds.

Financial position
The Group's financial position remains strong, owing to persistently good profitability and low exposure to financial risks. About three quarters of consolidated risk-weighted assets are comprised of operational risk and structural risk arising from ownership of foreign subsidiaries. Risk in the trading book makes up less than one percent of consolidated risk-weighted assets.

The Group's liquidity investments continue to have a low risk profile, including low duration, which means exposure to institutions and instruments with low credit risk. Surplus liquidity is invested primarily in certificates, government and municipal bonds and senior secured notes with a minimum AAA rating. All investments have short maturities.

The common equity Tier 1 capital ratio (CET1) and the capital adequacy ratio were both 18.6 percent (19.2). Further information and comparative figures are presented in Note 6. A more detailed description of Carnegie's capital adequacy and liquidity is available online at carnegie.se.

The Group's financing comprises equity and deposits from the public. Equity accounts for 24 percent (20), deposits from the public account for 67 percent (67) and other debt accounts for 9 percent (13) of the balance sheet total.

Dividend proposal

The Board of Directors of Carnegie is proposing that the 2023 annual general meeting endorse a cash dividend of SEK 0.750554 per share, corresponding to a total dividend of SEK 300 million.

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

Disposition of profit

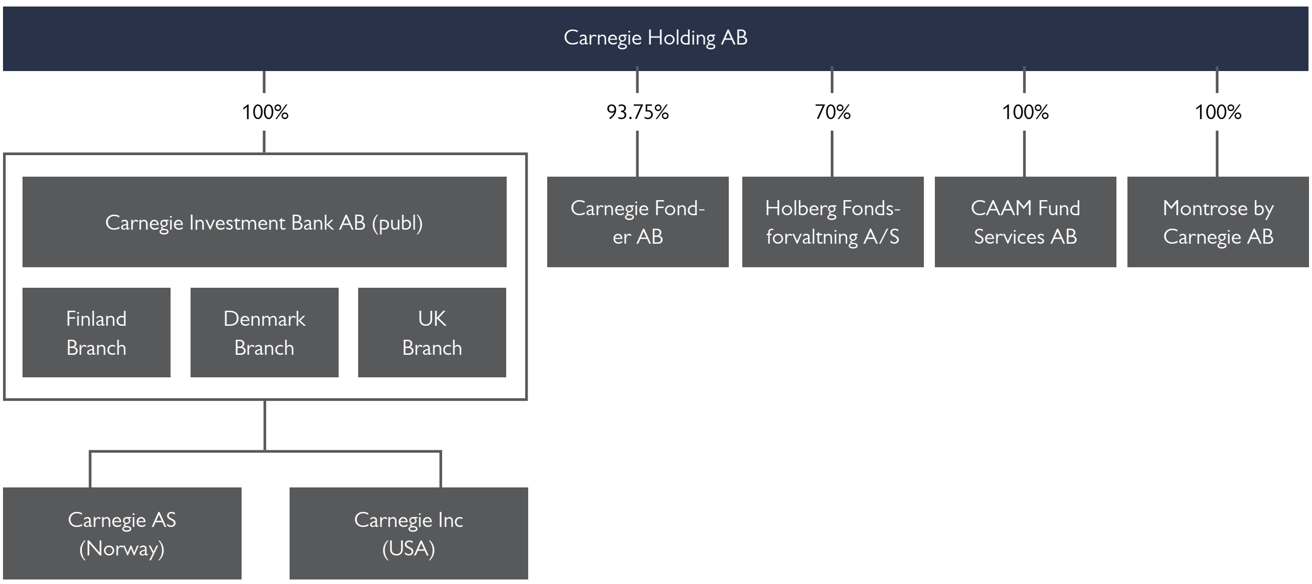
At the disposal of the annual general meeting, SEK	
Share premium reserve	1,934,434,000
Retained earnings	1,168,909,136
Net profit for the year	302,234,449
Total	**3,405,577,586**

The Board of Directors proposes the following allocation of profit:	
Dividend to shareholders	300,000,000
To be carried forward	3,105,577,586
Total	**3,405,577,586**

General information about risks and uncertainties

By nature of its business activities, the Carnegie Group is exposed to market, credit, liquidity and operational risks. Market risk is defined as the risk of loss due to, among else, the impact of movements in equity prices, interest rates or exchange rates. Credit risk is defined as the risk of loss due to failure of counterparties to fulfil contractual obligations. Credit risk originates mainly from lending to clients with shares as underlying collateral. Liquidity risks are linked to the need for, and access to, liquidity in operations. Operational risk refers to the risk of loss resulting from inadequate and/or failed processes or systems, the human factor, or external events. Risks within Carnegie are described in the section *Risk, liquidity and capital management*, pages 27--30, and Note 6 *Risk, liquidity and capital management*.

Legal structure as of 31 Dec 2023



Employees

The Carnegie Group had a total of 871 (808) employees in six countries at the end of 2023. Carnegie's unwavering ambition is to recruit and retain the best employees by means of active leadership, clear objectives and competitive remuneration systems and by creating a working environment that provides optimal opportunities for personal and professional growth. Further disclosures concerning salaries and other remuneration for the parent company and the Group are provided in Note 13 Personnel expenses.

SUSTAINABILITY

Carnegie plays a key role in the economy as a meeting place for capital and investment opportunities. By bringing these together, Carnegie creates value and growth to the benefit of clients, an efficient capital market and a sustainable society. Carnegie's social responsibility proceeds from our core business and our capacity to have impact through our advisory and our products. We consider economic, environmental and social aspects from both the risk and value-generating perspectives. Sustainability work is focused on the areas surrounding Carnegie's roles as a responsible adviser, a responsible business and a responsible employer. As provided under the Swedish Annual Accounts Act (ch 6, s 11), Carnegie has elected to prepare its sustainability report for 2023 as a separate report, not incorporated in the Board of Directors' report. The sustainability report, which is found on pages 70-84 of Carnegie's Annual Report 2023, has been approved by the Board of Directors and was submitted to the auditor for review at the same time as the rest of the Annual Report. The sustainability report describes Carnegie's approach to climate change, social conditions and employees, anti-corruption and respect for human rights and other environmental aspects, and reports the sustainability initiatives taken during the year. Unless otherwise stated, the information refers to the Carnegie Group.

Awards in 2021

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

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

Carnegie also strengthened its reputation within equity research, brokerage and execution in 2023 according to most client surveys (Institutional Investors, Financial Hearings, Kantar Sifo Prospera). In addition, institutional clients in the Nordic market assessed Carnegie's Back Office capacity as the highest among all firms in the market, according to Kantar Sifo Prospera.

Carnegie defended its leading market position in research in 2023 according to the Financial Hearings survey. Client satisfaction among Swedish private banking clients remains high for Carnegie, and Carnegie Private Banking won the Euromoney Award for Excellence and Best Private Bank in Sweden.

OVERVIEW OF THE PARENT COMPANY

Net sales in the parent company amounted to SEK 0 million (0) and the operating loss was SEK -8 million (-44). Operating profit in the comparison period was reduced by non-recurring costs of SEK 39 million. Net financial income was SEK 311 million (613), including anticipated dividends and Group contributions from subsidiaries. Net profit for the year amounted to SEK 302 (569).

There were no investments in fixed assets during the period (-). The Group's stake in Opti was transferred during the financial year from the subsidiary Carnegie Investment Bank AB to the parent company. Liquidity, defined as cash and bank balances, was SEK 2 million (2) as of 31 December 2023. Equity amounted to SEK 3,408 million (3,317) as of 31 December 2023.

SIGNIFICANT EVENTS IN 2023

Tony Elofsson appointed the new CEO of Carnegie

Tony Elofsson was appointed CEO of Carnegie Holding AB and Carnegie Investment Bank AB, on 17 April, after Björn Jansson submitted his resignation as CEO of Carnegie. Tony Elofsson has been with Carnegie since 2002 and was the Head of Investment Banking prior to taking over as CEO. Björn Jansson, who served as CEO of Carnegie for eight years, will remain with the company in a freer role with focus on clients and business.

The acquisition of Erik Penser Bank's securities business

Carnegie acquired Erik Penser Bank's securities business on 30 November 2023. In conjunction with the transaction, Erik Penser Bank became a part owner of Carnegie Holding AB.

New directors

Klas Johansson stepped down from the Board of Directors during the spring and was succeeded by Gustav Axelson. Pia Marions was elected to the Board in September, and Jenny Penser was elected the Board in conjunction with the acquisition of Erik Penser Bank's securities business.

New members of group management

Head of Sustainability Strategy & Advisory Lena Österberg and Head of Communication & Sustainability Emelie Friberg became members of Carnegie Group Management in May.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023

Acquisition completed

The acquisition of Erik Penser Bank's securities business was completed on 6 February 2024. The acquisition strengthens our market position and expands our product portfolio in financial services.

Risk, liquidity and capital management

Carnegie attaches great importance to meeting society's expectations for socially responsible business practices. This includes maintaining a sound risk culture characterised by high risk awareness, ongoing dialogue concerning the risks to which the Group is exposed and robust methods for systematic risk management.

As reflected in our risk profile, Carnegie has an explicitly low risk appetite. Our general risk strategy is to take conscious and controlled risks. Carnegie's business model primarily drives non-financial risks, such as operational risk, compliance risk and reputational risk. Financial risks, such as credit and market risks, are generally low and the Group sustained no material losses in 2023.

RISK MANAGEMENT

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

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

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

Risk management in the business areas

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

Risk and Compliance

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

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

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

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

Internal Audit

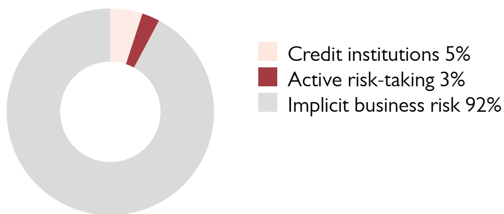
Internal Audit represents the third line of defence. Its responsibility is to systematically assess and verify the adequacy and effectiveness of internal control and risk management from a regulatory perspective and risk-based approach. Their responsibility includes verifying that both the operations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

RISK AREAS

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

As shown on the chart below, a small fraction, 5 percent, of the bank's risk-weighted assets arise from active risk-taking, that is, risks that the bank chooses to take in the course of ongoing

Risk profile



business. This includes, for example, lending to the public and the bank's client-driven trading, which entails actively chosen business risk, credit risk and market risk for Carnegie.

Risk-weighted assets arising from the bank's liquidity management account for 3 percent, of which the majority is comprised of risks against credit institutions. Implicit business risk corresponds to 92 percent, which includes risks that arise regularly in banking operations, such as compliance risk, operational risk, sustainability risk, reputational risk and strategic risk. Implicit business risk is not actively chosen, but is nevertheless inevitable in day-to-day operations. Structural currency risks in the shareholders' equity of subsidiaries can also generate an implicit business risk.

Operational risk

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

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

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

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

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

- Self-assessment: Each unit within Carnegie regularly conducts a self-assessment exercise in which operational risks in 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 process for examining and approving new products and services and major changes to existing products and services and IT systems, and significant operational and organisational changes. 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 or service is introduced. The purpose of the process is to ensure that potential operational risks are identified and addressed prior to product launch.

Sustainability risk

Sustainability risk is the risk of impact in areas such as human rights, the environment, climate, corruption and money laundering. Sustainability risk could arise in any area of the business in the company's capacity as an asset manager, service provider, lender, employer and buyer. Further information about Carnegie's sustainability work is provided in the Sustainability Report, which is published on pages 70-84.

Compliance risk

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

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

Examples of such regulations of particular importance to Carnegie are:

- AML/KYC: Rules on measures against money laundering and terrorist financing, including maintaining good customer knowledge and effective transaction monitoring.
- SFDR and the Taxonomy: Sustainability regulations that govern which disclosures and other information Carnegie must consider in its advisory and asset management business and provide to external stakeholders.
- CRD/CRR/Basel III: Capital and liquidity requirements on the business.
- MiFID II/MiFIR: EU harmonised rules for the securities business.
- MAD II/MAR: Regulations aimed at prevention of various forms of market abuse.
- CRS: OECD standard concerning exchange of tax information.
- GDPR: Common data protection regulations within the EU.
- IFRS 9 and EBA GL 2020/06: Accounting standard and guidance on credit risk practices.

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

Within Carnegie, this work involves, among else, the following:

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

Reputational risk

Reputational risk is the risk of loss of income from the Group's potential and existing clients if they lose trust in Carnegie due to negative publicity or rumours about the Group or about the financial services industry in general. Reputational risk is primarily a consequential risk triggered by internal or external events that have negative impact on confidence in the Group among clients, regulators and counterparties. Reputational risk is one of the most difficult risks to assess and guard against. At the same time, the consequences can potentially be substantial if confidence in Carnegie is damaged.

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

Business risk and strategic risk

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

Market risk

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

Carnegie offers its clients a range of sophisticated financial services and products in several markets. The offering includes making prices for financial instruments directly to clients (client facilitation) or in the market (market making). When transactions are executed according to either of these activities, positions in Carnegie's own trading book may arise. The risk in the positions is managed according to applicable policies and instructions. Carnegie suspended quotation of prices for derivative instruments in 2023, which has reduced the complexity of market risk. Following this change, the market risk in financial instruments in the trading book is mainly aligned with the exposure against Swedish equities. The risk that has arisen and its management are monitored by the financial risk department.

Prices rose in the Nordic equity markets in 2023, particularly in the last quarter of the year. Daily return fluctuations and the aggregated profit from positions in the trading book were within the expected range.

The bank is exposed to three main types of market risk: equity price risk, volatility risk, currency risk and interest rate risk. With regard to financial instruments in the trading book, equity price risk is the main risk factor, while currency risk and interest rate risk primarily affect positions in the bank book. Risk exposures and limit usages are reported on a regular basis to the CEO and the Board.

Equity price risk

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

Currency risk

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

Interest rate risk

Interest rate risk arises both in the trading book and in other operations. Interest risk in the trading book is defined as the risk of reductions in the value of financial instruments due to changes in interest rates. Interest risk in the trading book primarily arises from bond positions. Interest rate risk in other operations is the risk that net interest income or expense and interest-bearing instruments in the bank book will be adversely affected by changes in market rates. The risks generally arise when the fixed-interest terms of assets and liabilities do not coincide. Carnegie's lending and deposits are mainly at variable rates.

Credit risk

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

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

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

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

In most cases, margin lending is part of an investment strategy. The counterparties in this portfolio are mainly private individuals with a strong financial position and capacity to repay, which also applies to mortgages.

Accordingly, the credit risk in this segment is low, which is further reinforced by the high-quality collateral portfolio in the pledged securities custody accounts and homes. The quality of the collateral portfolio reflects the Group's policies and instructions, which cover matters such as loan-to-value and liquidity requirements.

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

In some cases, credit risk may also arise in connection with transactions in Investment Banking. These are characterised by short maturities and collateralised exposures. Exposure to credit risk within Carnegie for 2023 was essentially on par with 2022. Credit risk within the confines of Carnegie's Treasury operations is still characterised by a diversified placement strategy vis-à-vis strong financial counterparties, primarily Nordic major banks, housing bonds with the highest rating and municipal certificates.

The collateral portfolio for margin lending is well-diversified and no credit losses arose during the year other than those due to statistical changes within the forward-looking credit loss allowances required under IFRS 9.

Credit policy

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

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

Settlement risk

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

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

LIQUIDITY AND FINANCING

At year-end, 24 (20) percent of Carnegie's financing was comprised of equity, while deposits from the public accounted for 67 (67) percent and other debt accounted for 9 (13) percent of the balance sheet total.

Financing in the form of equity and deposits and borrowing from the public was considerably greater at year-end than Carnegie's total lending. The loan-to-deposit ratio for the Group was 33 (25) percent.

Liquidity risk

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

Carnegie maintains a liquidity reserve to ensure that it can meet its payment obligations in a stress scenario.

The reserve exceeds the expected maximum net cash flow over a 30-day period of severe stress. Stress tests are designed to evaluate the potential effects of a series of extreme but possible events. Liquidity is monitored daily by Carnegie's treasury department and forecasts are prepared regularly.

CAPITAL MANAGEMENT

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

The Group's financial position remains strong with a common equity Tier 1 capital ratio of 18.6 percent (19.2) and capital adequacy of 18.6 percent (19.2).

Pillar 1 - Minimum capital requirements

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

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

Pillar 2 - Risk assessment

Carnegie has processes and methods that enable continuous assessment and maintenance of capital that is adequate in terms of amount, type and allocation to cover the nature and level of the Group's current and prospective risk exposures. As part of the ICAAP, an extensive risk analysis is performed, encompassing all potential risks that may arise within Carnegie.

The Board and senior management participate throughout the process by contributing to identifying and analysing risks, defining scenarios and stress test methods and approving the final capital requirement.

Pillar 3 - Public disclosure

In accordance with capital adequacy regulations, Carnegie must disclose information about its capital adequacy and risk management. Additional disclosures concerning Carnegie's capital adequacy in 2023 are provided in the Capital Adequacy and Liquidity Report, available at carnegie.se.

Five-year review

Group

Income statement, SEKm	2023	2022	2021	2020	2019
Total revenue	3,402	3,883	5,887	3,793	3,243
Personnel expenses	-2,037	-2,208	-3,008	-2,075	-1,701
Other expenses	-954	-1,026	-877	-663	-721
Expenses before credit losses	-2,992	-3,234	-3,885	-2,738	-2,422
Profit before credit losses	**411**	**649**	**2,002**	**1,055**	**821**
Credit losses, net	1	3	-8	0	-5
Profit before tax	**412**	**652**	**1,977**	**1,055**	**816**
Tax	-65	-184	-428	-234	-112
Net profit for the year	**347**	**467**	**1,567**	**820**	**704**
Whereof profit from assets held for sale	–	–	–	–	171
Profit for the year excluding profit from assets held for sale	**347**	**467**	**1,567**	**820**	**533**

Financial key data	2023	2022	2021	2020	2019
C/I ratio, %	88	83	66	72	75
Revenue per employee, SEKm	4	5	8	6	5
Expenses per employee, SEKm	4	4	5	4	3
Profit margin, %	12	17	34	28	25
Assets under management , SEKbn	353	298	412	261	221
Return on equity, %	10	15	38	30	21[1]
Adjusted return on equity, %	9	19	39	30	21[1]
Total assets, SEKm	16,326	19,122	22,750	15,616	12,524

Capital base	2023	2022	2021	2020	2019
Common equity Tier 1 capital ratio, %	18.6	19.2	19.2	26.7	25.2[1]
Equity, SEKm	3,829	3,744	4,649	3,252	2,586

Employees	2023	2022	2021	2020	2019
Average number of employees	809	787	736	661	627
Number of employees at the end of the year	871	808	773	676	643

[1]Refers to Carnegie Group excluding the fund companies.

Consolidated statements of comprehensive income

SEK 000s	Note	Jan-Dec 2023	Jan–Dec 2022
Commission revenue	8	3,937,856	4,531,223
Commission expenses		-844,283	-798,394
Net commission revenue	9	**3,093,573**	**3,732,829**
Interest income	8	524,848	189,043
Interest expenses		-228,332	-51,939
Net interest income	10	**296,517**	**137,104**
Net profit or loss from financial transactions	8.12	12,395	13,199
Other operating revenue		0	0
Total operating revenue		**3,402,485**	**3,883,132**
Personnel expenses	13	-2,037,358	-2,208,124
Other administrative expenses	14	-829,167	-860,080
Depreciation and amortisation of tangible and intangible assets	15	-125,024	-166,280
Total operating expenses		**-2,991,550**	**-3,234,484**
Profit before credit losses		**410,935**	**648,648**
Credit losses, net	16	615	3,018
Profit before tax		**411,549**	**651,666**
Tax	17	-64,764	-184,366
Profit for the year		**346,785**	**467,300**
Profit attributable to:			
Owners of the parent company		328,941	452,979
Non-controlling interests		17,844	14,321

Consolidated statements of other comprehensive income

	Jan-Dec 2023	Jan–Dec 2022
Profit for the year	**346,785**	**467,300**
Other comprehensive income:		
Items that may subsequently be reclassified to the income statement		
Translation of foreign operations	-34,172	44,689
Other comprehensive income for the year, after tax	**-34,172**	**44,689**
Total comprehensive income for the year	**312,613**	**511,989**
Comprehensive income attributable to:		
Owners of the parent company	295,245	494,360
Non-controlling interests	17,368	17,629

Consolidated statements of financial position

SEK 000s	Note	31 Dec 2023	31 Dec 2022
Assets			
Cash and bank deposits with central banks	6, 19	1,822,919	1,286,865
Negotiable government securities	6, 19	5,590,464	6,017,616
Loans to credit institutions[1)]	6	1,791,310	3,086,234
Loans to the general public	6, 18, 19	3,576,736	3,173,150
Bonds and other interest-bearing securities	6, 19, 20	523,402	2,783,549
Shares and participations	19, 20	583,858	613,122
Derivative instruments	19	103	8,239
Intangible assets	22	1,157,734	825,504
Tangible fixed assets	23	355,162	373,146
Current tax assets		150,804	68,449
Deferred tax assets	24	140,260	119,976
Other assets	25	363,264	565,121
Prepaid expenses and accrued income	26	269,976	200,844
Total assets		**16,325,992**	**19,121,817**
Liabilities and equity			
Liabilities			
Liabilities to credit institutions	6	1,058	17,129
Deposits and borrowing from the general public[1]	6	10,721,946	13,294,510
Short positions, shares	19	-	25,028
Derivative instruments	19	1,248	11,287
Current tax liabilities		76,667	44,831
Deferred tax liabilities	24	75,762	60,730
Other liabilities	27	709,554	764,494
Accrued expenses and prepaid income	28	844,973	1,094,087
Other provisions	29	65,825	65,881
Total liabilities		**12,497,032**	**15,377,977**
Equity			
Share capital		2,364	2,269
Other capital contributions		1,934,434	1,645,697
Provisions		-77,091	-43,395
Retained earnings		1,881,081	2,052,105
Equity attributable to owners of the parent company		**3,740,787**	**3,656,676**
Non-controlling interests		**88,174**	**87,165**
Total equity		**3,828,960**	**3,743,840**
Total liabilities and equity		**16,325,992**	**19,121,817**
Pledged assets and contingent liabilities	31		
Assets pledged for own debt		515,724	404,686
Other pledged assets		318,826	1,031,940
Contingent liabilities and guarantees		212,618	279,643

[1] Whereof client funds: 96,085 (643,019).

Consolidated statements of changes in equity

	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS						
SEK 000s	Share capital	Other capital con-tributions	Provisions	Retained earnings	Total	Non-con-trolling interests	Total
Equity - opening balance 2022	**238,811**	**1,720,858**	**-83,615**	**2,682,053**	**2,615,342**	**90,757**	**4,648,863**
Net profit for the year				452,979	452,979	14,321	467,300
Other comprehensive income:							
Translation differences relating to foreign operations			40,219		40,219	4,470	44,689
Total comprehensive income			**40,219**	**452,979**	**493,199**	**18,791**	**511,989**
Transactions with owners:							
Reduction of share capital	-236,859			236,859			
Share issue	318				318		318
Changed group structure		-75,161		70,981	-4,180		-4,180
Dividends paid				-1,390,768	1,390,768	-22,383	-1,413,150
Equity - closing balance 2022	**2,269**	**1,645,697**	**-43,396**	**2,052,105**	**3,656,675**	**87,166**	**3,743,840**
Net profit for the year				328,941	328,941	17,844	346,785
Other comprehensive income:							
Translation differences relating to foreign operations			-33,696		-33,696	-476	-34,172
Total comprehensive income			**-33,696**	**328,941**	**295,245**	**17,368**	**312,613**
Transactions with owners:							
Share issue	95	288,737			288,832		288,832
Dividends paid				-499,965	-499,965	-16,360	-516,325
Equity - closing balance 2023	**2,364**	**1,934,434**	**-77,091**	**1,881,081**	**3,740,787**	**88,174**	**3,828,960**

Parent company income statement

SEK 000s	Note	Jan-Dec 2023	Jan-Dec 2022
Net sales	8	–	–
Other external expenses	14	-7,655	-32,849
Personnel expenses	13	-777	-10,883
Operating loss		**-8,431**	**-43,731**
Interest income and similar income	8.10	6	25
Interest expenses and similar expenses	10	-457	-464
Other financial expenses		-9,936	–
Profit from participations in subsidiaries	11	321,105	613,196
Net financial income		**310,717**	**612,756**
Profit before tax		**302,286**	**568,843**
Tax	17	-52	-307
Profit for the year		**302,234**	**568,536**

Parent company statement of other comprehensive income

SEK 000s	Jan-Dec 2023	Jan-Dec 2022
Profit for the year	302,234	568,536
Other comprehensive income	–	–
Total comprehensive income for the year	**302,234**	**568,536**

Parent company statement of financial position

SEK 000s	Note	31 Dec 2023	31 Dec 2022
Assets			
Shares and participations in Group companies	21	3,122,096	2,776,215
Shares and participations in other companies		193,414	7,200
Total financial non-current assets		**3,315,511**	**2,783,415**
Current receivables from Group companies	32	377,435	613,305
Current tax assets		41	–
Cash and bank balances		1,673	1,520
Total current assets		**379,149**	**614,825**
Total assets		**3,694,659**	**3,398,240**
Equity and liabilities			
Restricted equity			
Share capital		2,364	2,269
Total restricted equity		**2,364**	**2,269**
Non-restricted equity			
Share premium reserve		1,934,434	1,645,697
Retained earnings		1,168,909	1,100,373
Net profit for the year		302,234	568,536
Total non-restricted equity		**3,405,578**	**3,314,606**
Total equity		**3,407,942**	**3,316,875**
Liabilities to Group companies	32	266,629	69,587
Current tax liabilities		358	312
Other current liabilities	27	19,210	9,599
Accrued expenses and prepaid income	28	521	1,866
Total liabilities		**286,718**	**81,364**
Total equity and liabilities		**3,694,659**	**3,398,240**
Pledged assets and contingent liabilities	31		
Contingent liabilities and guarantees		112,509	112,509

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
SEK 000s	Share capital	Share premium reserve	Retained earnings	Total
Equity - opening balance 2022	**238,811**	**683,165**	**2,063,514**	**2,985,490**
Profit for the year			568,536	538,536
Total revenue and expenses for the year			**568,536**	**568,536**
Reduction of share capital	-236,859		236,859	–
Non-cash issue	318	962,532		962,850
Dividends paid			-1,200,000	-1,200,000
Equity - closing balance 2022	**2,269**	**1,645,697**	**1,668,909**	**3,316,875**
Profit for the year			302,234	302,234
Total revenue and expenses for the year				
Share issue	95	288,737		288,832
Dividends paid			-500,000	-500,000
Equity - closing balance 2023	**2,364**	**1,934,434**	**1,471,144**	**3,407,942**

The number of shares outstanding at 31 December 2023 was 393,958,938 (378, 200, 580) with a quotient value of SEK 0.006 per share.
All outstanding shares are ordinary shares.

Cash flow statements

		GROUP		PARENT COMPANY	
SEK 000s	Note	2023	2022	2023	2022
Operating activities					
Profit before tax		411,549	651,666	302,286	568,843
Adjustment for items not affecting cash flow	33	121,898	180,736	-365,205	-613,196
Paid income tax		-122,504	-269,915	-262	-70
Cash flow from operating activities before changes in working capital		**410,943**	**562,486**	**-63,180**	**-44,423**
Changes in working capital		-1,102,989	-338,094	563,333	1,242,123
Cash flow from operating activities		**-692,046**	**224,394**	**500,153**	**1,197,700**
Investing activities					
Acquisition of tangible and intangible assets	23	-17,249	-31,100	–	–
Acquisition of financial assets		-78,967	-276,514	–	–
Sale of financial assets		52,178	66,115	–	–
Business combinations	30	19,835	–	–	–
Cash flow from investing activities		**-24,203**	**-241,499**	–	**–**
Financing activities					
Issue expenses		-7,000	–	–	–
Dividends paid		-500,000	-1,390,768	-500,000	-1,200,000
Transactions with non-controlling interests		-16,325	-22,383	–	–
Amortisation of lease liabilities		-82,815	-72,241	–	–
Cash flow from financing activities		**-606,140**	**-1,485,392**	-500,000	**-1,200,000**
Cash flow for the year		**-1,322,389**	**-1,502,497**	**153**	**-2,300**
Cash and cash equivalents at beginning of year [1]	33	9,457,752	10,795,632	1,520	3,820
Translation differences in cash and cash equivalents		17,619	164,613	–	–
Cash and cash equivalents at end of year [1]	33	**8,152,982**	**9,457,752**	**1,673**	**1,520**

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

For further disclosures concerning cash flow statements, see Note 33.

Notes

Note 1 General information

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

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

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

Basis of consolidation

On 29 November 2022, Carnegie Holding AB acquired 93.75 percent of Carnegie Fonder AB (556266-6049), 70 percent of Holberg Fondsforvaltning A/S (982 076 218) and 100 percent of CAAM Fund Services AB (556648-6832) from Altor Fund III, i.e., the same fund that has control over Carnegie Holding AB. The transaction thus occurred between companies under common control. Altor Fund III had control over Carnegie Holding AB and the acquired entities both before and after the transactions. IFRS contain no guidance on accounting for business combinations under common control. In the absence of an IFRS that specifically applies to a transaction, management must, according to IAS 8, use its judgement in developing and applying an accounting policy that results in information that is relevant and reliable. An appropriate and generally accepted principle is to use previously recognised values in the selling group, which is the principle Carnegie Holding has chosen to apply in the consolidated accounts. According to the Swedish Companies Act 2:6, a legal entity cannot be assigned a value that is higher than fair value. As regards Holberg Fondsforvaltning A/S, this has resulted in an indication of impairment of consolidated goodwill. See Note 22. Carnegie Holding AB previously owned Carnegie Fonder AB during the period of 2010 through the end of 2016 and the original acquisition analysis was therefore used to calculate the carrying amount, and as fair value exceeds the carrying amount, there was no indication of goodwill impairment at the Group level.

The comparative figures in the consolidated accounts have been restated to reflect the Group as if Carnegie had owned the acquired entities for the entire period presented in the annual report, regardless of the actual transaction date. Altor Fond III gained control over Holberg Fondsforvaltning A/S on 16 March 2021 and the company is therefore included in the comparative figures from that date.

Note 2 Basis for preparing financial statements

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

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

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

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

Note 3 New and amended accounting standards

No new or amended IFRS, IFRS interpretations or Swedish regulations adopted in 2023 have had material impact on the Group's financial position, profit, cash flow or disclosures.

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

Note 4 Critical assessment parameters

In connection with application of Group accounting principles, estimates and assumptions about the future are required that affect the amounts presented in the financial reports. The estimations, which are based on judgements and assumptions that management has deemed fair, are regularly re-examined. Significant assumptions and judgements concern the following areas.

Measurement of financial assets and liabilities

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

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

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

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

For more detailed information, refer to the section on Risk, liquidity and capital management and Note 6.

Provisions

Judgements are required to determine whether any legal or constructive obligations exist and to estimate the probability, timing and amount of outflows of resources. Demands originating from civil legal proceedings or government agencies typically involve a greater degree of judgement than other types of provisions. See also Note 29 and Note 34.

Expected credit loss allowance

Methods and models that include assumptions that entail a high level of estimation are used to calculate the expected credit loss (ECL) allowance. In particular, the determination of whether there has been any material increase in credit risk and the consideration of forward-looking macro economic scenarios can have material impact on the level of the ECL allowance. Forward-looking information requires significant judgements with regard to the scenarios to be applied and to ensure that only relevant forward-looking information is considered in calculating the ECL allowance. There were no significant changes to the method during the year. Determination of whether a significant increase in credit risk has occurred is based on both qualitative and quantitative factors. The use of qualitative factors requires judgements to be made. PD (Probability of Default) is based on statistical models to assess forward-looking credit risk. LGD (Loss Given Default) is estimated taking into account the expected value of disposal of collateral, future recoveries, when in time the recoveries are expected to occur and the time value of money. EAD (Exposure at Default) is estimated based on expected maturity and the exposure trend. The current ECL is assessed individually for significant bad debts within Stage 3, whereupon assumptions are made regarding the above factors.
Methods, models and assumptions are described in greater detail in the 'Assessment of expected credit losses' section under Note 5 Applied accounting policies. See also note 18 regarding ECL.

Impairment testing of goodwill and other intangible assets with indefinite useful lives

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or more often. The test is performed by calculating the recoverable amount, i.e., the higher of value in use and fair value less costs of disposal. If the recoverable amount is higher than the carrying amount, the asset is impaired to the recoverable amount. Impairment of goodwill does not affect cash flow or the capital adequacy ratio, as goodwill is a debit item in the calculation of the capital base. Management performs impairment tests by calculating value in use. The calculation is based on estimated future cash flows from the cash generating unit to which goodwill has been allocated and the timing of those future cash flows. Cash flows for the first five years are determined by the financial plans adopted by management. More subjective estimates of future growth, margins and earnings levels are required to thereafter determine the size of future cash flows. A discount factor is also determined that in addition to reflecting the time value of money also reflects the risks specific to the asset. Different discount factors are used for different time periods. To the greatest possible extent, the discount factor and assumptions or parts of assumptions are determined based on external sources. Nevertheless, the calculation is largely dependent upon management's own assumptions. Management finds that the estimations are material to the Group's financial performance and position. Further information is provided in the 'Impairment of intangible assets and tangible fixed assets' under Note 5 Applied accounting policies. See also Note 22

Leases

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

Recognition of deferred tax assets

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

Note 5 Applied accounting policies

Consolidated financial statements
The consolidated financial statements include the parent company and all companies over which the parent company controls, directly or indirectly. 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.

Control 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 control is exercised in some other manner than share ownership. Subsidiaries are included in the consolidated financial statements as of the date control is obtained and are eliminated as of the date on which control no longer exists.

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.

Acquisitions
Subsidiary or other business combinations are accounted for using the acquisition 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 entity's net assets, the difference is recognised directly in profit or loss. The cost of a subsidiary or other business combination corresponds to the sum of the fair value of assets acquired, or liabilities assumed and the equity instruments issued by the acquirer.

Non-controlling interests in an acquired subsidiary company are initially measured as the non-controlling proportionate share of the net fair value of recognised assets, liabilities and contingent liabilities.

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

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

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

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

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

Commission revenues primarily include advisory revenues and brokerage within Investment Banking, Private Banking and Securities as well as management charges within Asset Management. Ongoing charges are recognised in revenue in the period when the obligations are satisfied. Brokerage fees are usually recognised in revenue on the transaction date. Management charges are calculated and recognised in revenue daily based on the net asset value of each fund. Other commission revenue and fees such as for advisory and research are recognised in revenue as the performance obligations are satisfied. Of the commission revenues, Carnegie is paid with regard to brokerage two days after the transaction date (T+2) and payment is normally received for other revenues between 1-90 days after the performance obligation is satisfied.

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

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

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

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

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

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

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

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

Remuneration policies for the Group are described in the Corporate governance section, pages 18-20.

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

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

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

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

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

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

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

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

Financial assets and liabilities
Financial assets reported on the statement of financial position 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 statement of financial position 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 removed from the statement of financial position when the contractual rights have been realised or have expired or when the company has transferred substantially transferred all risks and rewards of ownership to another party. A financial liability is removed from the statement of financial position when the contractual obligation is fulfilled or otherwise expires.

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

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

Financial assets are classified as belonging to one of the following categories:
- Amortised cost
- Financial assets at fair value through profit or loss
  - Obligatory measurement at fair value through profit or loss
  - Measurement at fair value through profit or loss from initial recognition
- Financial assets at fair value through other comprehensive income

Financial liabilities are classified as belonging to one of the following categories:
- Amortised cost
- Financial liabilities at fair value through profit or loss
  - Obligatory measurement at fair value through profit or loss
  - Measurement at fair value through profit or loss from initial recognition

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

Financial assets and liabilities measured at amortised cost are initially recognised at fair value including any transaction costs. Financial assets and liabilities measured at fair value through profit or loss are initially recognised at fair value, while any transaction costs are recognised in profit or loss. Thereafter, this classification is the basis for how the instrument is subsequently measured in the statement of financial position and the recognition of changes in the fair value of the instrument. The categories applied by Carnegie are amortised cost and fair value through profit or loss.

Fair value

If market prices in an established marketplace are available, they are used for measurement. When there is no active market or when quoted prices are temporarily unavailable, Carnegie determines the fair value using various measurement techniques. These methods include Black-Scholes-based models. A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends, which are obtained from observable market data to the greatest extent possible.

Changing the assumptions with regard to these parameters may affect the recognised value of the financial instrument. The assumptions used are in accordance with the instructions defined by the Capital, Risk and Credit Committee (CRC). The measurement methods are primarily used to measure derivative instruments. Measurements of derivative instruments are regularly validated by the internal risk control function and quarterly by an external independent party.

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

Cash and bank deposits with central banks

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

Loans to credit institutions

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

Loans to the general public

Lending to the general public consists of loan receivables that are payable on demand and which are not listed on an active market. These are categorised as loan receivables and accounts receivable and are measured, after the date of acquisition, at amortised cost using the effective rate method. Loans extended by Carnegie are virtually exclusively linked to securities financing.

The bank does not extend loans for consumption. Carnegie's client base is well-diversified and consists largely of private individuals and small/medium-sized enterprises, and the risk of credit losses is linked to each client's collateral, which normally consists of market-listed securities.

Bonds and other interest-bearing securities

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

Shares and participations

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

Derivative instruments

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

Liabilities to credit institutions

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

Deposits and borrowing from the general public

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

Lending of securities and short equity positions

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

Expected and actual credit losses

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

Credit loss allowances

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

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

Assessment of expected credit losses

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

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

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

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

Significant increase in credit risk
The definition of significant increase in credit risk is based on factors included in the composition of the models. These are based on both qualitative and quantitative factors and the fundamental logic of the models is based on the general definition of default applied within the Group. Key parameters in the assessment of stage categorisation and that define significant increase in credit risk include:

- The client is currently meeting obligations, but objective evidence shows high probability that the client's capacity to meet obligations has significantly deteriorated.
- The client does not meet obligations due either to lack of willingness or capacity.
- The client has filed for bankruptcy.
- The amount of outstanding credit is larger than the market value of collateral.
- Transfers between risk classes
- The client has not met contractual obligations for more than 80 days for Stage 2 and 90 days for Stage 3.

These are used to assess a significant increase in credit risk. As regards margin loans, there are additional parameters included in the assessment of significant increase in credit risk. These take into consideration the explicit and forecast market volatility of the pledged financial instruments included in the margin loan basis.

PD (Probability of Default)
The model for PD addresses the probability of default expected to occur within the next 12 months for Stage 1 and for the full remaining term to maturity of the financial assets for Stage 2 and Stage 3. PD is based on statistical models for assessing credit risk that are forward-looking and based on information as of the reporting date. The models are differentiated based on counterparty category. If there is a deterioration in the macro-forecasts and statistics included, the PD curves used by the models will change shape, increase the loss allowances and change the composition of the number of counterparties in Stage 1 and Stage 2.

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

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

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

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

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

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

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

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

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

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

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

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

Intangible assets
Intangible assets consist of acquired and internally generated assets. The useful life of an intangible asset is assessed as either determinable or indeterminable. Intangible assets with determinable useful lives are amortized over the useful life and are tested for impairment if there is an indication of impairment. The useful life and amortisation period are reviewed and adjusted as needed at the end of each reporting period. Principles for impairment are described in the 'Impairments of intangible assets and tangible fixed assets' section.

Goodwill
Goodwill is comprised of the difference between cost and the Group's share of the fair value of the acquired entity's identifiable net assets. Goodwill is measured at cost less any accumulated impairments. Goodwill has an indeterminable useful life and is not amortised. It is instead tested for impairment annually or as soon as there is any indication that the asset has decreased in value.

Brands
Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands are assessed as having an indeterminable useful life and are not amortised. They are instead tested for impairment annually or as soon as there is any indication that the asset has decreased in value.

Client relationships
Client relationships acquired in a business combination are accounted for at fair value at the acquisition date. Client relationships are assessed as having a determinable useful life and are recognised at cost less accumulated amortisation and any impairments. The assets are amortised straight-line across the useful life, which is assessed at ten and twenty years respectively.

Distribution agreements
The cost of distribution agreements is recognised at estimated fair value at acquisition date. There are distribution agreements within the Group acquired in business combinations that have determinable useful lives and that have indeterminable useful lives. Distribution agreements with determinable useful lives are amortised straight line over eight and ten years, respectively. Agreements with indeterminable useful lives are not amortised. They are instead tested for impairment annually or as soon as there is an indication of a decrease in value.

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

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

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

Deferred tax related to intangible assets
A deferred tax liability is estimated based on the local tax rate for the difference between the carrying amount and the value for taxation of the intangible asset.

The deferred tax liability is reversed over the same period that the intangible asset is amortised. No deferred tax is estimated for consolidated goodwill.

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.

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

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

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

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

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

In calculating the value in use, future cash flows are discounted at an interest rate before tax that is intended to take into account the market's expectations for a risk-free interest rate associated with the asset in question. For an asset that does not generate cash flows independently of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. This means that impairment testing takes place at the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

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

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

Items affecting comparability
Events and transactions that are significant and non-recurring items and whose impact on profit or loss is important to note when financial performance for the year is compared to Previous years are categorised as items affecting comparability.

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

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

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

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

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

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

Note 6 Risk, liquidity and capital management

Credit risks
Reported amounts refer to the Group. Ratings from recognised rating institutes are used to report the credit quality of assets not yet due for payment and whose value has not been impaired. In addition to the amounts shown on the table below, there is credit risk exposure related to unutilised limits in the amount of SEK 7,972,701 thousand (7,925,822); margin requirements for derivatives in the amount of SEK 1,385,882 thousand (1,530,553) and client receivables in the amount of SEK 119,455 thousand (89,931). Credit risk relating to unutilised limits and margin requirements for derivatives are fully collateralised, mainly by securities in custody accounts.

Carnegie's total credit risk exposure per exposure class

Group, 31 Dec 2023, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating available	Past due but not reserved	Provisions
Governments and central banks	7,413,382	–	–	–	–	–
Institutional exposures	503,313	690,334	–	1,114,500	–	242
Corporate exposures	9,115	–	–	1,959,493	–	7,481
Retail exposures	–	–	–	1,995,175	–	6,329
Total	**7,925,810**	**690,334**	–	**5,069,169**	–	**14,052**

Group, 31 Dec 2022, SEK 000s	AAA, AA–	A+, A–	BBB+, BBB–	No external rating available	Past due but not reserved	Provisions
Governments and central banks	7,304,482	–	–	–	–	–
Institutional exposures	2,513,014	2,205,069	–	1,144,727	–	-380
Corporate exposures	8,862	11,787	–	1,959,401	–	-8,422
Retail exposures	–	–	–	1,488,473	–	-5,535
Total	**9,826,358**	**2,216,856**	–	**4,592,601**	–	**-14,337**

Note 6 Risk, liquidity and capital management, cont.

Collateral

Carnegie's corporate and retail exposures are primarily collateralised with pledged liquid financial securities (known as custodian account loans). Of total corporate and retail exposures, SEK 15 million is unsecured (in blanco).

Margin lending exposures are secured by a diversified portfolio of financial collateral. Clients in this category have assets whose worth exceeds the utilised credit amount. No margin lending client had credit exposure exceeding the market value of pledged assets. However, there are large differences in loan-to-value amongst individual clients.

Equities are the most common form of collateral used in margin lending. The distribution of collateral used in margin lending is: cash 19 percent, shares 60 percent, fixed-income instruments 4 percent and funds 18 percent. The largest concentration within the collateral mass against an individual issuer amounts to less than 5 percent of total lending.

Loss provisions

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

Carnegie considers various parameters in assessing whether an impairment need is indicated. These parameters are described in Carnegie's internal control documents. An impairment need may arise as a result of various events, such as increased risk due to changes in the client's financial statements and/or changes in the composition of pledged collateral. Carnegie performs regular reviews of specific impairment requirements in accordance with internal policies and instructions and the IFRS 9 accounting standard. The closing balance for 2023 includes an expected credit loss allowance of SEK 14 million (14), in accordance with IFRS 9.

As of 31 December 2023, the value of collateral the Group is holding for loans for which a loss has been realised in the statement of financial position through a provision was SEK - million (-).

No receivables have been renegotiated due to repayment difficulties.

Financial assets past due for payment for which no provisions have been made are handled according to Carnegie's procedures for doubtful receivables and are assessed regularly in operations. Individual decisions are taken in every case and may include the realisation of collateral through the sale of pledged listed securities.

The value of assumed financial assets was SEK - (-) at the end of the period.

Liquidity risks

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

Contracted maturities of financial assets and liabilities, 31 Dec 2023

Group, 31 Dec 2023, SEK 000s	Upon demand	<3 months	>3 months but <1 year	>1 but < 2 years	>2 but less than <5 years	> 5 years	Total
Cash and bank deposits with central banks	–	1,822,919		–	–	–	1,822,919
Negotiable government securities	–	3,632,957	1,553,920	403,587	–	–	5,590,464
Loans to credit institutions	1,791,309	–	–	–	–	–	1,791,310
Loans to the general public	2,326,283	42,031	62,707	–	–	1, 1457 16	3,576,736
Bonds and other interest-bearing securities	–	4,758	518,356	76	213	–	523,402
Total financial assets	**4,117,593**	**5,499,930**	**2,116,892**	**400,076**	**213**	**1,145,716**	**13,304,831**
Liabilities to credit institutions	1,058	–	–	–	–	–	1,058
Deposits and borrowing from the general public	10,721,946	–	–	–	–	–	10,721,946
Lease liability	–	45,065	68,558	87,292	117,571	16,336	334,822
Other liabilities	–	409,930	–	–	–	–	409,930
Accrued interest expenses	–	21,189	–	–	–	–	21,189
Total financial liabilities	**10,723,004**	**476,183**	**68,558**	**87,292**	**117,571**	**16,336**	**11,488,944**
Derivatives							
Assets at market value	–	–	103	–	–	–	103
Liabilities at market value	–	93	1,155	–	–	–	1,248

Contracted maturities of financial assets and liabilities, 31 Dec 2022

Group, 31 Dec 2022, SEK 000s	Upon demand	<3 months	>3 months but <1 year	>1 but < 2 years	>2 but less than <5 years	> 5 years	Total
Cash and bank deposits with central banks	–	1,286,565	–	–	–	–	1,286,565
Negotiable government securities	–	4,809,168	150,003	1,058,445	–	–	6,017,616
Loans to credit institutions	3,036,234	50,000	–	–	–	–	3,086,234
Loans to the general public	128,235	2,127,499	100,241	–	–	817,174	3,173,150
Bonds and other interest-bearing securities	–	1,012,687	1,266,670	504,193	–	–	2,783,549
Total financial assets	**3,164,469**	**9,258,919**	**1,516,914**	**1,562,638**	–	**817,174**	**16,347,114**
Liabilities to credit institutions	17,129	–	–	–	–	–	17,129
Deposits and borrowing from the general public	13,294,510	–	–	–	–	–	13,294,510
Lease liability	–	26,384	66,157	80,714	168,068	19,018	360,341
Other liabilities	–	450,968	–	–	–	–	450,968
Accrued interest expenses	–	1,425	–	–	–	–	1,425
Total financial liabilities	**13,311,638**	**478,777**	**66,157**	**80,714**	**168,068**	**19,018**	**14,124,372**
Derivatives							
Assets at market value	–	7,271	968	–	–	–	8,239
Liabilities at market value	–	9,091	2,196	–	–	–	11,287

Note 6 Risk, liquidity and capital management, cont.

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

Equity price risk
Carnegie's share price risk consists of exposures originating in business operations and from financial investments at the Group level. Exposure to equity and equity-related instruments can consist of both assets and liabilities among statement of financial position items. At year-end, the total gross value of assets and liabilities originating in business operations amounted to SEK 71 million (93). Of that amount, SEK 71 million (74) related to shares and SEK 0 million (19) to derivative instruments. The net value at year-end was SEK 71 million (21).

Assets and liabilities are measured at fair value, which corresponds to the carrying amount. Equity positions can consist of both long and short positions in shares, 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 -2.1 million (-0.2) at year-end. A +3% price change at the same date would have had an effect on earnings of SEK 2.1 million (0.5) in the Group.

For the Group's other holdings, the total gross value of these assets and liabilities amounted to SEK 514 million (564). Of that amount, SEK 513 million (564) consisted of shares and SEK -1 million (-) consisted of derivative instruments. The net value at year-end was SEK 512 million (564). Equity positions consist of unlisted shares and fund holdings. A simultaneous price change of -3 percent of these holdings would have had an effect on earnings of SEK -15.4 million (-16.9) at year-end. A +3 percent price change at the same date would have had an effect on earnings of SEK 15.4 million (16.9) in the Group.

Volatility risk
The bank has ceased quoting option prices and consequently is no longer sensitive to volatility risk.

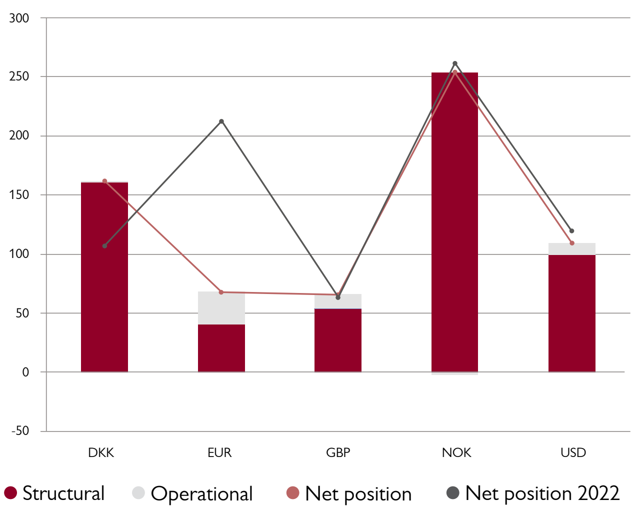
Scenario analysis
Market risk exposure in operations where risk-taking is an element of the business consist mainly of equity price risk. Carnegie focuses on and has limits for the maximum potential loss for two specific scenarios: a medium scenario and a stress scenario. The Medium scenario means that prices in the entire equity market change by ± 3.

The greatest potential loss in such a scenario is called the Medium Max Loss and was at year-end SEK 1.9 million (0.5). The Stress scenario means that prices in the entire equity market change by ±10 percent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 6.4 million (1.1) at year-end.

The market risk for structured products is measured by stressing the price with the corresponding 3 percent (MML) or 10 percent (SML). At year-end, the aggregate portfolio risk within Structured Products was SEK 0.2 million (0.1) for MML and SEK 0.7 million (0.3) for SML.

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

Currency exposure for the Group at 31 December 2023 (SEKm)



Interest risk in the trading book
Carnegie's own trading book is affected by interest-rate changes through holdings of bonds and other interest-rate sensitive instruments. At year-end, the effect on earnings of the trading book in connection with an interest rate increase of 200 basis points was SEK 0.1 million (0.1).

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

Carnegie regularly performs sensitivity analyses that calculate the effects on the statement of financial position of interest rate changes. In the analysis, an interest-rate shock is simulated that corresponds to a sudden and sustained parallel shift of 200 basis points applied on the yield curves to which the positions are linked. At year-end, the outcome from such an upward shift of 200 basis points was SEK 23 million (57).

Capital adequacy
The Capital Requirements Regulation imposes requirements that are fully implemented in the bank as regards capital and liquidity management and related risk management. These requirements contribute to ensuring transparency surrounding the bank's resiliency against financial losses and by this means clarifies the protection that the Group's clients are afforded. Under the rules, the bank's capital base and liquidity must provide enough cushion to cover the prescribed minimum requirements, which include the capital requirements for credit risks, market risks and operational risks. In addition, the bank must hold capital for further identified risks in operations in accordance with the bank's stress tests performed in connection with the ongoing internal capital and liquidity adequacy assessment (ICLAAP) process. The purpose of ICLAAP is to ensure that the Group clearly and accurately identifies, values and manages all of the risks to which the bank is exposed. The bank's assessment of these risks constitutes the basis for determining the capital and liquidity requirement necessary to cover its risk exposure.

The bank's evaluation of its capital and liquidity requirement is based on:

- the bank's predetermined risk appetite and risk profile,
- identified risks with regard to probability and financial impact,
- stress tests and scenario analysis,
- anticipated change of business models, including lending patterns and operational financing, and
- new regulations, directives, legislation, altered market conditions and macro changes.

Review of the capital requirement is an integrated aspect of preparing the Group's annual business plan, which is carried out on an ongoing basis during the year and is measured and reported both externally and internally. The requirement is monitored and an annual review is carried out within the ICLAAP to ensure that the risks have been duly analysed and reflect the Group's actual risk profile and capital requirement, which is reported to and decided by the Board of Directors.

The capital requirement for internally assessed risks amounts to SEK 102m for the Group. As is the case for major credit decisions and investments, all revisions/additions to the policy/strategy documents adopted by the Board of Directors must always be related to the bank's current and future capital requirements.

The Group has chosen in this annual report to provide only the information concerning the capital base and capital requirement required under Finansinspektionen's regulations and general guidelines regarding annual accounts for credit institutions and securities companies (FFFS 2008:25), chapter 6, section 4. Other information concerning capital adequacy is provided on the bank's website, carnegie.se, within the framework of the periodic Pillar III report.

There are no ongoing or anticipated substantive or legal barriers to rapid transfer of funds from the capital base. The Group meets the legal capital adequacy requirement, the internally assessed capital requirement and the capital requirement decided by Finansinspektionen.

Note 6 Risk, liquidity and capital management, cont.

SEK 000s	31 Dec 2023	31 Dec 2022
Capital adequacy		
Capital base	2,328,901	2,383,106
Risk exposure amount	12,535,250	12,436,961
Capital requirements	1,002,820	994,957
Surplus capital	1,326,081	1,388,149
Common equity Tier 1 capital ratio, %	18.6%	19.2%
Tier 1 capital ratio, %	18.6%	19.2%
Capital adequacy ratio, %	18.6%	19.2%
Capital buffer requirement		
Institution-specific CET 1 requirement including buffer requirement.	9.0%	8.1%
Whereof: capital conservation buffer, %	2.5%	2.5%
Whereof: countercyclical capital buffer, %	2.0%	1.1%
CET1 available as buffer, %	10.6%	11.2%
Other capital base requirements (Pillar 2)	2.5%	2.5%
Total capital base requirement	15.0%	14.1%
Capital buffer requirement		
Institution-specific CET 1 requirement including buffer requirement.	1,127,157	1,003,412
Whereof capital conservation buffer	313,381	310,924
Whereof countercyclical capital buffer	249,689	132,825
CET1 available as buffer	1,326,081	1,388,149
Other capital base requirements (Pillar 2)	313,381	310,924
Total capital base requirement	1,879,272	1,749,630
Capital base		
Equity instruments and associated premium reserve	1,936,798	1,645,697
Retained earnings and reserves	1,963,380	2,141,538
Planned dividend	-300,000	-500,000
Goodwill and intangible assets	-1,089,404	-765,512
Deferred tax assets	-21,890	-7,392
Further value adjustments	-592	-665
Other comprehensive income	-71,217	-43,395
NCI share of equity	-88,174	-87,165
Total common equity Tier 1 capital	**2,328,901**	**2,383,106**
Additional Tier 1 capital		
Preference shares	–	–
Total Tier 1 capital	**2,328,901**	**2,383,106**
Tier 2 capital		
Perpetual convertible debentures	–	–
Total capital base	**2,328,901**	**2,383,106**

Capital requirement for credit risks

Carnegie applies the standard method for calculating credit risks.

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

SEK 000s	31 Dec 2023	31 Dec 2022
Capital requirements from exposures to:		
Central counterparties	2	–
Institutional exposures	28,047	38,287
Corporate exposures	28,040	25,228
Retail exposures	12,170	12,112
Exposures secured by real estate property	31,951	22,881
Exposures to funds	24,419	25,641
Exposures in the form of covered bonds	4,019	22,094
Equity exposures	39,554	39,357
Other items	82,985	74,808
Total capital requirement for credit risks	**251,187**	**260,408**
Capital requirement for market risks		
Settlement risk	0	0
Total capital requirement for settlement risks	**0**	**0**
Equity price risk		
Specific risk	3,007	885
General risk	2,993	546
Non-delta risk	0	2,259
Total capital requirement for equity risks	**6,000**	**3,690**
Interest rate risk		
Specific risk	929	934
General risk	117	100
Total capital requirement for interest risks	**1,046**	**1,034**
Currency risk	51,740	79,855
Total capital requirements for currency risks	**51,740**	**79,855**
Capital requirement from credit valuation adjustment risk		
Credit valuation adjustment risk	151	232
Total capital requirement for credit valuation adjustment risk	**151**	**232**

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

Revenue indicator	4,617,966	4,331,588
Capital requirement for operational risks	692,695	649,738

Note 7 Reporting by country

As required by Swedish Financial Supervisory Authority Regulation FFFS 2008:25, the following table provides information about the nature of the business, geographical territory, average number of employees, operating income, operating profit/loss before tax and tax on profit for each country in which Carnegie is established, meaning where Carnegie has a physical presence. Carnegie is considered to have a physical presence in a country if Carnegie has a subsidiary or branch in that country. Carnegie has not received any government subsidies. The group designated 'Other' includes the countries where each country's total revenue is less than 8 percent of total revenue for the Group. The division by country aligns with the legal structure of the Group.

GROUP			2023				2022			
Country	Business[1]	Geographical territory	Average number of employees	Operating revenue, SEK 000s	Profit/loss before tax, SEK 000s	Tax, SEK 000s	Average number of employees	Operating revenue, SEK 000s	Profit/loss before tax, SEK 000s	Tax, SEK 000s
Denmark	IB, SEC, PB	Denmark	93	421,746	37,000	-10,374	88	445,078	61,819	-14,148
Norway	IB, SEC, AM	Norway	130	505,612	59,492	-15,809	127	602,717	126,434	-33,007
Sweden	IB, SEC, PB, AM	Sweden	512	2,298,348	232,282	-47,074	497	2,630,737	532,002	-142,634
Other	IB, SEC	UK, USA, Finland	73	384,171	-16,964	4,304	75	414,369	-5,216	6,256
Eliminations			–	-207,392	99,739	4,188	–	-209,770	-63,374	-831
Total			**809**	**3,402,485**	**411,549**	**-64,764**	**787**	**3,883,132**	**651,666**	**-184,366**

1) IB= Investment Banking, SEC=Securities, PB=Private Banking, AM=Asset Management.

Note 8 Geographical distribution of revenue

GROUP	COMMISSION REVENUE		INTEREST INCOME		NET PROFIT FROM FINANCIAL TRANSACTIONS		OTHER OPERATING INCOME		TOTAL INCOME	
SEK 000s	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Denmark	424,506	458,924	17,532	4,529	759	-1,208	–	–	442,797	462,246
Norway	595,620	680,500	20,148	19,771	0	–	–	–	615,768	700,271
Sweden	2,748,565	3,180,105	487,957	165,767	10,453	23,499	–	109	3,246,975	3,369,481
Other	461,353	495,808	0	–	-2,060	-5,978	–	–	459,293	489,831
Eliminations	-292,189	-284,115	-788	-1,024	3,243	-3,115	–	-109	-289,734	-288,363
Total	**3,937,856**	**4,531,223**	**524,848**	**189,043**	**12,395**	**13,199**	–	0	**4,475,099**	**4,733,465**

Revenue in the parent company refers to Sweden.

Note 9 Net commission revenue

	GROUP	
SEK 000s	2023	2022
Commission revenue	692,381	689,005
Advisory services revenue	1,840,602	2,486,912
Management charges	1,380,360	1,342,793
Other revenue	24,513	12,513
Total commission income	3,937,856	4,531,223
Marketplace fees	-39,435	-48,758
Commission expenses	-793,843	-743,849
Other commission expenses	-11,005	-5,788
Total commission expenses	-844,283	-798,394
Net commission revenue	3,093,573	3,732,829

Note 10 Net interest income

SEK 000s	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Interest income				
Interest income from loans to credit institutions	169,582	41,400	–	25
Interest income from loans to the general public	156,314	102,759	–	–
Interest income from interest-bearing securities	184,488	42,690	–	–
Other interest income	14,464	2,195	6	0
Total interest income	**524,848**	**189,043**	**6**	**25**
Interest expenses				
Interest expenses related to liabilities to credit institutions	-1,107	-7,581	-457	-464
Interest expenses related to deposits/borrowing from the general public	-191,844	-18,211	–	–
Interest expenses related to interest-bearing securities	-17,715	-7,621	–	–
Interest expenses, finance leases (IFRS 16)	-17,615	-18,360	–	–
Other interest expenses	-52	-165	–	–
Total interest expenses	**-228,332**	**-51,939**	**-457**	**-464**
Net interest income	**296,517**	**137,104**	**-451**	**-439**
Whereof amounts for balance sheet items not measured at fair value:				
Interest income	524,848	189,043	6	25
Interest expenses	-228,332	-51,939	-457	-464
Total	**296,517**	**137,104**	**-451**	**-439**

Note 11 Profit/loss from investments in subsidiaries

SEK 000s	PARENT COMPANY 2023	PARENT COMPANY 2022
Anticipated dividends from subsidiaries	312,105	578,196
Impairment of shares in subsidiaries	-56,000	
Group contribution received	65,000	35,000
Total profit from investments in subsidiaries	**321,105**	**613,196**

Note 12 Net profit/loss from financial transactions

2023

Group, SEK 000s	Realised changes in value	UNREALISED CHANGES IN VALUE[1] Market price (Level 1)	Observable market data (Level 2)	Non-observable market data (Level 3)	Effect of exchange rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	677	–	-504	–	–	173
Shares and participations and attributable derivatives	3,189	4,738	93	-866	–	7,153
Other financial instruments and attributable derivatives	1,268	–	–	–	–	1,268
Exchange-rate changes	–	–	–	–	3,802	3,802
Net profit or loss from financial transactions	**5,134**	**4,738**	**-411**	**-866**	**3,802**	**12,395**

2022

Group, SEK 000s	Realised changes in value	UNREALISED CHANGES IN VALUE[1] Market price (Level 1)	Observable market data (Level 2)	Non-observable market data (Level 3)	Effect of exchange rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	6,334	–	161	–	–	6,495
Shares and participations and attributable derivatives	17,697	1,853	-3,048	-19,589	–	-3,087
Other financial instruments and attributable derivatives	-258	–	–	–	–	-258
Exchange-rate changes	–	–	–	–	10,049	10,049
Net profit or loss from financial transactions	**23,773**	**1,853**	**-2,887**	**-19,589**	**10,049**	**13,199**

[1] Unrealised profits/losses are attributable to financial items measured at fair value. See Note 19 for information about measurement methods.

Note 13 Personnel expenses

SEK 000s	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Salaries and fees	-1,438,908	-1,567,831	-621	-1,661
Social insurance fees	-349,882	-380,371	-156	-492
Pension expenses for Board of Directors and CEO	-4,040	-3,488	–	–
Pension expenses for other employees	-199,395	-189,234	–	–
Other personnel expenses	-45,132	-67,200	–	-8,730
Total personnel expenses	**-2,037,358**	**-2,208,124**	**-777**	**-10,883**

Salaries and fees specified by category

SEK 000s	2023	2022	2023	2022
Salaries and fees to directors, CEO and members of Group management	-49,835	-70,527	-621	-1,661
Salary and remuneration to other employees not included in the Board of Directors or Group management	-1,389,073	-1,497,304	–	–
Total salaries and fees	**-1,438,908**	**-1,567,831**	**-621**	**-1,661**

Average number of employees (of whom women)

	2023	2022	2023	2022
Denmark	93 (23)	88 (24)	–	–
Finland	34 (9)	33 (8)	–	–
Norway	130 (35)	127 (30)	–	–
UK	30 (12)	30 (13)	–	–
Sweden	513 (152)	497 (146)	–	–
United States	10 (2)	12 (4)	–	–
Total	**809 (234)**	**787 (225)**	**–**	**–**

Remuneration to the Board of Directors

SEK 000s	2023	2022	2023	2022
Anders Johnsson, chair	800	1,467	200	867
Ingrid Bojner	350	350	100	100
Klas Johansson	83	251	21	63
Harald Mix	250	250	63	63
Andreas Rosenlew	350	350	100	100
Gustav Axelson	167	–	42	–
Pia Marions	292	–	88	–
Jenny Penser	29	–	8	–
Anna-Karin Celsing	–	292	–	–
Total	**2,322**	**2,961**	**621**	**1,193**

Remuneration to the CEO and other senior executives[1]

2023 SEK 000s	Gross salary and benefits	Variable pay	Pensions and comparable benefits	Severance pay
CEO Tony Elofsson	7,226	1,765	2,994	–
Outgoing CEO Björn Jansson	3,539	–	1,046	–
Other senior executives[2)]	43,975	12,477	5,791	–

[1] No fees were paid in the parent company, Carnegie Holding AB.

2) Other senior executives have received salary and benefits from Carnegie Investment Bank AB, its subsidiaries and Carnegie Fonder AB. Amounts relate to the period they held positions as other senior executives. The group includes ten individuals: Anders Antas, Jacob Bastholm, Christian Begby, Elisabeth Erikson, Henric Falkenberg, Fredrik Leetmaa, Helena Nelson and Andreas Uller, as well as Emelie Friberg and Lena Österberg, both from 1 April. Tony Elofsson is also included in the figures for the period of 1 January – 16 April.

Note 13 Personnel expenses, cont.

Remuneration to the CEO and other senior executives[1]

2022 SEK 000s	Gross salary and benefits	Variable pay	Pensions and comparable benefits	Severance pay
CEO Björn Jansson	12,038	4,000	3,488	–
Other senior executives [2]	55,528	25,188	4,554	–

1 No fees were paid in the parent company, Carnegie Holding AB.
[2] Other senior executives have received salary and benefits from Carnegie Investment Bank AB, its subsidiaries and Carnegie Fonder AB. Amounts relate to the period they held positions as other senior executives. The group includes nine individuals: Anders Antas, Jacob Bastholm, Christian Begby, Elisabeth Erikson, Henric Falkenberg, Fredrik Leetmaa, Helena Nelson, Tony Elofsson (from 31 July) and Andreas Uller (from 29 November). The figures also include Jonas Predikaka for the period of 1 January–5 May and Ulf Vucetic for the period of 1 January–30 July.

Gender distribution
The current Board of Directors consists of 43 percent (20) women and 57 percent (80) men. The current management group consists of 40 percent (22) women and 60 percent (78) men.

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

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

Pensions
Carnegie makes salary-based provisions for pension insurance (payments are based on total salary excluding any allocation of profit sharing) in accordance with customary rules in each country. These provisions amounted to 14 percent (14) in relation to total salary costs in the Group. All of Carnegie's pension commitments consist of defined contribution pension plans with external insurance companies. Carnegie has no outstanding pension commitments and makes no pension provisions for non-executive directors. The CEO is entitled to retire at 65, and the company also has the right to require retirement. Other senior executives are covered by the terms prevailing in each country and may retire at the age of 65-67. Reaching retirement age does not entail any further costs for Carnegie.

Endowment insurance
Individual pension commitments that are fully guaranteed through company-owned endowment insurance and for which Carnegie has no further obligations in addition to the premiums already paid are treated according to the rules for defined contribution plans. However, Carnegie has an obligation, recognised in the balance sheet, concerning future payroll tax on these pension commitments, which varies with changes in thee market value of the endowment insurance policies. The total market value amounts to: In the Group, SEK 371,417 thousand (398,970), and in the parent company SEK– thousand (–). Premiums paid during the year amounted to SEK 9,597 thousand (9,807) in the Group, whereof SEK - thousand (-) in the parent company.

Note 14 Other administrative expenses

	GROUP		PARENT COMPANY	
SEK 000s	2023	2022	2023	2022
Other administrative expenses include the following costs paid to the elected auditors, EY:.				
Statutory auditing	-7,764	-7,309	-1,204	-1,886
Other auditing	72	-235	–	–
Tax advice	–	-92	–	–
Other consultancy assignments	–	-440	–	–
Total EY	-7,692	-8,076	-1,204	-1,886
Other administrative expenses include the following costs paid to other elected auditors:.				
Statutory auditing and other elected auditors				
PwC	-2,705	-1,784	–	–
Regen, Benz & MacKenzie	-1,348	-659	–	–
Total other elected auditors	-4,053	-2,443	–	–
Total audit expenses	-11,745	-10,519	-1,204	-1,886

The statutory audit is an audit of annual financial statements and accounting, the management of the company by the Board of Directors and CEO, other tasks required of the company's auditors and providing advice or other assistance as a result of observations during the audit or the implementation of such other tasks. Other auditing includes reviews of interim reports, government reporting and services related to the provision of certifications and opinions.

Tax advice includes general services for foreign residents and other taxation issues. Other consultancy assignments include for example advice on accounting issues, services in connection with business combinations/business transformation, operational efficiency and assessment of internal controls.

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

	GROUP	
SEK 000s	2023	2022
Computer equipment and other equipment	-14,599	-10,097
Renovations	-4,201	-4,550
Right-of-use assets	-85,888	-80,242
Intangible assets	-20,336	-71,392
Total depreciation and amortisation of tangible fixed assets and intangible assets	**-125,024**	**-166,280**

Note 16 Credit losses, net

	GROUP	
SEK 000s	2023	2022
Changes for the year by credit stage		
Loans in Stage 1	-687	2,925
Loans in Stage 2	1,364	-473
Loans in Stage 3	-62	566
Total	615	3,018

Note 17 Taxes

	GROUP		PARENT COMPANY	
SEK 000s	2023	2022	2023	2022
Current tax expense				
Tax expense for the year	-51,148	-121,795	-52	-307
Adjustment of tax attributable to previous years	-16,431	-8,454	–	–
Total current tax expense	**-67,580**	**-130,249**	**-52**	**-307**
Deferred tax expense (-) tax income (+)				
Deferred tax, change for the year	-25,107	-44,552	–	–
Deferred tax, previous years	27,921	-9,564	–	–
Tax effect of changed tax rate	–	–	–	–
Total deferred tax expense/income	**2,816**	**-54,117**	**–**	**–**
Total recognised tax expense/income	**-64,764**	**-184,366**	**-52**	**-307**

Reconciliation of effective tax

	2023		2022	
Group, SEK 000s	Tax rate, %	Amount	Tax rate, %	Amount
Profit before tax		411,549		651,666
Tax according to prevailing tax rate for the parent company	20.6	-84,779	20.6	-134,243
Tax effects in respect of:				
Other tax rates for foreign companies	-0.1	258	0.5	-3,465
Non-deductible expenses	1.7	-7,023	5.6	-36,563
Non-taxable income	-1.3	5,514	-1.9	12,267
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–	–	0.6	-3,819
Utilisation of non-capitalised loss carryforwards	-1.9	7,762	0.0	–
Deferred tax, previous years	-6.8	27,921	1.5	-9,564
Tax attributable to previous years	4.0	-16,431	1.3	-8,454
Adjustment of taxable profit	-0.5	2,014	0.1	-525
Recognised effective tax	**15.7**	**-64,764**	**28.3**	**-184,366**

Reconciliation of effective tax

	2023		2022	
Parent company, SEK 000s	Tax rate, %	Amount	Tax rate, %	Amount
Profit before tax		302,286		568,843
Tax according to prevailing tax rate for the parent company	20.6	-62,271	20.6	-117,182
Tax effects in respect of:				
Non-deductible expenses	4.6	-13,892	0.4	-2,233
Non-taxable income	-21.3	64,481	-20.9	119,108
Adjustment of taxable profit	-3.8	11,630	–	–
Recognised effective tax	**0.0**	**-52**	**0.1**	**-307**

Note 18 Loans to the general public

Group, 31 Dec 2023, SEK 000s	Stage 1	Stage 2	Stage 3	2023
Amortised cost	3,562,313	17,682	8,371	**3,588,366**
Credit loss allowance	-11,232	-334	-64	**-11,630**
Total loans to the general public	**3,551,082**	**17,348**	**8,307**	**3,576,736**
Margin loans				
Amortised cost	2,413,304	17,682	8,371	2,439,357
Credit loss allowance	-7,938	-334	-64	-8,336
Total	**2,405,366**	**17,348**	**8,307**	**2,431,021**
Mortgages				
Amortised cost	1,149,009	–	–	1,149,009
Credit loss allowance	-3,294	–	–	-3,294
Total	**1,145,716**	–	–	**1,145,716**

Total loans to the general public - Exposure 2023, SEK 000s	Stage 1	Stage 2	Stage 3	2023
Opening balance, 1 Jan 2023	2,974,328	129,063	69,759	**3,173,150**
Transfers:				
From Stage 1 to Stage 2	-4,204	4,204	–	–
From Stage 1 to Stage 3	-974	–	974	–
From Stage 2 to Stage 3	–	-2	2	–
From Stage 3 to Stage 2	–	–	–	–
From Stage 2 to Stage 1	56,744	-56,744	–	–
From Stage 3 to Stage 1	28	–	-28	–
New assets	533,800	6	4	533,810
Repayment (including FX changes)	-8,640	-59,179	-62,405	-130,224
Closing balance, 31 Dec 2023	**3,551,082**	**17,348**	**8,307**	**3,576,736**

Total loans to the general public ECL 2023, SEK 000s	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance, 1 Jan 2023	**10,676**	**1,698**	**3**	**12,376**
Transfers:				
From Stage 1 to Stage 2	-95	95	–	–
From Stage 1 to Stage 3	-41	–	41	–
From Stage 2 to Stage 3	–	–	–	–
From Stage 3 to Stage 2	–	–	–	–
From Stage 2 to Stage 1	743	-743	–	–
From Stage 3 to Stage 1	–	–	–	–
New assets	198	–	–	**198**
Repayment (including FX changes)	-250	-715	21	**-944**
Closing balance, 31 Dec 2023	**11,232**	**334**	**64**	**11,630**

Note 18 Loans to the general public, cont.

Group, 31 Dec 2022, SEK 000s	Stage 1	Stage 2	Stage 3	2022
Amortised cost	2,985,004	130,761	69,761	**3,185,526**
Credit loss allowance	-10,676	-1,698	-3	**-12,376**
Total loans to the general public	**2,974,328**	**129,063**	**69,759**	**3,173,150**
Margin loans				
Amortised cost	2,167,830	130,761	69,761	2,368,352
Credit loss allowance	-8,640	-1,698	-3	-10,340
Total	**2,159,190**	**129,063**	**69,759**	**2,358,011**
Mortgages				
Amortised cost	817,174	–	–	817,174
Credit loss allowance	-2,036	–	–	-2,036
Total	**815,138**	**–**	**–**	**815,138**

Total loans to the general public - Exposure 2022, SEK 000s	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2022
Opening balance, 1 Jan 2022	4,057,586	73,369	47,933	**4,178,889**
Transfers:				
From Stage 1 to Stage 2	-107,804	107,804	–	–
From Stage 1 to Stage 3	-69,681	–	69,681	–
From Stage 2 to Stage 3	–	–	–	–
From Stage 3 to Stage 2	–	3	-3	–
From Stage 2 to Stage 1	27,893	-27,893	–	–
From Stage 3 to Stage 1	9,098	–	-9,098	–
New assets	88,046	90	68	88,204
Repayment (including FX changes)	**-1,030,810**	**-24,310**	**-38,823**	**-1,093,943**
Closing balance, 31 Dec 2022	**2,974,328**	**129,063**	**69,759**	**3,173,150**

Total loans to the general public ECL 2022, SEK 000s	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance, 1 Jan 2022	**11,851**	**1,225**	**569**	**13,645**
Transfers:				
From Stage 1 to Stage 2	-759	759	–	**–**
From Stage 1 to Stage 3	–	–	–	**–**
From Stage 2 to Stage 3	–	–	–	**–**
From Stage 3 to Stage 2	–	–	–	**–**
From Stage 2 to Stage 1	348	-348	–	**–**
From Stage 3 to Stage 1	655	–	-655	**–**
New assets	1,197	707	–	**1,904**
Repayment (including FX changes)	-2,616	-645	88	**-3,172**
Closing balance, 31 Dec 2022	**10,676**	**1,698**	**3**	**12,376**

Note 19 Financial instruments

Classification of financial instruments 2023

Group, 31 Dec 2023, SEKm	Amortised Cost	Fair value through profit or loss	Non-financial assets/liabilities	Total
Assets				
Cash and bank deposits with central banks	1,823	–	–	**1,823**
Negotiable government securities	5,590	–	–	**5,590**
Loans to credit institutions	1,791	–	–	**1,791**
Loans to the general public	3,577	–	–	**3,577**
Bonds and other interest-bearing securities	517	7	–	**523**
Shares and participating interests	–	584	–	**584**
Derivative instruments	–	0	–	**0**
Other assets	293	–	70	**363**
Prepaid expenses and accrued income	44	–	226	**270**
Total	**13,635**	**590**	**296**	**14,522**
Liabilities				
Liabilities to credit institutions	1	–	–	**1**
Deposits and borrowing from the general public	10,722	–	–	**10,722**
Short positions, shares	–	–	–	**–**
Derivative instruments	–	1	–	**1**
Other liabilities	525	–	184	**710**
Accrued expenses and prepaid income	845	–	–	**845**
Total	**12,093**	**1**	**184**	**12,279**

Classification of financial instruments 2022

Group, 31 Dec 2022, SEKm	Amortised Cost	Fair value through profit or loss	Non-financial assets/liabilities	Total
Assets				
Cash and bank deposits with central banks	1,287	–	–	**1,287**
Negotiable government securities	6,018	–	–	**6,018**
Loans to credit institutions	3,086	–	–	**3,086**
Loans to the general public	3,173	–	–	**3,173**
Bonds and other interest-bearing securities	2,777	7	–	**2,784**
Shares and participating interests	–	613	–	**613**
Derivative instruments	–	8	–	**8**
Other assets	441	–	124	**565**
Prepaid expenses and accrued income	18	–	183	**201**
Total	**16,799**	**628**	**307**	**17,734**
Liabilities				
Liabilities to credit institutions	17	–	–	**17**
Deposits and borrowing from the general public	13,295	–	–	**13,295**
Short positions, shares	–	25	–	**25**
Derivative instruments	–	11	–	**11**
Other liabilities	678	–	86	**764**
Accrued expenses and prepaid income	1,094	–	–	**1,094**
Total	**15,084**	**36**	**86**	**15,207**

Note 19 Financial instruments, cont.

Determination of fair value of financial instruments
When the Group determines the fair value of financial instruments, various methods are used depending upon the degree of observability of market data upon measurement and market activity. A regulated or reliable marketplace on which quoted prices are readily available and demonstrate sufficient frequency is considered an active market. Activity is assessed on an ongoing basis by analysing factors such as differences in bid and ask prices

The methods are divided into three different levels:

- Level 1 – Financial assets and financial liabilities valued on the basis of unadjusted quoted prices from an active market for identical assets or liabilities.

- Level 2 – Financial assets and financial liabilities valued on the basis of either:
A) adjusted quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active; or
B) measurement models based primarily on directly or indirectly observable inputs. Observable inputs are derived using market data such as public information about actual events or transactions, which reflects the assumptions that market actors would use in pricing the asset or liability.

- Level 3 – Financial assets and financial liabilities that are not valued based on observable market data.

The level in the fair value hierarchy at which a financial instrument is classified is determined based on the lowest level of inputs material to the fair value in its entirety.

In cases where there is no active market, fair value is determined using established measurement methods and models. In these cases, assumptions that cannot be derived directly from a market are applied. These assumptions are then based on experience and knowledge about measurement in the financial markets. The goal is, however, to always maximise the use of data from an active market. Where deemed necessary, relevant adjustments are made to reflect a fair value, in order to correctly reflect the parameters contained in the financial instrument and which must be reflected in its measurement.

The fair value of financial instruments recognised at fair value through profit or loss is determined primarily based on quoted closing prices on the reporting date for the assets.

Currency forwards are measured at fair value by using the current exchange rate and interest level.

Derivatives linked to equities and equity indices, consisting of forward contracts and options listed on Nasdaq are measured primarily at the official market prices. If such are outdated, unavailable or deemed misleading, a theoretical measurement is used based on observable market data. The measurement is carried out according to generally accepted models.

Unlisted derivatives are found to a minor extent. Where possible, they are measured based on the issuer's price. If that is impossible, they are measured based on observable market data and generally accepted models.

For lending and borrowing at a variable rate of interest, including loans secured by financial instruments or residential property, which are recognised at amortised cost, the carrying amount is deemed to coincide with fair value. For financial assets and financial liabilities in the statement of financial position with a remaining maturity of less than six months, the carrying amount is deemed to reflect fair value.

Fair value 2023

Group, 31 Dec 2023, SEKm	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value				
Bonds and other interest-bearing securities	–	7	–	7
Shares and participations	377	–	207	584
Derivative instruments	–	–	0	0
Total	**376**	**7**	**207**	**591**
Financial assets recognised at fair value for disclosure purposes				
Cash and bank deposits with central banks	–	1,823	–	1,823
Negotiable government securities	–	5,584	–	5,584
Loans to credit institutions	–	1,791	–	1,791
Loans to the general public	–	3,577	–	3,577
Bonds and other interest-bearing securities	517	–	–	517
Other assets	–	293	–	293
Accrued income	–	44	–	44
Total	**517**	**13,112**	**–**	**13,629**
Financial liabilities recognised at fair value				
Short positions, shares	–	–	–	–
Derivative instruments	–	0	1	1
Total	**–**	**0**	**1**	**1**
Financial liabilities recognised at fair value for disclosure purposes				
Liabilities to credit institutions	–	1	–	1
Deposits and borrowing from the general public	–	10,722	–	10,722
Other liabilities	–	525	–	525
Accrued expenses	–	845	–	845
Total	**–**	**12,093**	**–**	**12,093**

Note 19 Financial instruments, cont.

Fair value 2022

Group, 31 Dec 2022, SEKm	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value				
Bonds and other interest-bearing securities	–	7	–	7
Shares and participations	398	–	214	613
Derivative instruments	–	8	–	8
Total	398	16	214	628
Financial assets recognised at fair value for disclosure purposes				
Cash and bank deposits with central banks	–	1,287	–	1,287
Negotiable government securities	–	6,081	–	6,081
Loans to credit institutions	–	3,086	–	3,086
Loans to the general public	–	3,173	–	3,173
Bonds and other interest-bearing securities	2,741	–	–	2,741
Other assets	–	441	–	441
Accrued income	–	18	–	18
Total	2,741	14,086	–	16,827
Financial liabilities recognised at fair value				
Short positions, shares	25	–	–	25
Derivative instruments	–	11	–	11
Total	25	11	–	36
Financial liabilities recognised at fair value for disclosure purposes				
Liabilities to credit institutions	–	17	–	17
Deposits and borrowing from the general public	–	13,295	–	13,295
Other liabilities	–	678	–	678
Accrued expenses	–	1,094	–	1,094
Total	–	15,084	–	15,084

Description of measurement levels

- Level 1 mainly contains shares and municipal bonds for which the quoted price was used in the measurement.
- Level 1 mainly contains derivative instruments and interest-bearing securities. Derivatives linked to equities and equity indices are measured using generally accepted models and based on observable market data. In other cases, issuer prices or the last price paid are used.
- Level 3 contains financial instruments where internal assumptions have material impact on the calculation of fair value.

Transfers between levels
See the table below for transfers between levels.

Changes in Level 3 (SEKm)	Shares and participations
Financial assets	
Opening balance, 01/01/2023	214
Profit or loss in the statement of comprehensive income	-1
Purchases	1
Sales	-7
Transfer from Level 2 to Level 3	1
Exchange-rate changes	0
Closing balance, 31/12/2023	207

Note 19 Financial instruments, cont.

Financial assets and liabilities subject to offsetting 2023

Group, 31 Dec 2023, SEKm	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables[1]	1,830	-1,661	170
Liabilities			
Trade and client payables[2]	1,685	-1,661	24

Financial assets and liabilities subject to offsetting 2022

Group, 31 Dec 2022, SEKm	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables[1]	2,629	-2,286	342
Liabilities			
Trade and client payables[2]	2,325	-2,286	38

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

Note 20 Other information on financial assets

	GROUP	
SEK 000s	31 Dec 2023	31 Dec 2022
Bonds and other interest-bearing securities		
Listed	523,402	2,783,549
Unlisted	–	–
	523,402	2,783,549
Swedish government bodies	–	–
Other Swedish issuers	508,741	2,322,477
Foreign government bodies	–	–
Other foreign issuers	14,727	461,190
Credit loss allowances	-66	-117
	523,402	2,783,549

All credit loss allowances are attributable to Stage 1.

Shares and participations		
Listed	376,511	397,855
Unlisted	207,347	215,267
	583,858	613,122

Note 21 Shares and participations in Group companies

	PARENT COMPANY	
SEK 000s	31 Dec 2023	31 Dec 2022
Cost of shares and participations in Group companies, 1 January	2,776,215	1,780,084
Shareholder contribution	345,832	–
Intragroup business combinations	50	
Non-cash issue	–	996,131
Closing balance, cost of shares and participations in Group companies, 31 December	3,122,096	2,776,215

2022	Corporate Reg. No.	Reg. office	No. of shares	Carrying amount 2023	Equity 2023[1]
Carnegie Fonder AB	556266–6049	Stockholm	93.75	733,409	243,725
Holberg Fondsforvaltning AS	982076218	Bergen	70	213,011	56,840
CAAM Fund Services AB	556648-5832	Stockholm	100	49,710	83,400
Montrose by Carnegie AB	556946-9355	Stockholm	100	50,050	49,979
Carnegie Investment Bank AB (publ)[2]	516406-0138	Stockholm	400,000	2,075,916	2,453,717
Branches of Carnegie Investment Bank AB					
Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sweden	35521267	Copenhagen			
Carnegie Investment Bank AB, Finland Branch	1439605-0	Helsinki			
Carnegie Investment Bank AB, UK Branch	3022 (FC 018658)	London			
Subsidiaries of Carnegie Investment Bank AB					
Carnegie, Inc.	13-3392829	Delaware	100		
Carnegie AS[2]	936310974	Oslo	20,000		
Carnegie Ltd	2941368	London	1		
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776	Karlstad	1,000		
Carnegie Properties AB	556680-5288	Stockholm	1,000		
Carnegie Fastigheter AB	556946-9371	Stockholm	50		
Carnegie Fund Services S.A.	B 158409	Luxembourg	500		
Total				3,122,096	2,887,661

[1] Equity in subsidiaries is recognised less anticipated dividends to the parent company. The above shares are all unlisted.
[2] Entities classified as credit institutions.

Note 22 Intangible assets

	GOODWILL		BRANDS		CLIENT RELATIONSHIPS		DISTRIBUTION AGREEMENTS		CAPITALISED EXPENDITURE		TOTAL	
SEK 000s	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated cost												
Opening balance	673,655	667,952	28,758	27,801	198,649	197,763	239,617	238,107	15,822	14,803	1,156,501	1,146,425
Business combinations	146,382	–	1,905	–	217,341	–		–		–	365,627	–
Acquired assets	–	–		–		–		–		–		–
Purchases	–	–		–		–		–	312	823	312	823
Disposals and retirements	-2,428	–		–		–		–		–	-2,428	–
Translation differences for the year	-11,341	5,703	-1,904	957	-1,763	887	-2,606	1,510	-502	196	-18,116	8,295
Closing balance	**806,268**	**673,655**	**28,759**	**28,758**	**414,227**	**198,649**		**239,617**	**15,631**	**15,822**	**1,501,897**	**1,156,501**
Accumulated amortisation and impairments												
Opening balance	-54,740	–	–	–	-110,436	-99,098	-151,217	-146,555	-14,604	-13,527	-330,997	-259,180
Acquired assets	–	–		–		–		–		–		–
Amortisation for the year	–	–	-53	–	-12,904	-11,238	-4,286	-4,491	-665	-923	-17,908	-16,652
Impairments during the year	–	-54,740		–		–		–		–		-54,740
Disposals and retirements	–	–		–		–		–		–		–
Translation differences for the year	3,812	–		–	206	-100	352	-171	374	-154	4,743	-425
Closing balance	**-50,929**	-54,740	-53	–	**-123,134**	**-110,436**	**-155,151**	**-151,217**	**-14,895**	**-14,604**	**-344,162**	**-330,997**
Carrying amount at the end of the year	**755,339**	**618,914**	**28,706**	**28,758**	**291,094**	**88,214**	**81,859**	**88,400**	**736**	**1,218**	**1,157,734**	**825,504**

Goodwill, brands, client relationships and distribution agreements are attributable to acquisition of the fund companies and capitalised expenditure is attributable in all material respects to the Carnegie Investment Bank Group. New items in 2023 refer primarily to the acquisition of Erik Penser Bank's securities business by Carnegie Investment Bank AB and consist of goodwill, brands and client relationships.

Intangible assets with indeterminable useful lives are tested for impairment annually or more often. In the Carnegie Group, these assets consist of goodwill, brands and distribution agreements that are attributable in their entirety to the acquisition of the fund companies. At year-end, SEK 500 million in goodwill and SEK 51 million in distribution agreements were attributable to Carnegie Fonder AB, and SEK 109 million in goodwill and SEK 27 million in brands were attributable to Holberg. SEK 146 million in goodwill attributable to the acquisition of Penser was added in late 2023. The item has not yet been tested for impairment.

Impairment testing is carried out at the lowest levels where there are separate identifiable cash flows (cash generating units). Carnegie Group tests assets with indeterminable useful lives in the fourth quarter, based on recognised carrying amounts as of 30 September. Where the test shows that the carrying amount exceeds the recoverable amount, the asset is impaired by an amount equal to the difference. The recoverable amount corresponds to the higher of value in use and fair value less costs of disposal.

The value in use is the present value of estimated future cash flows from each cash generating unit. The calculation is based on forecasts prepared by management and approved by the Board of Directors. The forecasts cover five years and include the annual growth rate, changes in operating expenses and changes in working capital. Future cash flows beyond the forecast period have been extrapolated at an estimated growth rate of 2 percent. Future cash flows have been discounted with a discount rate (WACC, Weighted Average Cost of Capital). The 2023 test did not result in any indication of impairment.
The calculation of WACC is based on external market data on the risk-free rate and studies of market risk premiums. The Beta factor used was 1.2. Carnegie Group has calculated WACC for each cash-generating unit, which is 12.2 percent.

A sensitivity analysis was performed for each cash-generating unit in the estimation of value in use in connection with the impairment test, whereupon the future cash flows was adjusted downwards by 10 percent. The analysis showed no indication of impairment.

Note 23 Tangible fixed assets

	GROUP	
SEK 000s	31 Dec 2023	31 Dec 2022
Computer equipment and other equipment		
Cost on the opening date	214,910	182,779
Translation differences	-6,043	6,472
Acquisitions during the year	16,499	26,724
Sale/scrapping	-2,169	-1,066
Cost on the closing date	**223,198**	**214,910**
Depreciation on the opening date	-162,701	-148,355
Translation differences	5,758	-5,194
Depreciation for the year	-14,599	-10,097
Sale/scrapping	2,014	946
Depreciation on the closing date	**-169,529**	**-162,701**
Computer equipment and other equipment	**53,669**	**52,209**
Renovation of leased premises		
Cost on the opening date	108,071	103,458
Translation differences	-1,198	5,014
Acquisitions during the year	750	4,376
Sale/scrapping	–	-4,777
Cost on the closing date	**107,622**	**108,071**
Depreciation on the opening date	-99,049	-93,779
Translation differences	1,182	-4,645
Amortisation for the year	-4,201	-4,550
Sale/scrapping	–	3,925
Depreciation on the closing date	**-102,067**	**-99,049**
Total renovation of leased premises	**5,555**	**9,022**
Right-of-use assets (IFRS 16)		
Cost on the opening date	603,730	571,300
Translation differences	-7,221	10,139
Acquisitions during the year	73,635	34,099
Sale/scrapping	-2,928	-11,808
Cost on the closing date	**667,216**	**603,730**
Depreciation on the opening date	-291,815	-218,068
Translation differences	3,493	-4,800
Depreciation for the year	-85,817	-80,242
Sale/scrapping	2,862	11,295
Depreciation on the closing date	**-371,277**	**-291,815**
Total right-of-use assets	**295,939**	**311,915**
Total tangible fixed assets	**355,162**	**373,146**

Note 24 Deferred tax assets/liabilities

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Deferred tax assets				
Pensions	72,649	79,088	–	–
Capitalised loss carryforwards[1]	21,890	7,392	–	–
Other	45,721	33,496	–	–
Total deferred tax assets	140,260	119,976	–	–
Deferred tax liabilities				
Intangible assets	66,193	60,730	–	–
Other	9,569	–	–	–
Total deferred tax liabilities	75,762	60,730	–	–

Changes for the year – deferred tax assets	Opening balance	Deferred tax in income statement	Recognised directly against equity, exchange-rate differences, acquisitions and eliminations	Closing balance
Group, 2023, SEK 000s				
Pensions	79,088	-6,439	–	72,649
Capitalised loss carryforwards[1]	7,392	15,077	-579	21,890
Other	33,496	13,386	-1,161	45,721
Total	119,976	22,024	-1,740	140,260

Changes for the year – deferred tax liabilities	Opening balance	Deferred tax in income statement	Recognised directly against equity, exchange-rate differences, acquisitions and eliminations	Closing balance
Group, 2023, SEK 000s				
Intangible assets	60,730	2,466	2,997	66,193
Other	–	16,742	-7,173	9,569
Total	60,730	19,208	-4,176	75,762

[1] Capitalised loss carryforwards in the Group refer to Carnegie Inc and CAAM Fund Services AB.

Note 25 Other assets

	GROUP	
SEK 000s	31 Dec 2023	31 Dec 2022
Trade and client receivables	169,665	342,157
Accounts receivable	119,455	89,931
Issue proceeds	3,688	8,897
Other	70,456	124,136
Total other assets	363,264	565,121

Other assets have a remaining maturity of less than one year. The ECL allowance for client receivables amounted to SEK 1,266 thousand (953) on 31 December. All credit loss allowances are attributable to Stage 1.

Note 26 Prepaid expenses and accrued income

	GROUP	
SEK 000s	31 Dec 2023	31 Dec 2022
Accrued interest	6,976	2,273
Personnel-related expenses	13,592	4,250
Management charges	101,905	91,799
Accrued income	37,190	15,871
Prepaid expenses	110,313	86,651
Total prepaid expenses and accrued income	269,976	200,844

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

Note 27 Other liabilities

SEK 000s	GROUP 31 Dec 2023	GROUP 31 Dec 2022	PARENT COMPANY 31 Dec 2023	PARENT COMPANY 31 Dec 2022
Trade and client payables	24,209	38,392	–	–
Trade accounts payable	170,516	244,945	10,462	857
Issue proceeds	30,757	81,309	–	–
Lease liability	299,624	313,526	–	–
Other	184,447	86,322	8,748	8,742
Total other liabilities	709,554	764,494	19,210	9,599

Other liabilities have a remaining maturity of less than one year, except for the lease liability and 'Other' in the parent company.

Note 28 Accrued expenses and deferred income

SEK 000s	GROUP 31 Dec 2023	GROUP 31 Dec 2022	PARENT COMPANY 31 Dec 2023	PARENT COMPANY 31 Dec 2022
Accrued interest	21,189	1,425	–	–
Commission expenses	140,030	125,280	–	–
Personnel-related expenses	600,060	898,581	–	–
Pension expenses	3,739	–	–	–
Accrued expenses	50,287	56,926	–	–
Other	29,668	11,875	521	1,866
Total accrued expenses and prepaid income	844,973	1,094,087	521	1,866

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

Note 29 Other provisions

SEK 000s	GROUP 31 Dec 2023	GROUP 31 Dec 2022
Restructuring provisions		
Opening balance	11,320	11,320
Translation differences	–	–
Utilised amounts	–	–
Reversal, unutilised amounts	–	–
Provisions for the year	–	–
Closing balance, restructuring reserve	11,320	11,320
Other provisions		
Opening balance	54,561	59,908
Translation differences	-974	192
Utilised amounts	-822	-10,531
Reversal, unutilised amounts	-1,000	–
Provisions for the year	2,740	4,992
Closing balance, provisions	54,505	54,561
Total other provisions	65,825	65,881

Most of the provisions are expected to be utilised during 2024 and refer mainly to provisions related to disputes. ECL allowances for guarantees are included in the carrying amount in an insignificant amount

Note 30 Business combinations

Carnegie Investment Bank AB acquired Erik Penser Bank's securities business, consisting of Erik Penser Wealth Management, Erik Penser Corporate Finance and the Penser Access and Penser Future research services during the financial year. The acquired businesses complement and expand Carnegie's client offering and the company has also identified synergy effects arising from the acquisition.

The transaction was an asset acquisition and the consideration was paid through an issue of treasury shares of SEK 295.8 million in the parent company, Carnegie Holding AB, and the estimated conditional consideration (earnout) amounts to SEK 82.5 million. The earnout (estimated on a probability-weighted average of possible outcomes) is linked to the amount of assets under management (AUM) that clients actually transfer to Carnegie. Final settlement occurred on 31 January 2024, when the final earnout was determined as SEK 107.9 million. The breakdown of identifiable assets, non-identifiable assets and liabilities is shown on the table opposite.

In accordance with IFRS 3, the assets and liabilities were identified and measured at fair value on the acquisition date, 30 November 2023. Intangible assets were identified through the acquisition worth SEK 366 million in total, distributed among goodwill, client relationships and brands. Goodwill is attributable to new clients, cost synergies and personnel. Goodwill is tax-deductible in its entirety.

The acquisition has contributed to growth in assets under management within Private Banking, an increase of about 80 companies within commissioned research and a Corporate Finance Team who are leaders in smaller transactions, paving the way to widening Carnegie's client segment within Investment Banking. As the acquisition was executed on 30 November 2023, the effect on consolidated revenues and costs is immaterial.

	GROUP
Acquisition analysis, Erik Penser Bank's securities business	30 Nov 2023
	SEKm
Intangible assets	219.2
Non-current assets	2.0
Cash and cash equivalents	24.9
Other current assets	11.6
Other current liabilities	-25.8
Identifiable net assets and liabilities	**232**
Goodwill	146.4
Consideration	**378.4**
Cash and bank balances in acquired entity	24.9
Share issue and earnout	-378.3
Acquisition costs	-5.1
Net cash flow	**19.8**

Note 31 Pledged assets and contingent liabilities and obligations

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Assets pledged for own debt				
Pledged assets for:				
Deposited securities	11,392	327,962	–	–
whereof pledged cash	11,392	327,962	–	–
Derivative instruments	93,395	65,786	–	–
whereof own pledged securities	39,274	19,097	–	–
whereof pledged cash	54,121	46,689	–	–
Other liabilities	410,937	10,937	–	–
whereof pledged cash	410,937	10,937	–	–
Total pledged assets for own liabilities	**515,724**	**404,686**	–	–
Other pledged assets				
Pledged assets for:				
Deposited securities on clients' account	118,617	776,810	–	–
whereof own pledged securities	–	576,245	–	–
whereof pledged cash	118,617	200,565	–	–
Derivative instruments on clients' account	195,549	241,092	–	–
whereof own pledged securities	186,553	208,058	–	–
whereof pledged cash	8,996	33,034	–	–
Trading in securities on clients' account	4,660	14,039	–	–
whereof pledged client securities	4,660	0	–	–
whereof pledged cash	–	14,039	–	–
Total other pledged assets	**318,826**	**1,031,940**	–	–
Contingent liabilities and guarantees				
Contingent liabilities[1]	112,509	112,509	112,509	112,509
Guarantees	100,109	167,135	–	–
Total contingent liabilities and guarantees	**212,618**	**279,643**	**112,509**	**112,509**
Assets managed on third-party account				
Client funds	**1,103,737**	**1,479,938**	–	–

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

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

Note 32 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. Information on remuneration to key persons in executive positions is presented in Note 13.

	GROUP		PARENT COMPANY	
SEK 000s	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Related-party transactions with the CEO, Board of Directors and Group management				
Deposits/liability	12,896	2,450	–	–
Interest expenses	122	16	–	–
Lending/assets	–	–	–	–
Interest income	–	–	–	–
Pledged assets and guarantees	–	–	–	–
Related-party transactions with Group companies				
Deposits/liability	–	–	254,629	69,587
Interest expenses	–	–	457	464
Lending/assets	–	–	65,000	35,000
Related-party transactions with the owners				
Deposits/liability	2,910	34,734	–	–
Interest expenses	306	12	–	–
Purchases	6,000	6,000	–	–
Sales	–	3,084	–	–

For other transactions with owners, see 'Consolidated statements of changes in equity' (page 56) and 'Parent company statements of changes in equity' (page 59).

Related-party transactions with others				
Deposits/liability	5,618	4,818	–	–
Interest expenses	93	5	–	–
Lending/assets	3,477	4,289	–	–
Sales	13,898	15,101	–	–

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

Note 33 Information on statements of cash flows

SEK 000s	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Dividends received	–	–	613,196	1,209,300
Interest paid	-208,568	-52,054	-457	-464
Interest received	503,529	324,822	6	25
Adjustment for items not affecting cash flow				
Anticipated dividends and Group contributions, subsidiaries	–	–	-377,105	-613,196
Depreciation, amortisation and impairment of assets	125,024	166,280	–	–
Change in provisions for balance sheet items	334	-6,167	–	–
Unrealised changes in value of financial instruments	-3,460	20,623	-11,900	–
Total adjustments for items not affecting cash flow	**121,898**	**180,736**	**-365,205**	**-613,196**

SEK 000s	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Cash and cash equivalents[1]				
Cash and bank deposits with central banks	1,822,919	1,286,865	–	–
Negotiable government securities	5,590,464	6,017,616	–	–
Loans to credit institutions	1,791,310	3,086,234	1,673	1,520
Loans to credit institutions, not payable on demand	-345,544	-160,615	–	–
Less: client funds	-96,085	-643,019	–	–
Less: cash and cash equivalents pledged as collateral	-610,082	-129,330	–	–
Cash at end of year	**8,152,981**	**9,457,751**	**1,673**	**1,520**

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

Note 34 Disputes

A number of Danish institutional investors commenced legal proceedings in 2016 in a Danish court against several defendant parties, including OW Bunker A/S in bankruptcy, with regard to the losses of approximately DKK 770 million plus interest and legal costs claimed by the investors as a consequence of the bankruptcy of OW Bunker A/S. The shareholders' association, Foreningen OW Bunker-investor, commenced similar proceedings the same year in respect of approximately DKK 300 million plus interest and costs. Carnegie was one of the banks that assisted OW Bunker A/S and its owners in connection with the flotation of the company on Nasdaq Copenhagen in March 2014. By reason thereof, the institutional investors expanded the legal proceedings in 2017 to also include two of the banks, including Carnegie. This is in addition to the legal proceedings commenced by a number of international investors in 2017 against two of the banks, including Carnegie, regarding a claim by reason of the bankruptcy of approximately DKK 530 million plus interest and costs. The legal proceedings continued during 2023 and are still ongoing. Carnegie has entered into an agreement with Foreningen OW Bunker-investor and a number of other parties in connection with the ongoing legal proceedings to mutually reserve the right to take legal measures in the future, but to hold the matter in abeyance until further notice. Carnegie applies customary processes and procedures to provide due and proper assistance in connection with initial public offerings. Carnegie is vigorously contesting the demands that have been presented or which may be presented in the future.

In 2022, the Court of Appeal ruled in the case concerning the sanction order for alleged violation of market abuse regulations in relation to Carnegie's forced sale of shares pledged by a client as collateral for margin loans. The Court of Appeal overturned the District Court's ruling and rejected Finansinspektionen's motion to enjoin Carnegie to pay a sanction of SEK 35 million. Finansinspektionen has appealed against the ruling and maintains its motion. Proceedings remain in progress before the Supreme Court.

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

Note 35 Significant events after 31 December 2023

The acquisition of Erik Penser Bank's securities business was finalised on 6 February 2024. The acquisition strengthens our market position and expands our product portfolio in financial services.

The annual report was approved for publication by the Board of Directors on 22 March 2024.

Note 36 Disposition of profit

Disposition of profit	
At the disposal of the annual general meeting, SEK	
Share premium reserve	1,934,434,000
Retained earnings	1,168,909,136
Net profit for the year	302,234,449
Total	**3,405,577,586**
The Board of Directors proposes the following allocation of profit:	
Dividend to shareholders	300,000,000
To be carried forward	3,105,577,586
Total	**3,405,577,586**

Certification

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

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

Stockholm, 22 March 2024

Anders Johnsson
Board Chair

Ingrid Bojner

Gustav Axelson

Andreas Rosenlew

Harald Mix

Pia Marions

Jenny Penser

Tony Elofsson
President and CEO

Our audit report was submitted on 27 March 2024
Ernst & Young AB

Mona Alfredsson
Authorised Public Accountant

Auditor's report

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

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Carnegie Holding AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 23-65 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Commission revenue in Investment Banking

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described in Note 5 "Applied accounting policies – Income recognition". Further disclosures are provided in Note 8 Geographical distribution of income and Note 9 Net commission income. Information is also provided in the Board of Directors' Report.

Description

Commission income amounts to SEK 3 938 million for the Group as of 31 December 2023.

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

How our audit addressed this key audit matter

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

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

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

Legal disputes and claims

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described in Note 5 "Applied accounting policies – Provisions" and significant estimates and assumptions are described in Note 4 Critical assessment parameters. Legal disputes are described in Note 34 Disputes.

Description

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

In order to determine whether an item should be recognised in the balance sheet, management estimates the probability and consequences of possible outcomes for Carnegie. As described in the annual report, there is a dispute pertaining to advice provided in connection with a prospectus (see Note 34 Disputes). The claims presented by the counterparties are a significant amount to Carnegie. Based on the complexity of the assessment of possible outcomes and the size of the claim, we have considered legal disputes and claims a key audit matter.

How our audit addressed this key audit matter

In our audit, we evaluated whether Carnegie's method for recognising provisions for legal disputes is in compliance with IFRS.

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

We have also reviewed disclosures provided in Note 34.

Acquisition of Erik Penser Bank's securities business

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described in Note 5 ”Applied accounting principles – Acquisition”. Further disclosures are provided in not 30 Acquisition of Businesses and not 22 Intangible assets. Information is also provided in the management report.

Description

During the financial year, Carnegie Investment Bank AB acquired the business areas Erik Penser Wealth Management, Erik Penser Corporate Finance and the analysis services Penser Access and Penser Future from Erik Penser Bank. The acquisition is a purchase of the net assets of a business. The Purchase price amounts to 379 mSEK including an estimated additional purchase price of 83 mSEK.

The acquisition analysis is presented in note 30 and shows that the group's identifiable net assets and liabilities amounts to 232 mSEK, which includes customer relationships of 217 mSEK and brand of 2 mSEK. The acquisition analysis shows a goodwill of 146 mSEK.

Accounting for acquisitions involves judgements and estimation of the value of acquired assets and assumed liabilities. Because of this, we consider the accounting for the acquisition of Erik Penser's securities business to be a key audit matter.

How our audit addressed the key audit matter

In our audit, we have examined significant documentation related to the acquisition, such as contracts, accounting records, and supporting documents for valuation. We have reviewed identifiable assets acquired and liabilities assumed. We used a substantive-based approach for the review of this transaction.

We have reviewed the valuation prepared by the company of the acquired business, which was the basis for the acquisition analysis, with the help of valuation specialists. The procedures included a review of the selected valuation methodology, review of the assumptions used, and testing of the arithmetic accuracy of the models. We have analyzed significant assumptions used in the preparation of estimates that the valuation is based on to test the reasonability of them. We have also reviewed the calculations to test the assumptions overall. Furthermore, we have reviewed the principles that the company applies in the group accounting regarding the acquisition.

We have also reviewed the disclosures made in the financial statements regarding the acquisition and the intangible assets the acquisition entails.

Impairment testing of goodwill, distribution agreements and brands

Detailed information and description of the area are provided in the annual report. The accounting policies are described in Note 5 ”Applied accounting principles – Intangible Assets” and Note 5 “Applied accounting principled – impairment of intangible assets and tangible assets”. Information is also provided in note 22 intangible assets and in note 15 Depreciation and impairment of intangible assets and tangible fixed assets.

Description

Carnegie acquired Carnegie Fonder and Holberg Fondförvaltning at the end of 2022. The acquisition led to the reporting of goodwill and brand. The carrying amount in the group for goodwill as of December 31, 2023, amounts to 609 mSEK, distribution agreements to 51 mSEK and brand amount to 27 mSEK. The company annually tests and where there is an indication of a decrease in value, that carrying amounts do not exceed the calculated recoverable amount. The recoverable amount is determined for each cash-generating unit through a present value calculation of future cash flows. Future cash flows are based on management's business plans and forecasts and include a number of assumptions such as performance development, growth, investment needs and discount rate. The impairment test in 2023 did not result in any impairment.

Changes in assumptions affect the calculation of the recoverable amount and if other assumptions had been used, an impairment requirement could have arisen. We have therefore assessed that the reporting of goodwill is a key audit matter.

How our audit addressed the key audit matter

In our audit, we have evaluated and tested the company's process for preparing impairment tests, including evaluating forecasts and assumptions.

We have reviewed Carnegie's impairment test using valuation specialists. We have examined the resonableness of future cash flows and growth assumptions and, with help of out valuation specialists, tested the chosen discount rate and assumptions of long-term growth. We have also reviewed the company's model and method for conducting the impairment test and evaluated the company's sensitivity analysis.

We have reviewed the disclosures made in the financial statements regarding the impairment test.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-22 and 70-88. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions. We must inform the Board of Directors of, among other

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Carnegie Holding AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's Responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

Ernst &Young AB, Box 7850, 111 44 Stockholm, was appointed Carnegie Investment Bank AB's auditor by the Annual General Meeting on April 5, 2023 and has been the company's auditor since 2019.

Stockholm, 27 March 2024.

Ernst & Young AB

Mona Alfredsson
Authorised Public Accountant

Sustainability disclosures

Carnegie Group took further steps in its sustainability work in 2023, including by performing a double materiality assessment to prepare the company for forthcoming reporting standards under the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), which take effect in 2025. The materiality assessment both continues and deepens the assessment initiated in 2021.

In line with these preparations, we will be focusing in 2024 on drafting a new sustainability strategy and integrating it in our business plan. This includes defining specific sustainability targets and key performance indicators (KPI). It is important to note that this is a work in progress that will be included in the report from 2025.

This year's sustainability report will cover the areas of materiality identified in the materiality assessment performed in 2021 that have been identified as still relevant in the stakeholder dialogues and employee surveys carried out in 2023. The targets and outcomes reported are based on Carnegie's 2021 materiality assessment and on Carnegie's ambitions concerning sustainability-related aspects of advice and investments, which is where we have the greatest influence.

SUSTAINABILITY GOVERNANCE

Carnegie's governance model ensures that the Group has the capacity to translate knowledge into relevant advisory and financial growth for our clients. In addition, we aim to guide our clients towards decisions that are sustainable for companies and society.

Sustainability governance is based on a framework comprised of policies, instructions, stances and business orientation. The sustainability programme is anchored in Carnegie's strategic direction and integrated in business processes, advisory and products. Carnegie's long-term strategy to secure competitiveness and further develop the trust of our clients, employees, the market, owners and society, is based on several long-term business objectives: responsible advisory and asset management, responsible business and responsible employer.

Carnegie's core competencies are central to our business: assisting clients with sustainable financial advisory and asset management, and being responsible stewards of Carnegie's role in the financial ecosystem.

Via our advisory in connection with investments and corporate transactions, we can act as a force for good by implementing sustainable methods and integrating sustainability in our work. That also applies to how companies can help fight climate change and improve their resilience against and adaptability to climate-related risks. As a responsible company and part of the financial industry and business community, Carnegie is committed to contributing to sustainable development and the transition to a climate-neutral economy.

Supported by the company's combined expertise in research, asset management and entrepreneurship, Carnegie's employees are working with Agenda 2030 and the 17 UN SDGs. We consider six of these goals particularly important and relevant to our business. We are contributing in various ways to attaining the identified goals that harmonise with our own business objectives. The main contribution is made through assisting clients with sustainable advisory and sustainable products, as well as collaborating with others in the industry and in society at large.

Governance

The Board of Directors has ultimate responsibility for the business and is accordingly involved in the Group's sustainability work. Group policies in the area are adopted by the Board.

The corporate policies and guidelines that are most relevant to sustainability are:

- Sustainability Policy
- Governance Policy
- Risk and Compliance Policy
- Code of Conduct
- Measures against Money Laundering and Terrorist Financing Policy
- Information Security and Data Management Policy
- Diversity, Equity and Inclusion Policy
- Remuneration Policy

The Board of Directors decides on the business plan, in which sustainability topics are included, each year. The President and CEO is responsible for ensuring that the direction and strategies decided by the Board are implemented. This includes the Group's strategic direction and the Group's ambition that companies, capital and society can and should grow sustainably.

In order to ensure that sustainability is an integrated aspect of operations, each business area and subsidiary is individually responsible for integrating sustainability policies and governance. Each business area and subsidiary is responsible for managing sustainability-related issues and how these affect the business from the risk and opportunity perspectives.

The Group's corporate sustainability programme is coordinated by the Head of Sustainability Strategy & Advisory and the Head of Communications & Sustainability. They are responsible primarily for developing, implementing and monitoring the Group's sustainability strategies, targets and reporting. To guarantee that sustainability is integrated into all Group decisions, strategies and business plans, the Head of Sustainability Strategy & Advisory and the Head of Communications & Sustainability are part of the Group management team.

Business areas

Meeting clients' increased expectations with regard to sustainability is a high priority within all Carnegie business areas, including the subsidiaries, Carnegie Fonder and Holberg. In order to meet these needs, every business area has dedicated sustainability experts on staff. Their duties include implementing developmental activities and ensuring that the bank complies with applicable regulations and guidelines linked to sustainability.

We have established a cooperative body under the leadership of the Head of Sustainability Strategy & Advisory that is tasked with improving collaboration and promoting sustainability initiatives.

This group brings together representatives of the business areas and subsidiaries. Their focus is on developing and implementing sustainability initiatives that are relevant and beneficial to our various business activities.

Support functions

The sustainability programme requires cooperation and input from several different functions within the Group. This includes the heads of risk management, regulatory issues, prevention of money laundering, IT security and human resources. Sustainability is a prioritised aspect of operations in all Carnegie Group business areas and subsidiaries. Each business unit also pursues its own sustainability programme, with dedicated individuals responsible for integrating these matters into their business processes.

Compensation and benefits

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

The model is furthermore designed to ensure fair treatment of clients so that incentives are not created that could lead to the relevant persons favouring their personal interests or Carnegie's interests to the detriment of a client. Finally, the model is gender neutral and designed to improve long-term skills development among employees and promote team performance as well as individual performance. Carnegie does not permit discrimination against employees on the basis of race, skin colour, national origin, religion, gender, gender identity, sexual orientation, disability, age or social background in the implementation of the remuneration model.

The composition of fixed and variable remuneration varies among staff categories with regard to the employees' tasks, skills, responsibility and performance.

For 2023, Carnegie has include a sustainability criterion in performance targets for Group-level senior management personnel.

See pages 19-20 for more information about remuneration and page 49 for details of remuneration to the President and CEO, group management and the Board of Directors.

Sustainability risks

Integration of sustainability risks

Working actively with sustainability risks is important to Carnegie and critical to retaining the trust of our clients, the market and employees. Carnegie continued during the year to further develop the integration of sustainability risks in our risk management framework. Important tools in this process include ESG scenario analysis within the framework of ICLAAP, risk and control assessment on the theme of sustainability and the preparation of relevant measurements aimed at integrating sustainability risks in the remuneration process. The following sustainability risks have been identified as the most significant to Carnegie:

- *Responsible business* – Risk that shortcomings in internal governance and control will lead to inadequate compliance with Carnegie's policies and rules, such as our code of conduct and the ethics policy.
- *Responsible advisory* – Risk that clients, based on our advice and investment recommendations, will invest in companies that fall short in relation to ethical, environmental or social issues.
- *Responsible employer* – Risk that Carnegie will be unable to maintain a healthy work environment characterised by equal opportunity, diversity and work/life balance, which could lead to inability to attract and retain skilled employees.

Sustainability risks are found in several parts of our business in our capacity as an asset manager, adviser, lender, employer and buyer. These risks are managed as an integrated component of our business processes. This includes, for example, integrating sustainability in our products and advisory services. Maintaining a corporate governance model with a clear allocation of responsibility and effective internal governance and control, risk management and compliance is another key aspect of managing our sustainability risks. Likewise, our human resources policy plays an important role in our sustainability programme – particularly the promotion of work/life balance, equal opportunity and diversity.

MEMBERSHIP OF ASSOCIATIONS, COMMITMENTS AND NETWORKS

By committing to adhere to specific guidelines and goals, we adopt clear targets that are regularly reviewed and monitored.

Commitments:

UN Global Compact

The United Nations adopted 17 global Sustainable Development Goals (SDGs) in 2015, with the clear expectation that states, the public sector and business should contribute to solutions to common challenges. When the global SDGs were adopted by the UN member states, it provided an opportunity to take on the sustainability challenges the world is confronting in a concrete manner. Business, the financial industry not least importantly, has an important role to play in developing scalable solutions and driving the transformation that is critical to attaining the goals by 2030, Carnegie has been a signatory to the UN Global Compact since 2017 and has thus committed to supporting international principles of fundamental human rights and sustainable development and intends to actively contribute to global initiatives to create sustainable transition and development. In so doing, Carnegie has committed to supporting and respecting the ten principles of the Global Compact.

UNPRI

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

Task Force on Climate-related Financial Disclosures (TCFD)
An initiative to help companies and organisations improve and increase identification and reporting of climate-related financial risks and opportunities. Over 1,000 companies and organisations worldwide are members of TFCD. Carnegie Fonder and Holberg have joined the TCFD.

CDP (formerly Carbon Disclosure Program)
CDP encourages companies and cities to measure, disclose and reduce their climate impact. Carnegie Fonder and Holberg support CDP and encourage all holdings to report their GHG emissions.

SBTi Science Based Targets initiative
Carnegie Fonder is the first Swedish fund company to have had its emissions reduction targets approved by SBTi. Within the framework of SBTi for Financial Institutions, all funds – both equity and credit funds, in Sweden and globally – will be successively aligned with the Paris Agreement.

Carnegie Holding has committed to following science-based targets and will set its corporate targets in accordance with the Paris Agreement and apply for validation of the targets by SBTi in 2024.

Carnegie Social Initiative
Carnegie Investment Bank and Carnegie Fonder and their employees support social entrepreneurs around the world through the Carnegie Social Initiative, in cooperation with Social Initiative. In partnership with Carnegie Social Initiative, Carnegie is contributing knowledge and capital to the Door Step School in India and URDT in Uganda so that they can further develop their activities and reach even more people.

Memberships
- SwedSec (Sweden)
- Swedish Securities Markets Association (Sweden)
- Norwegian Securities Dealers Association (Norway)
- Finance Denmark (Denmark)
- Finance Finland (Finland)
- Swedish House of Finance (Sweden)
- Feminvest (Norway)
- Junior Achievement (Sweden)
- SwedSec (Sweden)
- Stockholm Chamber of Commerce (Sweden)
- Swedish Chamber of Commerce (UK/Sweden)

STAKEHOLDER ENGAGEMENT

Stakeholder groups
Carnegie's business affects people, communities and the environment. Open and frequent engagement with the company's stakeholders is critical to understanding their expectations, and it is also an avenue to improving our company. Engagement is managed in day-to-day operations and augmented with other, more formal forms of engagement and communication paths. In addition, we endeavour to maintain frequent and transparent public disclosure of information.

How we identify our stakeholder groups
Carnegie has previously identified a number of key stakeholder groups who all affect or are affected by the business in various ways. We have identified our key stakeholders as clients, employees and owners. Carnegie also engages in dialogue with other stakeholder groups, including:

- Subsidiaries
- Government agencies
- Industry organisations
- Trade unions
- Non-profit international interest organisations
- Politicians
- Suppliers
- Media
- Competitors
- Auditors
- Ranking agencies
- Higher education institutions

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

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

Owners
Altor Fund III owns 70.6 percent of Carnegie Holding AB and the remaining 29.4 percent is owned by employees of Carnegie and Erik Penser Bank AB.

Society
Carnegie engages in ongoing dialogue with supervisory authorities such as Finansinspektionen and regulatory bodies in the Nordic region and other countries where Carnegie operates. The focus of shareholder engagement at Carnegie in 2023 was on aspects related to climate impact, equal opportunity, enterprise and entrepreneurship.

MONITORING AND EVALUATION

Materiality assessment

The materiality assessment shows which areas are most important to Carnegie from a sustainability perspective. The assessment is based on stakeholder engagement processes in which we studied the sustainability aspects that Carnegie's stakeholders consider most important, as well as an impact assessment that identifies Carnegie's impact on sustainability and how sustainability impacts Carnegie's business in terms of both risks and opportunities. Carnegie carried out a double materiality assessment in 2023 to prepare the company for the new CSRD and ESRS regulations, which take effect in 2025. The 2023 assessment is the basis for the ongoing effort to set clear targets and KPI, as well as to develop new processes and policies. This report is based on the 2021 materiality assessment, with additional inspiration from the 2023 materiality assessment, which includes updates from stakeholder engagement processes and employee surveys.

Stakeholder engagement in 2021 and 2023 was carried out using a combined method of qualitative interviews with clients, employees, directors and owners, as well as a quantitative survey of all Group employees. The impact assessment was performed as a desktop assessment supported by external sustainability experts and internal key functions. The results of the materiality assessment were presented to executive management and their support assured through workshops held in 2021 and 2023. Three focus areas were identified in these workshops:

- Responsible advisory and asset management: Includes our impact as an adviser or in our investments.
- Responsible business: Covers our own operations and governance and our external impact.
- Responsible employer: Includes our role as an employer and our impact on employees.

Material sustainability topics

The results of the materiality assessment conducted in 2021 and validated via the quantitative employee survey and shareholder engagement in 2022 show that the most important sustainability topics for Carnegie, based on the priorities of stakeholder groups and actual impact, are the bank's capacity to attract, recruit and retain employees, increased diversity, equity and inclusion and the integration of sustainability in advisory, products and product development.

Focus Strategic sustainability areas that have the most positive impact, contribute to brand positioning and enhance client preference for Carnegie.	■ Promote diversity, equity and inclusion ■ Attract, retain and develop employees ■ Integrate sustainability in client advisory ■ Integrate sustainability in existing products and product development ■ Reduce climate impact and use of resources in Carnegie's own operations
Develop Development areas for Carnegie from a risk and opportunity perspective.	■ Ensure employee well-being ■ Ensure an innovative and inclusive work environment ■ Protect client privacy and safeguard client data ■ Work actively to prevent corruption ■ Develop products and advisory services with a specific ESG focus
Monitor Areas to be managed.	■ Improve clients' climate transition processes and in so doing mitigate the effects of climate change ■ Ensure a sustainable supply chain ■ Work actively to prevent corruption

■ Responsible business ■ Responsible advisory ■ Responsible employer

Focus areas are based on material sustainability topics

Responsible business

We look at both the risks and the business opportunities through clear investor's glasses with the ultimate objective of enabling our clients to create value in society The ultimate objective is to enable our clients to create value in society. Carnegie must stand on solid financial ground, with sound and sustainable growth and profitability. This is prerequisite for our ability to play an active and prominent role in the financial value chain. Our entire business must be operated responsibly, with a sound and prudent risk culture, high ethics, integrity and confidentiality, good governance and regulatory compliance.

As a market participant, taking responsibility for our environment is a key topic for Carnegie. That means that we, as a company, have a responsibility to make every effort to base our actions on having the least possible climate impact while not compromising our general objectives. Our operations must strive to reduce our climate impact and help our employees become more knowledgeable about the effects of climate change.

Responsible business

■ Protect client privacy and safeguard client data
■ Reduce climate impact and use of resources in Carnegie's own operations
■ Ensure a sustainable supply chain
■ Work actively to prevent corruption

Responsible advisory
Carnegie's capacity to make a difference to sustainable development is found primarily in our advisory services and is based on our market position. Our potential to stimulate responsible investment and ensure effective capital allocation affects both the growth of new companies and economic growth overall. Matters related to sustainability and responsibility are found in all aspects of our advisory, from allocation of capital to how we invest in discretionary management, our asset management and within equity research.

Responsible advisory

- Integrate sustainability in client advisory
- Integrate sustainability in existing products and product development
- Develop products and advisory services with a specific ESG focus
- Improve clients' climate transition processes and in so doing mitigate the effects of climate change

Responsible employer
We are committed to creating optimal conditions for enhancing employee engagement and work to achieve greater diversity, equity and inclusion. Creating a stimulating, rewarding work environment where employees are happy and which attracts tomorrow's talents is critical to retaining the role of Nordic market leader over the long term. Our work is governed by applicable laws and regulations in the markets where Carnegie operates, as well as through several policies and guidelines for systematic health and safety management, and delegation, conduct, ethics and diversity policies.

Responsible employer

- Promote equal opportunity and diversity
- Attract, retain and develop employees
- Ensure employee well-being
- Ensure an innovative and inclusive work environment

FOCUS AREAS - TARGETS AND OUTCOMES

Carnegie has chosen to set and monitor targets with regard to the topics that the bank has identified as the highest priorities based on the materiality assessment. In addition, management has chosen to set a special target linked to Carnegie's responsibility as a company to reduce climate impact and our own resource consumption.

Focus area	Key sustainability topic	Target
Responsible advisory	Integrate sustainability into financial products and advice offered to our clients	Ensure that we have a competitive family of sustainable products and services and that our advisory is characterised by sustainability
Responsible employer	Promote diversity, equity and inclusion	Ensure a non-discriminatory workplace company-wide
Responsible employer	Promote diversity, equity and inclusion	Ensure that we have a workplace where equal opportunity is promoted at all levels
Responsible employer	Attract, retain and develop employees	Ensure that we are an attractive employer
Responsible employer	Attract, retain and develop employees	Ensure happy and engaged employees
Responsible employer	Attract, retain and develop employees	Ensure that we are an employer that encourages work/life balance
Responsible business	Reduce climate impact and use of resources in Carnegie's own operations	Ensure that our organisation works to reduce climate emissions

Responsible advisory

Integrate sustainability in advisory
Carnegie strives to provide professional advice to guide its clients towards sustainable decisions in a world that is both complex and difficult to predict. We affect both the growth of new companies and economic growth overall by stimulating responsible investment and ensuring effective capital allocation. Sustainability and responsibility are integral aspects of our advisory, from allocation of capital to how we invest within discretionary management, as well as within equity research. We look at both the risks and the business opportunities through clear investor's glasses. The ultimate objective is to enable our clients to create value in society. Carnegie takes responsibility in a carefully structured manner, both in our own operations and from our clients' perspective. Guidelines including the credit policy, instructions for provision of investment services and instructions concerning prevention of money laundering provide support for transparent risk assessments based on solid input and for rejecting business assessed as presenting a risk of damaging trust in Carnegie among employees, clients or the public. These guidelines also indicate how employees should, in the context of business evaluations, take economic, environmental and social aspects into account.

Focus area	Key sustainability topics	Target	KPI	Outcome 2023	Outcome 2022
Responsible advisory	Integrate sustainability into financial products and advice offered to our clients	Ensure that we have a competitive family of sustainable products and services and that our advisory is characterised by sustainability	Share of respondents to the employee survey who think that we have a competitive family of sustainable products and services and that our advisory is characterised by sustainability		88 %
Responsible advisory	Integrate sustainability into financial products and advice offered to our clients	Ensure that we have a competitive family of sustainable products and services and that our advisory is characterised by sustainability	Share of listed companies for which the ESG perspective is integrated in our analysis		100 %

Integrate sustainability in our products

Carnegie considers environmental and social issues in advisory services, company analysis and investment management. We aim to find investment opportunities and financial products that are always based on the client's risk profile and other preferences at the time. Taking ESG into account when making investment decisions involves mitigating risks and generating better risk-adjusted return.

By supporting the UNPRI, Carnegie Private Banking, Carnegie Fonder and Holberg avoid exposure to companies that produce or distribute weapons banned under international conventions and investments in companies that do not respect human rights or that commit serious environmental crimes. Carnegie excludes investments in companies involved in alcohol, tobacco, pornography and weapons from portfolios with direct investments, mainly in the Nordic markets. Carnegie Private Banking uses MSCI ESG to verify fund exposures from an ESG perspective.

Carnegie Fonder always performs a careful analysis of the business model, finances, ESG and management prior to every investment. THOR, an internally developed research tool in which all holdings are analysed, is the core of Carnegie Fonder's sustainability work. THOR identifies corporate ESG risks and opportunities in concrete terms so that we can quantify and integrate ESG aspects into the financial analysis.

Holberg created the Tellus ESG model in autumn 2021. The model combines external data with internal quantitative assessment: and increases the quality of the ESG research on which investments are based.

Focus area	Key sustainability topics	Target	KPI	Outcome 2023	Outcome 2022
Responsible advisory	Integrate ESG into financial products and advice offered to our clients	Ensure that we have a competitive family of sustainable products and services and that our advisory is characterised by sustainability	Share of companies that are ESG screened in our asset management Reported as a percentage.	100	100
Responsible advisory and asset management	Integrate ESG into financial products and advice offered to our clients	Avoiding investments in companies that do not align with our sustainability principles	Share of portfolio that meets our ESG criteria.	100	100

Responsible business

- Reduce climate impact and use of resources in Carnegie's own operations
- Protect client privacy and safeguard client data
- Ensure a sustainable supply chain
- Work actively to prevent corruption

Carnegie must stand on solid financial ground, which is prerequisite for Carnegie's capacity to grow and play a prominent role in the financial value chain. Our business must be operated responsibly, with a sound and prudent risk culture, high ethics, integrity and confidentiality, good governance and regulatory compliance.

Prevent and eliminate corruption

Carnegie has zero tolerance for all forms of corruption and bribery. Carnegie's business must at all times be conducted in compliance with applicable laws and regulations and Carnegie's own standards of business ethics. We work with policies directly connected to corruption and bribery in order to prevent and eliminate the risk of corruption. The Board of Directors has and practises ultimate responsibility for our procedures and policies to fight corruption and bribery.

Carnegie applies a risk-based method to manage risks related to bribery and corruption. Carnegie's method is aligned with guidelines issued by the Swedish Anti-Corruption Institute (IMM), the UK Bribery Act Guidance and the Wolfsberg Anti-Bribery and Corruption Compliance Programme Guidance. The aim is to focus initiatives where they are needed and will have the most impact. Carnegie's policy and ethical guidelines provide guidance to Carnegie's employees in matters related to preventive measures against corruption and bribery. It is important that every part of Carnegie's operations can identify, assess and understand the risks of corruption to which they are exposed and take the necessary action to mitigate and manage the risks. High awareness and understanding among all employees of the risks in the area is particularly important to counteracting risks of corruption. Accordingly, everyone who works for Carnegie Group undergoes mandatory anti-corruption training.

Among other measures, Carnegie has identified and implemented the following activities to prevent bribery and corruption:

- Corporate policies and instructions
- Duality in decision-making
- Strict procedures for approval and authorisation of payments
- Training of directors, management and employees
- Due diligence/KYC applied to clients, suppliers and other counterparties

In addition, Carnegie does not tolerate any form of harassment or discrimination and ensures that this also applies to pay setting. All employees are treated with respect and consideration for every individual's rightful demands for privacy, regardless of gender, transgender identity or expression, ethnicity, religion or other faith conviction, disability, sexual orientation, or age.

Prevent money laundering

Measures against money-laundering and terrorist financing are a high priority at Carnegie and we have profound responsibility towards clients and the public. As a financial institution, we have a duty to identify and understand the risks of money laundering and terrorist financing in order to enable preventive measures.

Carnegie works continuously to improve processes and system support. Resources were increased during the year and measures taken against money laundering and terrorist financing included:

- The Board of Directors adopted a policy, which is a minimum requirement for the Group, aimed at preventing money laundering and terrorist financing.
- Internal rules and clear processes for operating the business in compliance with applicable laws and rules.
- Customer due diligence (KYC) processes were carried out for all clients, suppliers and counterparties. Clients and transactions are tracked and monitored on an ongoing basis.
- On a daily basis, Carnegie screens against financial sanctions to ensure that we do not carry out any transactions with a sanctioned party.

Training and communication related to anti-corruption and money laundering

	Has read the policy		Has been trained in*	
	Target	Outcome 2015	Target	Outcome 2015
Board of Directors	100%	100%	100%	100%
Employees	>90%	96%	>90%	96%

*The Board of Directors is regularly updated on matters related to anti-corruption and money laundering.

Carnegie was not involved in any sanctions related to money laundering, corruption or bribery in 2023. Nor are there any court rulings or legal proceedings in progress. Carnegie has not committed any human rights violations.

Whistleblowing

Whistleblowing is a way open to all employees to report suspicions of irregularities, meaning actions that do not comply with laws and regulations or our company values and policies and which could harm individuals, our company or the environment. Our whistleblowing system is meant to be an early warning system to reduce the risks and is thus an important tool to protect high standards of corporate governance and safeguarding the trust of clients and the public in our business. Our whistleblowing function is anonymous and is applies to the entire Group.

Information security

Information security is an always relevant topic that is becoming increasingly important, particularly in the banking world. Clients, employees, partners and regulators have high standards and expectations that Carnegie can ensure good information security.

Within Carnegie, we analyse and seek to understand the threat scenario, assess our vulnerabilities, understand the consequences and implement measures to minimise risk.

Carnegie's information security work is regulated in the Information Security Policy. The Chief Information Security Officer (CISO) is responsible for the policy and monitoring compliance. Carnegie takes a structured and methodical approach to information security and applies an Information Security Management System (ISMS) based on the international ISO 27001 framework.

Carnegie conducts regular penetration tests, both internally and externally. The tests are performed by internal and third-party resources. Our systems are monitored around the clock by a Security Operating Centre (SOC) that deals with all security alarms. We are also working actively to increase our own security tests and allocating additional resources to security testing our products and services. We strengthened internal capacity to scan for weaknesses during 2023. We are investing in the area and carry out penetration testing of internally developed services. Security is always a primary concern in product development and, there as well, we have bolstered our capacity to perform vulnerability tests and detect weaknesses at an early stage.

Regulations in the banking sector have been tightened with the enactment of the Digital Operational Resilience Act (DORA) and we are working actively to align ourselves with the regulation. Within the EU, regulations have been made more rigorous by means including the NIS2 Directive, which improves capacity to manage threats against critical infrastructure.

We had no documented complaints regarding breaches of client privacy or loss of client data in 2023.

Sound risk culture and regulatory compliance

Carnegie believes it is imperative to maintain a sound risk culture. A sound and shared perspective on risk-taking helps us take balanced and well-founded decisions.

The right 'tone at the top', where management at all levels clearly communicates and behaves in line with our core values is a significant aspect of maintaining a sound risk culture. Through clear and transparent communication, we create a culture characterised by strong risk awareness among employees, where every employee understands their responsibility for risk management and what rules and frameworks apply to each individual.

We measure our risk culture every year as an integrated component of our employee survey. The results have exceeded our targets on the individual, departmental and managerial levels every year since the first survey seven years ago.

Read more about risk management at Carnegie in the in the Risk, Liquidity and Capital Management section on pages 49-53 and about compliance in the Corporate Governance section on page 40.

		2023	2022
Measurement of risk culture and KPIs	%	85	86
Response frequency	%	94	96

Reduce climate impact and use of resources in Carnegie's own operations

As a company, we always have a responsibility to base our actions on having the least possible climate impact while not compromising our general objectives. We must strive to reduce our climate impact in accordance with the Paris Agreement and contribute knowledge about the effects of climate change.

We have begun the process to set science-based climate targets and the goal is to have our targets validated by Science Based Targets initiative in 2024. Our greatest impact is within Scope 2 and Scope 3. Scope 2, indirect emissions from purchased or acquired energy, refers primarily to our buildings. We make every effort to use renewable energy in all buildings and the entire Stockholm office, which is the largest within the Group, already uses renewable energy.

Our other direct emissions within Scope 3 are generated primarily within category 15, our investments. They are currently accounted for as an adverse impact via our Principal Adverse Impacts (PAI) reporting. We always consider the PAI linked to ESG factors in our investment decisions. The Group's main PAI are reported through an aggregated report that includes our adverse impacts linked to climate impact. Carnegie's total emissions according to the PAI report in June 23 were 2,390,579 tons CO_2e.

Responsible employer

- Promote diversity, equity and inclusion
- Attract, retain and develop employees
- Ensure employee well-being
- Ensure an innovative and inclusive work environment

Competent, committed employees are the foundation of Carnegie's success. Creating a stimulating, rewarding work environment where employees want to stay on and the next generation's talents want to begin is critical to longevity and retaining the role of Nordic market leader. Carnegie must be an attractive and responsible employer. Being responsible requires a long-term perspective. Skills development, diversity, compensation and health are high-priority issues. Our work is governed by applicable laws and regulations in the markets where Carnegie operates, as well as several policies such as guidelines for systematic health and safety management and delegation, the code of conduct and ethics and diversity policies.

Employee survey

Carnegie conducts an employee survey* each year in order to regularly assess employees' opinions about Carnegie as an employer, the risk culture and the client offering. We have included questions related to Carnegie's sustainability programme since 2021. The employee survey generates important information about employee engagement and how they perceive Carnegie as an employer, and provides an indication of employee well-being. In turn, this facilitates Carnegie's work to drive a change process aimed at improving the organisation and creating an important feedback culture. The employee survey has shown positive trends in all areas in recent years.

Responses to the 2023 employee survey showed a positive trend for six questions, which were related primarily to the quality of our advisory, with focus on knowledge and service. The highest score was achieved for the question that addressed our internal capacity to understand risks, which indicates very high risk awareness in the company. Carnegie also received high scores from employees in the 'employer' section, where the results showed that 91 percent of employees would recommend Carnegie as an employer and 93 percent reported that they are engaged in their jobs. Gender-based differences emerged concerning questions that addressed work/life balance, where men were generally more negative, and equal career opportunities, where women were more negative than men.

The employee survey referred to was conducted with Carnegie Investment Bank, which is the largest operation in the Group. The subsidiaries also conduct employee surveys, but these are not reported here.

Diversity, equity and inclusion

By embracing people's unique experiences, knowledge and characteristics, Carnegie can shape a creative working environment that fosters personal growth and improves the conditions for succeeding in the market. Carnegie aims to be a workplace where all employees enjoy equal rights, opportunities and duties in all areas. Carnegie aligns with the principles of equal treatment and always strives for diversity in various types of work and position in connection with recruitment. In addition, Carnegie does not tolerate any form of harassment or discrimination and we strives to ensure that this also applies to pay setting. All employees are treated with respect and consideration for every individual's rightful demands for privacy, regardless of gender, transgender identity or expression, ethnicity, religion or other faith conviction, disability, sexual orientation, or age.

Board of Directors and executive management distributed by age and gender

Share (%)

	Gender		Age		
Staff categories	Men	Women	<30	30-50	>50
Board of Directors	57 (80)	43 (20)	0%	14%	86%
Executive management including CEO	64 (78)	36 (22)	0%	27%	73%

Employees distributed by gender and country

	2023				2022			
Country	Men	Women	Men (%)	Women (%)	Men	Women	Men (%)	Women (%)
Denmark	70	23	75%	25%	64	24	73%	27%
Finland	25	9	74%	26%	25	8	76%	24%
Norway	95	35	73%	27%	97	30	76%	24%
UK	18	12	60%	40%	17	13	57%	43%
Sweden	361	152	70%	30%	351	146	71%	29%
USA	8	2	80%	20%	8	4	67%	33%

Attract, retain and develop employees

Carnegie's capacity to recruit, retain and develop the most knowledgeable, driven and committed individuals is always high on the agenda, especially in an environment where the competition for talents and competence is becoming increasingly fierce. We regularly monitor the situation through employee surveys and pulse surveys to ensure that employees have a favourable view of their jobs and work environment.

We are working to attract new employees by building awareness of Carnegie as an employer through various channels. We participate in and arrange recruitment events to talk about Carnegie as an employer and meet potential future colleagues. Carnegie must be characterised by diversity and we therefore take a strategic approach to our employer brand in order to reach a wider target group. We are focusing in particular on attracting more women applicants to Carnegie and we reviewed the recruitment process for our internship programme in 2023, aimed at ensuring equal treatment of all applicants.

	2023	2022
Engagement index	93	96
Net Promoter Score	91	95
Number of recruitment events	7	6
Number of applicants for Carnegie internships	944	706
Number of women who applied for Carnegie internships	18%	19%
Number of men who applied for Carnegie internships	82%	81%

Remaining the market leader also requires continuous skills development in relation to matters involving external and regulatory changes. Employees and their line managers regularly confer to ensure that Carnegie's overall business objectives are aligned with the employee's individual development goals. Structured evaluations in the Performance Management Process are performed on an annual basis and assessed against both financial and non-financial criteria.

Indicators: Responsible employer

		2023	2022
Skills development			
Training within Carnegie Professional Development (Applies only to Carnegie Investment Bank excluding Norway, Finland and the US, as Carnegie Fonder, Holberg and CAAM are not yet included in CPD.)			
All			
Employees who applied	Number	262	204
Total number of course days	Number	523	321
Women			
Employees who applied	Number	102	N/A
Men			
Employees who applied	Number	160	N/A

		2023	2022
Employee ownership			
Employee ownership interest	%	25.4	26.5
Employees as part owners	Number		About 450
Health and safety			
Absenteeism(Carnegie Investment Bank)	%	2.1	2.8
Employee turnover	%	11	10
New hires*		74	85
Number of new hires via business combinations		87	86

*Applies to Carnegie Investment Bank.

Health and safety

The purpose of our systematic health and safety management programme is to prevent accidents, illness and stress. Any risks on the job can be discovered and corrected in time through systematic health and safety management. If accidents or incidents occur, the responsible manager must investigate the cause and take action. In accordance with Swedish law requiring occupational injury insurance, all occupational injuries must be reported to the Swedish Social Insurance Office. In addition, the manager must immediately inform the Swedish Work Environment Authority of any serious accidents at work. There were four minor injuries during the year during the year that occurred during working hours but were unrelated to the work. (The information applies only to Carnegie Investment Bank.)

Compensation and benefits

Carnegie must offer competitive compensation. The remuneration model is aimed at supporting successful and long-term development of the Group, rewarding individual performance and encouraging long-term value creation combined with balanced risk-taking. Fixed pay is the base of the remuneration model. Each employee's performance is evaluated in an annual process. Eligibility for variable remuneration is governed by the attainment of individual targets and the performance of the unit and the Group. The standard benefits that Carnegie offers its employees may vary somewhat from one country to the next, but usually include various types of insurance, such as pension and medical insurance, life insurance, disability insurance and health insurance. Carnegie also makes pension provisions in various forms and offers a generous fitness and wellness allowance.

NEW REGULATIONS

The European Union (EU) has adopted objectives for a sustainable financial market and a sustainable finance action plan, which is aligned with the Green Deal. This lays the foundation for many of the regulations that have been adopted or are in preparation to redirect capital flows and achieve sustainable and inclusive growth.

Several of these regulations affect us as a financial market participant and adviser in terms of company evaluation as well as how we advise our clients. The Corporate Sustainability Reporting Directive, CSRD, raises the standards and specifications of corporate sustainability reporting, which will make it easier to compare sustainability data and information according the European Sustainability Reporting Standards, ESRS. Carnegie has initiated a major project to ensure that we will remain in compliance with forthcoming regulations. The project began in 2021 and will be concluded in 2024. The first sustainability report in accordance with the new regulations will be published in 2025 (unless otherwise stated).

The Disclosure Regulation (Sustainable Finance Disclosure Regulation, SFDR) requires the financial industry to inform the public as to whether various sustainability factors are considered in investment decisions and the advisory process. Carnegie is committed to transparency in its outlooks on sustainability risks and how they are integrated. In this way, we aim to help our clients make good and sustainable decisions. Principal Adverse Impacts (PAI) refer to the adverse impacts of business on sustainable development. The purpose is to show investors and potential investors how their investment decisions, executed through a financial market participant, may or may not have adverse impacts on sustainable development. Carnegie considers adverse impacts on sustainability factors in our discretionary portfolio management and investment advisory. The Group presented its first PAI report on 30 June 2023. The entire report is available online at carnegiegroup.com.

Taxonomy reporting

The EU Taxonomy is a cornerstone of the EU's effort to promote sustainable growth and transition to a greener economy. It is part of the EU action plan on financing sustainable growth and is intended to establish a common classification system for environmentally sustainable economic activities. By defining and standardising what is considered sustainable, the Taxonomy makes it possible for investors, companies and other economic actors to more effectively direct capital at projects and activities that have positive impact on the environment.

The urgent need to address climate change and environmental destruction was the rationale behind the EU Taxonomy. Investments in sustainable projects and businesses are necessary in order to attain the Paris Agreement goal of limiting global heating to well below 2 degrees Celsius. The EU Taxonomy provides a tool for identifying these investments, which is essential to guiding capital flows towards more sustainable economic activities.

The six environmental objectives under the EU Taxonomy:

Climate change mitigation (CCM): Measures and technologies that contribute to reducing greenhouse gas emissions and/or increasing GHG absorption.

Climate change adaptation (CCA): Measures that increase resiliency against the adverse impacts of climate change and protect and preserve ecosystems in the face of these changes.

Sustainable use and protection of water and marine resources (WTR): Initiatives aimed at protecting and restoring water quality and ensuring the sustainable use of water and marine resources.

Transition to a circular economy (CE): Measures that promote resource efficiency by reducing waste and promoting reuse and recycling.

Pollution prevention and control (PPC): Initiatives aimed at reducing the discharge of pollutants to air, water and land to achieve a non-toxic environment.

Protection and restoration of biodiversity and ecosystems (BIO): Action to protect and restore biodiversity and ecosystem services, including nature-based solutions.

For credit institutions, this entails an obligation to report the proportionate share of their financing and investments allocated to Taxonomy-eligible activities. Taxonomy reporting in 2023 focuses on environmental objectives 1 (CCM) and 2 (CCA). This means that credit institutions must report their exposures to economic activities that directly contribute to achieving these two objectives. This orientation emphasises the importance of addressing the urgent challenges presented by climate change and the effort to attain the goals of the Paris Agreement. By specifically focusing on these areas, credit institutions are contributing to greater insight and transparency regarding the impact of the financial sector on the climate and making it easier for investors to find investment opportunities that promote sustainable, climate-adapted development. There are also disclosure requirements this year to report the share of assets that meet or do not meet the criteria for the four other objectives (eligible). As this is the first year that financial corporations are publishing information, access to data for this year's report is limited. These items are expected to increase in forthcoming years.

Reporting must be based on the detailed technical screening criteria (TSC) established in the EU Taxonomy Regulation and its delegated acts. Credit institutions must perform a careful analysis of their financial products and services to identify and quantify exposures to Taxonomy-eligible activities. This information must be included in the annual report and other relevant reporting documents that provide insight into the institution's contributions to a sustainable economy.

Reporting according to the EU Taxonomy is not only a regulatory obligation. It is also an opportunity for credit institutions to demonstrate their commitment to sustainability and their role in promoting a green transition. By reporting according to the Taxonomy, credit institutions can promote greater transparency in the market, strengthen investor and client trust and make it easier for them to make more conscious choices based on sustainability criteria.

In pace with the EU's further development of sustainable finance regulations, it is important for credit institutions to understand and adapt to these requirements. This entails continuous updating of internal processes and systems for data collection, analysis and reporting to ensure compliance with the Taxonomy and contribute to a sustainable economic future.

Method description

Carnegie's Taxonomy report considers only the consolidated situation, in line with Regulation (EU) no 575/2013 of the European Parliament and of the Council. The report is based on the standards provided in the Commission Delegated Regulation (EU) 2021/2178, which supplements Article 8 of the Taxonomy Regulation. The Taxonomy report is based on Carnegie's interpretation of these regulatory requirements. Carnegie continuously monitors the evolution of these requirements as well as any clarifications issued. As expanded reporting requirements were recently implemented for financial corporations and 2023 is the initial year for these requirements, there is no earlier data available for comparison. The reporting requirements were implemented for non-financial corporations classified as NFRD companies in earlier years.

For an economic activity to be assessed as aligned with the EU Taxonomy according to Taxonomy reporting, it must meet specific technical screening criteria (TSC) and do no significant harm (DNSH) to any of the other environmental objectives. The main criteria used to assess whether an activity is Taxonomy-aligned are:

Technical Screening: The activity must make a meaningful contribution towards one of the six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. There must be TSC for the specific economic activity that define how it makes a meaningful contribution to the relevant environmental objective.

Do No Significant Harm (DNSH): The activity must do no significant harm to any of the other five environmental objectives. This means that an activity that contributes to one objective must have no significant adverse impact on any of the other environmental objectives. The DNSH assessment must be based on specific criteria and guidelines that define what constitutes significant harm to each environmental objective.

Other criteria: The activity must meet the minimum safeguards for social aspects and conduct itself in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The companies that operate the economic activities must also fulfil specific transparency requirements and reporting obligations to demonstrate how their activities are Taxonomy-aligned. Determining whether an activity is Taxonomy-aligned requires detailed analysis of these criteria based on technical documentation and relevant legislation. It is an important step to ensure that financing is directed at sustainable, green investments.

Quantitative indicators are used within the framework of the Taxonomy to evaluate and quantify the share of green assets in a portfolio or a company. One key indicator is the total share of green assets (the Green Asset Ratio, GAR), which is defined as the proportion of Taxonomy-aligned exposures compared to total covered assets. This comparison provides a clear view of the Taxonomy-aligned share of assets.

To clarify, 'total covered assets' refers to the gross carrying amount of all assets, with the exclusion of specific exposures, such as those to central banks, governments and supranational and regional issuers, in cases where the use of proceeds is unknown. Excluding these assets gives us a fairer and more relevant basis for calculating the Taxonomy's share.

Finally, the covered share indicator reflects the ratio between Taxonomy-aligned exposures and the gross carrying amount of all assets. This results in a percentage that clearly shows the share of total assets that are Taxonomy-aligned and thus offers an important insight into the sustainability profile of the financial entity.

Data collection was carried out by collecting information from qualified external sources and, in isolated cases, extracting relevant data from the annual reports of our counterparties.

Carnegie's Taxonomy report is compiled according to the consolidated situation.

Taxonomy report

Financial corporations were presented with a new challenge in 2023 in the form of the first mandatory Taxonomy report. This denotes a significant change in the reporting landscape, as earlier periods did not require this type of specific and detailed reporting. Due to these new specifications, financial corporations, including our own organisation, have encountered difficulties fulfilling these new reporting requirements. This depends mainly on the lack of historical data and frameworks for Taxonomy reporting, which has led to a gap in the information now required. This situation has been further complicated by the decision to not report estimated figures. The choice to include only verified and concrete data in the Taxonomy report is consistent with the ambition to achieve transparency and accuracy. However, this means that large parts of the report will remain blank for 2023 because reliable data that meets the new standards is quite simply not available for earlier periods.

It should be kept in mind that this transition period is an important part of a larger process towards a more sustainable and transparent financial sector. By instituting mandatory Taxonomy reporting, the regulatory authorities are setting a new standard aimed at increasing the understanding of and insight into how financial products and services are contributing to attaining environmental and social objectives. Although the initial adjustment entails challenges, such as the current gaps in the report, it is a necessary step toward ensuring that the financial sector can play an active role in the transition to a more sustainable economy.

In order to manage this situation and prepare for the future, it is imperative that financial corporations develop robust systems for data collection and reporting that can meet the new standards. This involves investments in processes and technology that can support the collection of relevant data, as well as sharper focus on internal and external communication to ensure that all stakeholders are informed about these changes and their impact on the reporting process.

We are aware of the challenges that this transition phase presents and are working actively to adapt our internal processes and systems to meet the new requirements. By proactively addressing these challenges today, we are laying the foundation for a more transparent and sustainable future in the financial sector. At the same time, we understand the importance of communicating openly and clearly with our stakeholders about these changes and their impact on our business and reporting.

In connection with the recently implemented Taxonomy reporting in accordance with the regulations issued by the relevant supervisory authorities, we would like to draw attention to a specific aspect of our reporting that concerns our exposure to non-financial corporations, classified according to the NFRD (Non-Financial Reporting Directive). It is important to clarify that our organisation has no exposure to such non-financial corporations covered by this classification. This means that the section of our Taxonomy report that refers to information about our interaction with NFRD-classified non-financial corporations will remain blank. Accordingly, we have omitted Table 2 because it is irrelevant. We are also omitting

Table 4 from the Taxonomy report due to the lack of data. We expect the supply of accurate data to be more reliable in future years. We believe it is imperative to be transparent in our reporting and clearly communicate this aspect to our stakeholders. This underlines our commitment to comply with applicable regulations and to provide a true and complete picture of our organisation in accordance with the latest standards for Taxonomy reporting. We recognise the significance of Taxonomy reporting as a tool for promoting sustainability in the financial sector and fully support its aim of increasing transparency regarding the environmental impact of financial market participants. Our organisation continues to carefully monitor and evaluate our investment strategy to ensure that it is consistent with our ESG agenda and complies with the regulations and guidelines that govern our sector.

Summary of main KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	Turnover KPI, %	CapEx KPI, %	% coverage (over total assets)	% of assets excluded from the numerator for GAR calculation (Articles 7.2 and 7.3 and section 1.1.2 in Annex V)	% of assets excluded from the denominator for GAR calculation (Article 7.1 and section 1.2.4 in Annex V)
Main KPI	Green asset ratio (GAR) stock	0	0.00	0.00	61.55	9.10	38.01

		Total environmentally sustainable assets	Turnover KPI, %	CapEx KPI, %	% coverage (over total assets)	% of assets excluded from the numerator for GAR calculation (Articles 7.2 and 7.3 and section 1.1.2 in Annex V)	% of assets excluded from the denominator for GAR calculation (Article 7.1 and section 1.2.4 in Annex V)
Additional KPIs	GAR (flow)						
	Trading book						
	Financial guarantees						
	Assets under management						
	Fees and commissions income						

Assets for GAR calculation

	SEKm	Total recognised gross carrying amount	31 DECEMBER 2023														
			Climate change mitigation (CCM)					Climate change adaptation (CCA)					Total (mitigation + adaptation)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
					Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling
	GAR – Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	5,981	1,146										**1,146**				
2	Financial corporations	2,573															
3	Credit institutions	2,296															
4	Loans and advances	1,791															
5	Debt securities, including use of proceeds (UoP)	505															
6	Equity instruments																
7	Other financial corporations	277															
8	Investment firms																
9	Loans and advances	82															
10	Debt securities, including use of proceeds (UoP)																
11	Equity instruments	192															
12	Management companies																
13	Loans and advances																
14	Debt securities, including use of proceeds (UoP)																
15	Equity instruments																
16	Insurance undertakings																
17	Loans and advances	3															
18	Debt securities, including use of proceeds (UoP)																
19	Equity instruments																
20	Non-financial corporations																
21	Loans and advances																
22	Debt securities, including use of proceeds (UoP)																
23	Equity instruments																
24	Households	1,921		1,146									1,146				
25	Loans collateralised by residential immovable property	1,146		1,146									1,146				
26	Building renovation loans																
27	Motor vehicle loans																
28	Local governments financing																
29	Collateral obtained by taking possession: residential and commercial immovable properties																
30	Other local government financing																
31	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
32	Financial and non-financial corporations	1,486															
33	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1486															
34	Loans and advances	1486															
35	Loans collateralised by commercial immovable property																
36	Building renovation loans																
37	Debt securities																
38	Equity instruments																
39	Non-EU country counterparties not subject to NFRD disclosure obligations																
40	Loans and advances																
41	Debt securities																
42	Equity instruments																
43	Derivatives	0															
44	On demand interbank loans																
45	Cash and cash-related assets																
46	Other assets (e.g. Goodwill, commodities etc.)	4,068															
47	Total GAR assets	10,049	1,146										1,146				
48	Other assets not covered for GAR calculation																
49	Sovereigns	2,592															
50	Central banks exposure	3,614															
51	Trading book	71															
52	Total assets	16,326															
	Off-balance sheet exposures – Corporations subject to NFRD disclosure obligations																
53	Financial guarantees																
54	Assets under management																
55	Debt securities																
56	Equity instruments																

The columns for environmental objectives three to six (WTR, CE, PPC and BIO) are not reported because data is not available.

KPI for GAR stock

	% (over total covered assets in the denominator)	31 DECEMBER 2023															
		Climate change mitigation (CCM)					Climate change adaptation (CCA)					Total (mitigation + adaptation)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling	
	GAR – Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation																
2	Financial corporations																25.61
3	Credit institutions																22.85
4	Loans and advances																17.83
5	Debt securities, including use of proceeds (UoP)																5.03
6	Equity instruments																
7	Other financial corporations																2.75
8	Other financial corporations																
9	Loans and advances																0.82
10	Debt securities, including use of proceeds (UoP)																
11	Equity instruments																1.91
12	Management companies																
13	Loans and advances																
14	Debt securities, including use of proceeds (UoP)																
15	Equity instruments																
16	Insurance undertakings																
17	Loans and advances																0.03
18	Debt securities, including use of proceeds (UoP)																
19	Equity instruments																
20	Non-financial corporations																
21	Loans and advances																
22	Debt securities, including use of proceeds (UoP)																
23	Equity instruments																
24	Households	59.63															19.12
25	Loans collateralised by residential immovable property	100.0															11.40
26	Building renovation loans																
27	Motor vehicle loans																
28	Local governments financing																
29	Collateral obtained by taking possession: residential and commercial immovable properties																
30	Other local government financing																
31	Total GAR assets	11.40															

The columns for environmental objectives three to six (WTR, CE, PPC and BIO) are not reported because data is not available.

CapEx KPI for GAR stock

	% (over total covered assets in the denominator)	31 DECEMBER 2023															
		Climate change mitigation (CCM)					Climate change adaptation (CCA)					Total (mitigation + adaptation)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling			Use of proceeds	Transitional	Enabling	
	GAR – Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation																
2	Financial corporations																25.61
3	Credit institutions																22.85
4	Loans and advances																17.83
5	Debt securities, including use of proceeds (UoP)																5.03
6	Equity instruments																
7	Other financial corporations																2.75
8	Other financial corporations																
9	Loans and advances																0.82
10	Debt securities, including use of proceeds (UoP)																
11	Equity instruments																1.91
12	Management companies																
13	Loans and advances																
14	Debt securities, including use of proceeds (UoP)																
15	Equity instruments																
16	Insurance undertakings																
17	Loans and advances																0.03
18	Debt securities, including use of proceeds (UoP)																
19	Equity instruments																
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31	Total GAR assets	11.40															

The columns for environmental objectives three to six (WTR, CE, PPC and BIO) are not reported because data is not available.

Auditor's report on the statutory sustainability report

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

Engagement and responsibility
It is the board of directors who are responsible for the statutory sustainability report for the year 2023 on pages 70-84 and that it has been prepared in accordance with the Annual Accounts Act.

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

Opinion
A statutory sustainability report has been prepared.

Stockholm, 27 March 2024
Ernst & Young AB

Mona Alfredsson
Authorised Public Accountant

Contents in accordance with GRI

Carnegie Holding AB has reported the information in this GRI index for the reporting period of 1 January 2023-31 December 2023 with reference to GRI Standards.

Application of GRI 1	GRI 1: Foundation 2021		
GRI Standard	**Disclosures**		**Page**
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	75-76
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	76
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	N/A
	305-2	Energy indirect (Scope 2) GHG emissions	76
	305-3	Other indirect (Scope 3) GHG emissions	76
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	16
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	12, 77, 78
GRI 403: Occupational health and safety 2018	403-9	Work-related injuries	78
	403-10	Work-related ill health	78
GRI 404: Training and education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	78
	404-3	Percentage of employees receiving regular performance and career development reviews	78
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	77
GRI 417: Marketing and labelling 2016	417-1	Requirements for products and service information and labelling	76
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	76

Definitions – Alternative Performance Measures*

Cost/revenue (C/R) ratio*
Total costs as a percentage of operating revenue.

Revenue per employee
Total revenue for the period divided by the average number of employees.

Costs per employee
Total costs for the period divided by the average number of employees.

Capital requirements
A measure of how much capital an institution must have given the risks involved in the business.

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

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

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

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

Profit margin
Profit or loss before tax as a percentage of total revenue.

Return on equity*
Twelve months' rolling profit or loss divided by average equity, adjusted for the effect of deferred tax on LCFW.

Adjusted return on equity*
Thirteen months' rolling profit or loss divided by average equity, adjusted for items affecting comparability, amortisation and depreciation of acquired assets and the effect of deferred tax on LCFW.

*Alternative Performance Measures, APM, are financial measures of historical or future financial performance, financial position, or cash flows that are not defined in the applicable reporting framework (IFRS) or in the EU Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR). Carnegie uses APM when it is relevant to track and describe Carnegie's financial performance and position and to provide further relevant information and tools to enable analysis of the same. APMs that describe the C/I ratio and return on equity measures, provide information about Carnegie's earnings capacity and efficiency from various angles. All of these measures may differ from similar key data presented by other entities. How the performance measures are calculated is noted above.

Supplementary information

Operating revenue
The difference between total operating revenue and the sum of all business areas' operating revenues refers primarily to internal interest charged to the business areas by the Group Treasury Department.

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