# ANNUAL REPORT 2022

CARNEGIE HOLDING AB

# Contents



This is Carnegie's annual report for the 2022 financial year. The formal annual report comprises pages 45-86. The annual report also comprises Carnegie's sustainability report for 2022 as required under the Swedish Annual Accounts Act, ch 6 s 10, (1995:1554).

This report has been prepared in a Swedish original version and translated into English. In the event of any inconsistency between the two versions, the Swedish language version should have precedence.

# About Carnegie

Carnegie is one of the foremost financial advisers and asset managers 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 advisor 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 and fixed-income bonds. Operations in Sweden and Denmark.

### 04 Asset Management

Carnegie Asset Management offers long-term, sustainable and active capital management based on fundamental research 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. Asset Management addresses institutions, resellers and retail clients.

# The year in brief

Carnegie entrenched its position as a market leader by taking new market shares and demonstrating good performance from a historical perspective. Through our new business area Carnegie Asset Management and its two fund companies, Carnegie Fonder and Holberg, we are offering a wider product set and a more diversified revenue stream, which is increasing the share of recurring revenue.

Operating revenue 2022
SEK **3,883**m (5,887) -34%

SEK 3,883m

Profit before tax 2022
SEK 652m (1,994) -67%

SEK 652m

Responsible advisory
Share of listed companies for which the ESG perspective is included in equity research.

100% (+0%)

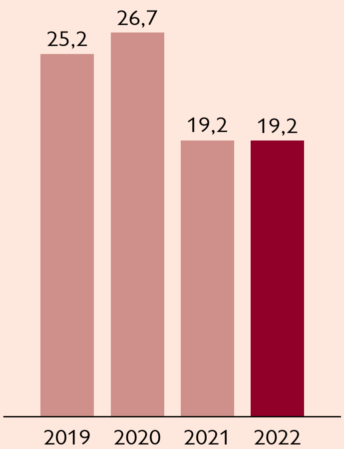
Responsible business
KPI from the annual risk culture measurement showing persistently good risk awareness.

86% (+2%)

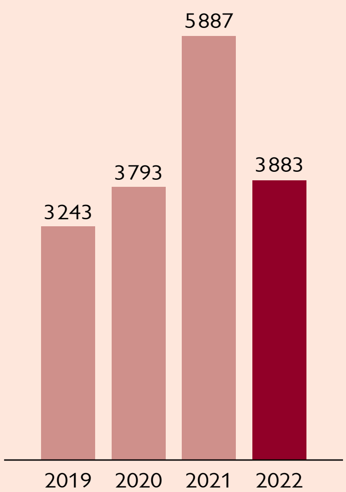
Responsible employer
Share of employees who expressed high engagement with their jobs.

94% (+0%)

COMMON EQUITY
TIER 1 CAPITAL RATIO
%




OPERATING REVENUE
SEKM




CLIENT SURVEYS AND RECOGNITION IN 2022

**#1** Best Wealth Management Provider (World Finance)

**#1** Best Research House in Sweden (Financial Hearings)

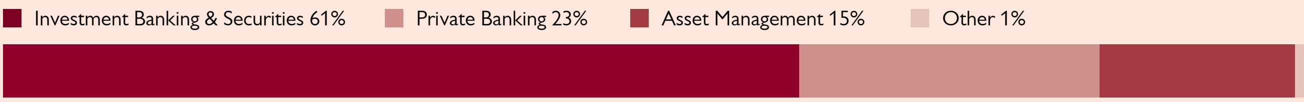
**#1** Best Investment Bank in Sweden (Euromoney)

**#1** Ranked the foremost investment bank in corporate finance in the Nordics, Sweden and Norway according to the Prospera client survey (Prospera)

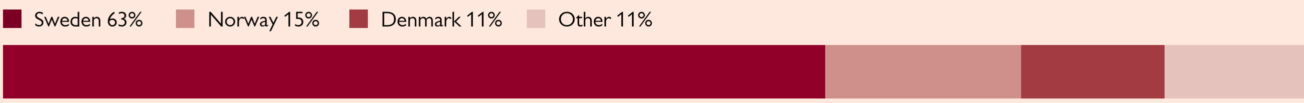
**#1** Ranked highest by clients for M&A advisory in the Nordics and Sweden (Prospera)

**#1** The back-office teams in Denmark and Finland were ranked highest by clients (Prospera)

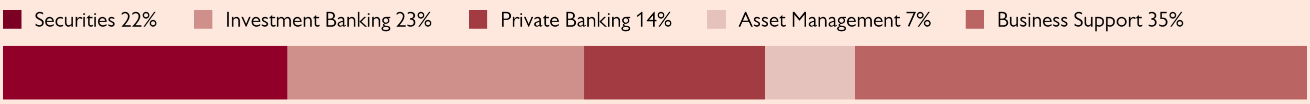
## REVENUES
Per business area




## REVENUES
Geographical distribution




## EMPLOYEES
Per unit



CEO's message

# Stability in a changing market

## When the market changes, we forge ahead with our ambition to deliver optimal advisory and products to our clients. In a market defined by high inflation and high interest rates, Carnegie strengthened its position as a financial adviser and delivered results on par with pre-pandemic years.

The market of record-high activity created in the wake of the pandemic and a long period of low interest rates turned 180 degrees in 2022 due to inflation and rising interest rates. Russia's brutal invasion of Ukraine caused massive human suffering while heightening financial and geopolitical anxiety and exacerbating inflation and the rate of interest rate increases. Market forces swiftly recalibrated and the new conditions created lower investment appetite and falling stock markets.

### OUR CLIENTS ARE OUR TOP PRIORITY

The clients are Carnegie's highest priority. Driven by client satisfaction, Carnegie's unwavering ambition is to deliver the best advisory and optimal products to its clients. The market's swings and roundabouts in recent years have put high demands on the organisation's capacity to refocus our efforts, but we have always maintained a clear and fixed strategy of continuing to be there for our clients and putting our knowledge to use on their behalf.

### OUR MARKET POSITION

Carnegie's position in the Nordic market remains very strong. Once again in 2022 we participated in the most equity capital market transactions (60) in all of Europe while achieving powerful growth in our M&A advisory and taking new market shares. Revenues decreased compared to the peak year of 2021, but if we compare 2022 with the years before the pandemic, our revenue generation was at such a good level that this year's performance is the third-best in Carnegie's history.

### A BIGGER, STRONGER COMPANY

The acquisitions of Carnegie Fonder and the Norwegian fund company Holberg in November were an important milestone during the year. The fund companies will continue as independent asset managers operating at arm's-length from the units within Carnegie Investment Bank, but together form the backbone of the fourth Carnegie business unit, Asset Management. With this new business unit, we offer a wider product range and generate a more diversified revenue stream that will increase the share of recurring revenue. On the whole, this strengthens the Carnegie brand while contributing to the long-term progress of the company.

### SUSTAINABLE ECONOMIC DEVELOPMENT

Focus on ESG is another key factor in continuing to build and develop a stronger Carnegie. Towards that end, actions during the year included strategic governance initiatives aimed at preventing money laundering, further developing our IT security and including additional measurable targets related to ESG.

## A GOOD WORK ENVIRONMENT AND FOCUS ON DIVERSITY

The expertise and dedication of our colleagues at Carnegie is the foundation of our clients' continued trust in us. As job satisfaction, personal and professional growth and the wellbeing of all employees are a main focus area at Carnegie, it is particularly gratifying to see record-high scores for our 2022 employee survey. We must create the optimal conditions for achieving even stronger employee engagement and greater diversity and equal opportunity.

## SUPPORT FOR UKRAINE

Many of us were moved by the suffering that the Ukrainian people had to endure when Russia invaded Ukraine in February 2022. Carnegie Social Initiative (CSI), a non-profit association run by employees of Carnegie, initiated a campaign in March to raise funds for UNICEF to help children and their families fleeing the war in Ukraine. Virtually all employees of Carnegie donated and the total was matched by Carnegie before the funds were donated to UNICEF. CSI made another donation for children affected by the war in Ukraine during the year, which was sent to the War Child organisation.

## THANK YOU

This will be my last message as CEO. After eight years, I will be stepping down from the role of CEO at my own request in mid-April, but will be remaining with Carnegie. These years have been both enjoyable and enlightening, and I would like to extend heartfelt thanks to all employees and clients of Carnegie for your trust and confidence over the years. It also feels very good to hand over the reins to the new CEO, Tony Elofsson, with whom I have worked for many years.

**Björn Jansson**

President and CEO

## WE WILL KEEP DOING WHAT WE DO BEST

I am proud to have been entrusted with taking over as the CEO of Carnegie. During my 21 years with Carnegie, I have been driven by the success of our clients and have always been impressed by the collective knowledge of the people who work at Carnegie. Carnegie today is a company with a more expansive product range, a stronger brand and a more stable revenue stream. I am looking forward to the years ahead and to continuing to lead the business into the future with the same long-term and focused strategy as always: to do what we do best, which is to deliver the best advisory and optimal products to our clients.

**Tony Elofsson**

Incoming President and CEO
from 17 April, 2023

# 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 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 CREATION AND SUSTAINABLE GROWTH

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

**For shareholders**
Sustainable and long-term returns at low risk.

**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 innovation, create jobs that increase prosperity and drive the economy.

With its unique platform where capital and investors can meet companies and markets, and gain access to financial markets, Carnegie is the leading financial adviser in the Nordics. Our knowledge, experience and professional advisory, along with high operational capacity, help ensure that capital ends up where it can do the most good and generate the best returns. We constantly ensure that this is achieved efficiently, transparently and sustainably.

## KNOWLEDGE ABOUT NORDIC COMPANIES

The Carnegie organisation comprises four business units: Investment Banking, Securities, Private Banking and Asset Management. Based on their knowledge about Nordic companies and financial markets, a unique network and the capacity to attract and retain the most highly skilled employees, Carnegie's four- units are leading providers in their markets.

## SUSTAINABLE BUSINESS MODEL

The financial market plays a critical role in our society and we can draw upon our knowledge and advisory to help our clients take long-term and sustainable decisions. Carnegie must stand on solid financial ground, with sound and sustainable growth and profitability. This is prerequisite for our ability to grow and play an active and 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. We are contributing to strengthening innovative capacity by supporting our entrepreneurs with knowledge and networks in order to be involved and contribute to making a better society. 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. Through a sustainable business model and long-term approach, we have laid the foundation for building an innovative, business-oriented environment where our employees can thrive and develop as they contribute to developing Carnegie.

## NORDIC FOCUS WITH GLOBAL PRESENCE

Carnegie has operations and presence in all four Nordic markets, which assures local networks and local expertise. At the same time, there is considerable international interest in Carnegie's offering and the offices in New York and London play a key role in capturing, channelling and addressing this demand. Carnegie thus enjoys a strong position in the Nordic market as well as the international transactions market, which is important to our business.

> “ We have laid the foundation for an innovative and business-oriented environment through balance and a long-term approach.

## BALANCED BUSINESS MODEL

Through the acquisition of the fund companies Carnegie Fonder, Holberg Fondsforvaltning and CAAM Fund Services, we have assured a larger share of recurring revenue and thus a more balanced revenue stream over time. This further stabilises the business and thus provides better opportunity to continue developing and improving our operations for our clients and employees, regardless of market conditions. Revenues from Carnegie's four business units are well-balanced, which reduces the impact of external factors. Carnegie has a strong financial position and sound risk culture with good control, underpinned by active corporate governance. We expect long-term growth in the future and see further potential for efficiency improvements. This is laying the foundation for a sustainable and profitable future for Carnegie, our clients and our other stakeholders.

Carnegie's role in society

# Where knowledge and capital meet

Business and enterprise are a key factor in creating a sustainable economy - and the foundation of Carnegie's business and success. We have a long-term commitment to supporting enterprise throughout the entire journey by being a meeting place for knowledge and capital.

New businesses are an engine for both Carnegie and the economy. The Nordic region has long been characterised by high innovative capacity and entrepreneurship. The growth of new companies to do business with and for clients to invest in generates social progress and further develops Carnegie's business.

As a bank, Carnegie plays a key role at various stages of a company's growth, from the business concept and capital acquisition to public listing and management. Through us, companies that need capital funding come into contact with other companies, institutions and individuals seeking new investment opportunities. Our remit includes providing knowledge about the sector, the company or the market in general. We are there all the way, helping Nordic companies gain access to capital and domestic and foreign investors find good investment opportunities.

## SUPPORT FOR SWEDISH ENTREPRENEURS

Entrepreneurs have a tremendous responsibility in the building of our society. They have the capacity to interpret the times, think innovatively and create business models that grow into new companies, jobs and prosperity that enriches us all. Carnegie helps companies at various stages and has been supporting Junior Achievement Sweden for several years, an organisation that gives primary and secondary school pupils their first encounters with entrepreneurship by allowing them to start a JA company and test a business idea.

For the ninth year in a row, Carnegie partnered with SvD Näringsliv to arrange the Entrepreneurs of Tomorrow competition for innovative entrepreneurs and investors.

Companies that participated in the Accelerator programme for entrepreneurs.

36

Entrants to Entrepreneurs of Tomorrow.

60

Pupils running JA companies.

~37,000

## THE ENTREPRENEURS OF TOMORROW

### The winner:

**Endbright**

The company is the first divorce planning service in Sweden, providing help and support before, during and after a separation or divorce. Endbright focuses on three core areas, Legal, Financial and Wellbeing, through an app and subscription service.


### Finalists

**Curoflow**

A cloud service that facilitates and streamlines digital healthcare clinics and enables all providers to create their own digital clinics. The service is reported to save working hours in various ways, including automating the transfer of patient information to their medical charts.

**AlgodX**

An AI precision medicine platform, primarily targeting intensive and critical care. The first product, NAVOY, is a SaaS product that integrates with medical charts and enables earlier detection and treatment of sepsis in patients being monitored in the ICU.

**Flashe gaming**

Ergonomic and performance-enhancing computer gaming products. With the help of these products, the company is aiming to reduce repetitive strain injuries and enhance the performance of computer gamers in general and Esport players in particular.

**MYoroface**

The company behind IQoro, a proven product that treats the root cause of widespread conditions like acid reflux/heartburn, swallowing difficulties and snoring/sleep apnoea without surgery or drugs in a way that is simple and effective for society, healthcare systems and individuals.

The competition is aimed at promoting new enterprise in Sweden and offers companies in early phases of development access to knowledge, capital, pitch training, exposure and investor meetings. The hope is to facilitate company development and accelerate the growth rate by means including capital acquisition. The 2022 winner was Charlotte Ljung and her company, Endbright.

We are also involved in the SvD Affärsbragd Business Achievement Award, an initiative that puts the spotlight on successful entrepreneurs whose outstanding achievements in business have inspired others to start a new business. The 2022 SvD Affärsbragd was awarded to Alan Mamedi and Nami Zarringhalam, who co-founded Truecaller 13 years ago.

Carnegie has been arranging the Accelerator programme for entrepreneurs since 2021. Accelerator is a network of recognised, high-performing entrepreneurs and companies seeking to prepare for a profitable growth journey. The programme provides valuable knowledge and current insights to entrepreneurs regarding funding, acquisitions, sales, the value of ESG programmes and preparations ahead of IPOs.

### GLOBAL FOCUS ON SOCIAL ENTERPRISE

In line with Carnegie's long tradition and commitment to business and entrepreneurship, we also aim to contribute to social enterprise in several areas. Through the Carnegie Social Initiative organisation, we support innovators who are furthering positive change in their communities with focus on improving conditions for children and young people.

Many Carnegie employees are personally involved, and contribute by making regular monthly donations and participating in recurring activities to benefit the activities of the social enterprises. Employee donations make up half the total donation that Carnegie gives each year. Carnegie currently supports two organisations, both in the education segment: the Door Step School in Mumbai, India and the Uganda Rural Development Training Programme in western Uganda.

Carnegie Tech

# Digital transformation for enhanced functionality and efficiency

Carnegie's digitalisation project continued in 2022 with further development of the infrastructure to create a new and improved customer journey and to streamline existing processes. The upgrade to a modern and efficient platform is successively creating a better experience and functionality internally and for end clients.

Carnegie implemented an important system update in late 2021 as part of the ongoing modernisation of the entire company's IT infrastructure. The system switch involved a shift of back-office systems and modernisation of other technology that provides better opportunities to create digital solutions while streamlining existing processes. The project has been a complex transformation that entailed several changes and preparations and thus also affected the entire organisation.

> "Digitalisation is streamlining our business and a modern IT platform gives us the capacity to adapt to client preferences and ensure fast delivery.

Continuously improving technical capacity and the digital infrastructure remains a high-priority for Carnegie. Carnegie Tech works closely with all aspects of the business to meet new needs and expectations from clients and employees as they evolve over time.

With the investments in technology in recent years, Carnegie has created an improved platform that enables new opportunities. The development project has affected the experience in our digital client meetings, but the changes have been critical to Carnegie's ability to create the conditions for an elevated client experience in the future while continuing to make effective investments in technical progress and IT security.

### ATTRACTIVE EMPLOYER

Carnegie Tech continued its recruitment journey during the year and expanded the team with several skilled and senior employees during the year. With its team-based and agile approach, Carnegie Tech is an organisation


that is fast on its feet while benefiting from the stability and security of being backed by a company with a long history. The team are highly skilled, have high capacity to deliver and are strongly committed to Carnegie's work and its clients.

Finding the right tech skills is a challenge for all companies. We accelerated our efforts to attract and retain the right employees in 2022. We aim to keep employees happy and growing by offering personal development and mentorship opportunities. We also visited several universities during the year to talk to future colleagues about Carnegie Tech.

### About Carnegie Tech

Carnegie Tech in Stockholm has a staff of about 100 colleagues. The department's mission is to deliver modern IT solutions and professional services to support the company's core business.

Carnegie Tech is an organisation that takes an agile approach and is fast on its feet while benefiting from the stability and security of being backed by a company with a long history. Our development team applies Scrum methodology and we are inspired by the SAFe framework throughout our development process, from portfolio management to the teams' sprint backlogs. Our employees are involved in the entire chain from idea to finished product. Carnegie Tech is a key aspect of taking Carnegie's business into the future.

Carnegie’s four business units

# Where knowledge comes together

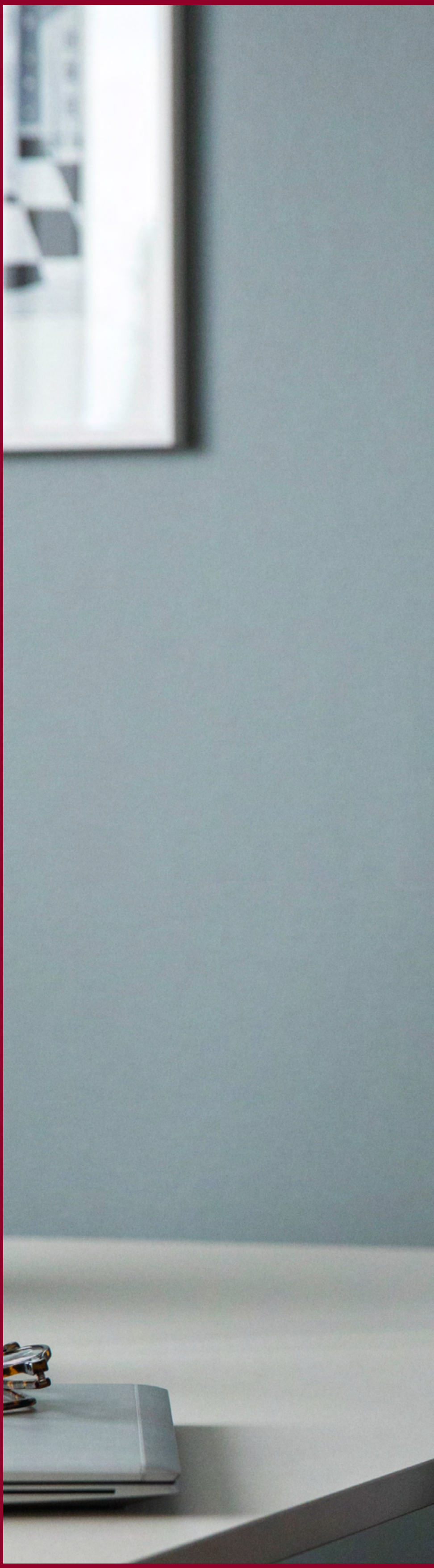
Our business principles are client focus, competence and commitment. They inform our corporate culture and promote the development of a sustainable financial market and economic growth. The interaction between our guiding business principles is therefore the foundation of our business in all markets.

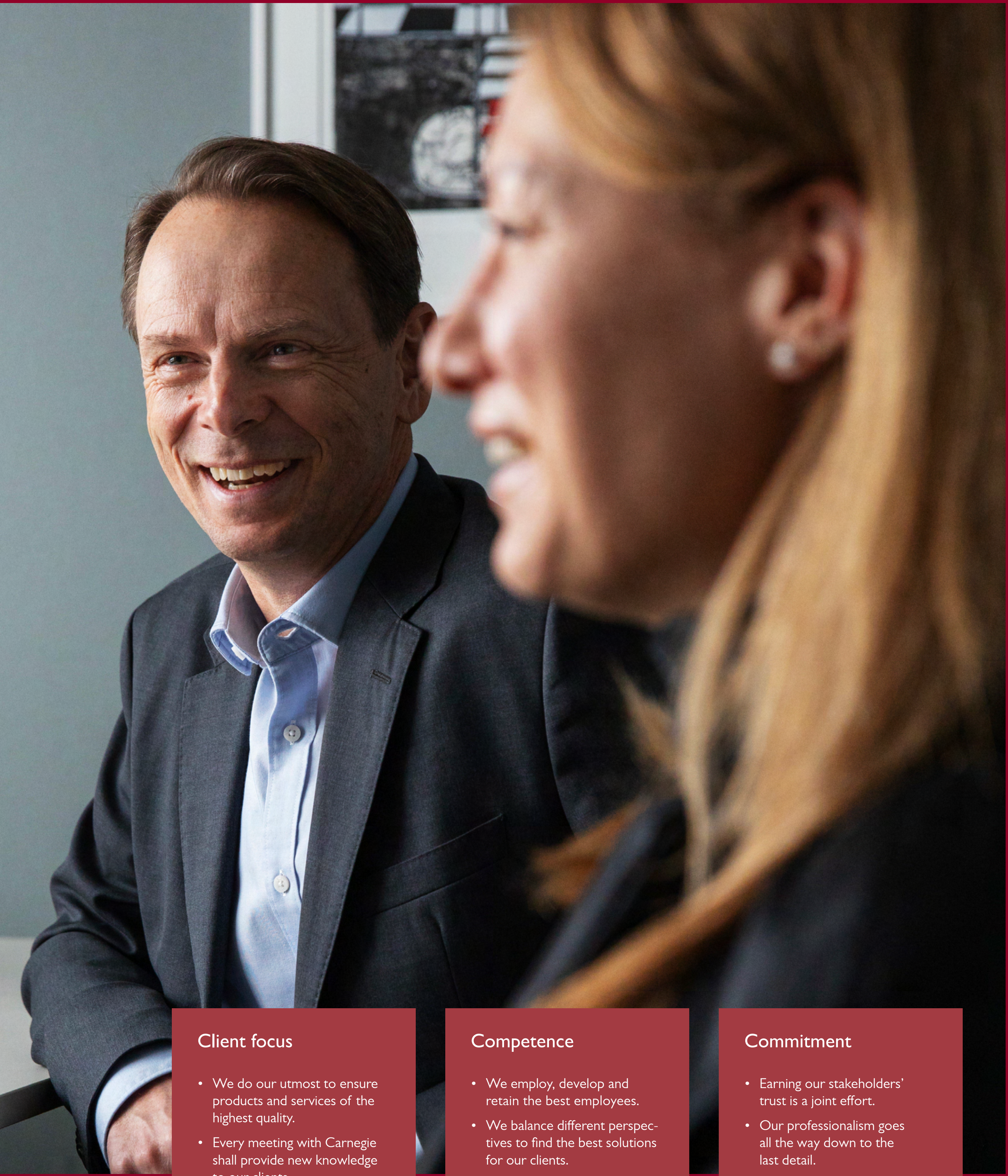
01 Investment Banking

02 Securities

03 Private Banking

04 Asset Management





## Client focus

- We do our utmost to ensure products and services of the highest quality.
- Every meeting with Carnegie shall provide new knowledge to our clients.
- We help our clients make sustainable investment decisions.

## Competence

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

## Commitment

- Earning our stakeholders' trust is a joint effort.
- Our professionalism goes all the way down to the last detail.
- We foster a culture of competence, integrity, respect and diversity

# A strong year as the market resets

## The Investment Banking unit achieved historically strong performance in 2022 and delivered the second-best year ever in terms of revenues.

There was a major reset in the market last year, which for Investment Banking entailed a shift of focus from IPOs to M&A. On the strength of long-term experience and the competence of the team in multiple product classes, Carnegie Investment Banking was thoroughly prepared for the rapid changes during the year.

Forceful and sudden fluctuations are not unusual in the market, but the changes have rarely been as dramatic as they were last year. Many investors shifted focus to minimise risk in response to the reversal from an extremely strong and growth-focused market in 2021 to a weaker, more volatile market in 2022. As a result, transaction volumes were subdued compared to the record year of 2021. Unlike the rest of the Nordic transaction market, the downturn was somewhat less severe for Carnegie, as we took new market shares and demonstrated that it was still possible to carry out IPOs for the right kind of company during the year, notwithstanding market anxiety. Alongside this, revenues increased in M&A, where we continued to perform well in all Nordic countries due to both private and public company acquisitions.

The new market conditions have also meant that clients are seeking increasingly frequent dialogue to help them more deftly navigate the new conditions and prepare for changes to come. Our capacity to rapidly change direction and always offer optimal products, regardless of the market situation, is a success factor. At present, there is high demand for capital funding rounds, but when the time comes our experienced team will be ready to assist clients with IPOs.

> “ Our capacity to rapidly change direction and always offer optimal products, regardless of the market situation, is a success factor.

### WIDE-RANGING COMPETENCE IN A CHANGING MARKET

Our clients are everything to Carnegie. To ensure that we can always meet their needs and expectations, we must constantly endeavour to attract and retain the right skills. Towards that end, our goal is to be the preferred employer in Nordic investment banking.

We assisted our clients in all areas during the year, but with considerably greater focus on capital acquisition and M&A than in previous years, in both public and private contexts. The fact is that 2022 was the first year in modern times in which M&A outperformed ECM at Carnegie in terms of revenues. This change of direction would not have been possible without the experience represented in the company in all three product areas, M&A, ECM and DCM. This builds strength and advantage in our business, as we are balanced across different mainstays and can shift weights to capture momentum in various product areas in pace with market variations.

## ESG ADVISORY IS GROWING

Demand for ESG advisory is still growing and we are working proactively with initiatives to increase knowledge in the area, both internally and externally. We advise clients about how the EU Taxonomy and other ESG-related regulations are affecting demand in the market or their planned transactions. For example, clients intending to list a company on the stock market are stepping into a new world of requirements and expectations related to sustainability. They need advice on matters including which sustainability objectives in the prospectus are linked to ESG, where we have the knowledge required to provide expert advice.

> “We are focusing on client benefit and intensifying client dialogue to share our knowledge as the market changes.

**#1**

Carnegie topped the adviser rankings in Corporate Finance, ECM and M&A in the Nordic market.

**60**

Carnegie executed 60 ECM transactions in 2022, the most in Europe according to Bloomberg.

**16%**

M&A revenues rose by 16% in 2022. The increase was greater than for the total market, which also means that Carnegie has taken new market shares.

### 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.

# High level of service strengthens market position

The energy crisis, rising inflation and steep hikes in key rates are some of the factors that contributed to the new market situation in 2022. We have maintained a strong position in Securities and increased the number of companies covered in our research to 420, representing almost 95 percent of total market cap in the Nordic region.

Rising interest rates and falling stock markets are a global phenomenon that has affected all markets in which Securities operates. Client activity decreased somewhat and the commission business within our institutional equity sales is consequently reporting lower revenues in 2022 than in 2021.

Carnegie Securities is organised in international teams covering analysis, sales and execution working from offices in the Nordic countries, London and New York. With research and analysis that are well-established and backed by in-depth knowledge of Nordic and multinational companies we were in a strong position to deliver premium service and regular interaction with our clients in a year defined by uncertainty.

## EQUIPPED FOR BOOM AND BUST ECONOMIES

Our balanced business model embraces a long-term strategy for both boom and bust economies. Through consistent efforts to develop and retain employees, we have built unique competence and a comprehensive network. As a result, we have the capacity to continue providing optimal support to our clients even in times when the market situation is more challenging. This is how we maintain our strong market position, with persistent top rankings and some of the most highly regarded individual analysts in the Nordic region.

## STRONG POSITION MAINTAINED

The Nordic bond market was also affected by general market uncertainty and consequently decreased in overall scope during the year. Carnegie defended its market position and was involved in several bond issues during the year, including for Autocirc Group, a hybrid perpetual bond issue for BEWI Invest and green bonds for Stena Metall Finans and Emilshus.

Our commission revenues and market shares stand up well in relation to index performance, with a retained share of liquidity-provision trading in small and midcap Nordic companies.

Carnegie has thus retained its market position, even though the ECM transaction volumes and IPO volumes decreased in 2022.

> "Supporting our clients is our most important role. Being an adviser who is always there for them.

## HIGH DEMAND FOR SUSTAINABLE INVESTMENTS

There has been a significant shift in sentiment surrounding sustainability and impact investing in recent years. Interest in the green transition has increased radically among investors. Growth in this area is confronting a major barrier, however, because the demand outstrips what the market has to offer. Although we are seeing major investments in green innovations like cleantech, batteries, EV chargers and wind power farms, the demand for sustainable investments is many times larger than the investment opportunities available, which is a challenge.

# #1

Carnegie continues to defend its market position as the foremost research house and brokerage in Sweden through top rankings among independent research houses in several categories.

# 420

The Carnegie research team covers a total of 420 Nordic companies, representing 95 percent of total market cap in the region.

### 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.

# Close client relationships are indispensable in a volatile market

Although activity in the equity market was subdued during the year, operations in Private Banking remained stable. Market preference shifted from being primarily transaction-driven to sharper focus on long-term capital allocation, reduced risk appetite and higher demands for sustainability. Demand for information increased in pace with increasing market uncertainty.

Stock market activity slowed in 2022 and market conditions altered significantly. Stock markets fell all over the world, and average performance was lacklustre despite the positive trend in the autumn. The changed market conditions increased client demand for knowledge and advice in pace with their rising interest in repositioning their management and investments.

Carnegie advisers maintain close dialogue with clients and the demand for guidance mushroomed during the year. We put the collective knowledge we possess within Carnegie to use and share our analysis of the macroeconomic situation, stock market trends and the future to give our clients peace of mind in a less stable market.

> “
> Being always at hand for clients in this type of environment is indispensable for long-term relationships.

## STRICTER STANDARDS PROMOTING SUSTAINABLE GROWTH

The changes in market conditions have decreased risk tolerance among financial market participants and longevity is becoming increasingly important. Sustainability remains a key aspect of Carnegie's management offering within both wider mandates and in connection with individual transactions. We developed new cornerstones in the management offering in 2022 aimed at providing even greater diversification via, for example, a global equity portfolio with particular focus on ESG and concentration on the energy transition. This contributes to the spread of risk among various markets and currencies.

Progress has accelerated in the past year n areas including energy supply, impact investing and the green transition. We offered investment opportunities to clients in 2022 intended to generate attractive financial return with positive social and environmental impact.

## ESG BRINGS NEW OPPORTUNITIES

ESG is here to stay and although it is mainly regulations that have brought about the paradigm shift now occurring in the financial industry, it is the voluntary demand that is accelerating the evolution. ESG entails substantial opportunities for investors and we in Private Banking are working alongside our clients for the long term, where environmental, social and governance aspects are observed through clear investment guidelines.

All discretionary management is covered by ESG screening related to aspects including environmental impact in investment processes within asset management. We do this to ensure that we and our clients will be able to meet the higher standards imposed from a regulatory perspective as well as generate good risk-adjusted return and contribute to global sustainable development goals.

> "We are on the brink of a major paradigm shift in which regulations and the business environment are driving investments to become more sustainable.

# Impact fund

In 2022, Carnegie Private Banking offered its clients an opportunity to invest in an impact fund through a partnership with Norrsken.

# +15%

Recurring revenues that account for 70 percent of revenues in Private Banking increased by 15 percent.

### 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 and fixed-income bonds. Operations in Sweden and Denmark.

# Carnegie strengthens the offering with a fourth business unit

## Carnegie acquired three fund companies in November 2022: Carnegie Fonder, Holberg and CAAM, which are the backbone of Carnegie Group's new business unit, Asset Management, headed by Carnegie Fonder CEO Andreas Uller.

The Carnegie Asset Management business unit comprises the fund companies Carnegie Fonder, Holberg Fondsforvaltning ("Holberg") and CAAM Fund Services* ("CAAM"), which will continue to engage in asset management as independent fund companies. With the acquisition of the fund companies, Carnegie has created a wider product offering, a more diversified revenue stream and a stronger brand.

Carnegie Asset Management's mission is engage in active management to create long-term value, which is accomplished by experienced teams who work with in-depth financial analysis and modern ESG research. Asset management covers much of what is needed in a well-diversified portfolio, from traditional asset classes to both liquid and illiquid alternative investments.

### CARNEGIE FONDER

Since the beginning in 1988, Carnegie Fonder has been known for active management based on internal research, concentrated portfolios, a long-term approach and in-depth knowledge of companies and markets, as well as active ownership, where we are on hand to support companies in creating true value, sustainably and for the long term. By means of acquisitions and innovation, we widened our offering during the year in both alternative investments and global equities.

> “We made the acquisition and created Asset Management to build a bigger, stronger Carnegie. In so doing, we have also gained more favourable conditions for developing our business to the benefit of both clients and employees.
>
> \- Björn Jansson , CEO Carnegie

* CAAM Fund Services will be wound up by transferring aspects of operations to Carnegie Fonder.

Carnegie Fonder has assets under management of SEK 85 billion distributed among about thirty funds. Our funds are actively managed and used to create financial security for individuals, pension savers, foundations and companies. Through our investments, we steer capital to the companies we find sustainable and attractive.

Careful analysis of the company's business model, finances, ESG aspects and management is behind every investment. We apply a structured sustainability programme to identify the companies that are well-equipped to take on future challenges. THOR, our internally developed analysis tool in which all holdings are thoroughly analysed, is the core of Carnegie Fonder's sustainability work. THOR identifies corporate ESG risks and opportunities in concrete terms so that we can integrate ESG aspects into the financial analysis.

Carnegie Fonder influences investee companies through active shareholder engagement and holds regular advocacy dialogues with holdings. The companies' development, sustainability efforts and governance are discussed in these dialogues, aimed at gathering information, communicating our requirements and expectations and following up progress since previous discussion. Carnegie Fonder engaged in 103 advocacy dialogues in 2022, voted at 304 general meetings and participated in the nomination committees at 16 listed companies.

> "Our experienced team of fund managers have a high degree of independence and they know how to create true value for investors and for society.
>
> - Andreas Uller

**3**

Fund types: Wide family of funds with focus on equity funds, fixed income funds and mixed funds as well as illiquid solutions in private equity, venture capital and infrastructure.

**68**

People work at Carnegie Fonder

**SBTi**

Science Based Targets initiative

Carnegie Fonder is the first Swedish fund company to have had its emissions reduction targets approved by SBTi, Science Based Targets initiative.

### Asset Management

Carnegie Asset Management offers long-term, sustainable and active capital management based on fundamental research 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. Asset Management addresses institutions, resellers and retail clients.


Andreas Uller
Head of Asset Management

# 04 Asset Management

## HOLBERG

Holberg is an independent, active fund manager founded in 2000 based in Bergen, Norway. The company focuses on long-term return by investing in quality companies with sound business models, good financial performance and strong management. By being part of Carnegie Asset Management along with Carnegie Fonder, Holberg has gained a unique advantage: partnership with two strong firms with in-depth knowledge of asset management.

Through our five equity funds and four fixed income funds, Holberg manages about SEK 27 billion in well-balanced and diversified funds that help create value for our clients. Holberg has chosen to set itself apart by concentrating the family of funds with strong focus on actively managed funds that the managers believe can create added value for their clients, unlike the large fund providers in the industry that are moving ever closer towards index or index-related management.

Our investment approach is based on long-term, concentrated portfolios and close monitoring of the companies in which we invest. The funds are managed in accordance with internal models and research combined with company visits. We seek companies with high return on capital and strong growth potential in attractive sectors.

The steadily increasing focus on sustainable companies and sustainable business models is good news for the world and for Norwegian fund clients. But then there is the dilemma and the difficulty of assessment linked to carrying out good ESG research. Holberg created the Tellus ESG model in autumn 2021, which combines external data with internal qualitative assessments and enhances the quality of our ESG research. In February 2022, all Holberg equity funds and credit funds transitioned to becoming Article 8 funds (the EU's classification of funds that promote sustainability but for which sustainability is not the main objective of fund management). As of February 2023, our Investment Grade fixed income fund is also included in the classification.

2

Fund types: equity funds and fixed income funds.

26

People work at Holberg in Bergen.

4,349

People invest in our funds by having a fund account with Holberg. We also have numerous clients who invest via platforms and distributors.

Case: Cary Group

# Carnegie supports SVC and Nordic Capital's next chapter of growth in multi-billion acquisition

Cary Group is a leading vehicle car glass repair and replacement business with operations in the Nordics, the UK, Spain, Portugal, Germany, Austria, and Luxembourg. The company has an asset-light business model, with relatively low capex requirements, coupled with strong and scalable profitability. Cary Group is considered a problem solver for insurance companies and consumers, actively steering towards repairs over replacements to minimize costs and reduce carbon footprint.

In September 2021, Carnegie acted as joint global coordinator and joint bookrunner in the initial public offering of Cary Group on Nasdaq Stockholm. The offering attracted very strong interest from local and international institutional investors. Following the IPO, turmoil hit global stock markets and by the end of June 2022 Nasdaq Stockholm was down some 20 percent, with Cary Group down approximately 40 percent since the IPO. Amid the market downturn, CVC and Nordic Capital announced a public offer to Cary Group shareholders. Carnegie was the sole financial adviser for the buyers and after a three-month process in the summer of 2022, approximately 98.8% of the company's shares were tendered and CVC and Nordic Capital declared the offer unconditional, announcing that they would complete the acquisition. The success of the transaction was partly a result of close collaboration between the clients and the very dedicated Carnegie team, whose expertise in equity capital markets as well as M&A provided the clients with a holistic and full-service offering.

Sector:

INDUSTRIALS AND BUSINESS SERVICE

Case: Picosun

# Successful execution of deep-tech sell-side

Picosun is a leading supplier of Atomic Layer Deposition (ALD) thin film coating equipment and has been pioneering the technology since its invention in the 1970s in Finland. ALD is used to produce ultrathin, highly uniform, and conformal material layers for a range of industrial applications, mainly in the semiconductor industry and new applications in optics and medtech.

The sale process drew interest from the global sector leaders from three continents, resulting in multi- jurisdictional negotiations and physical meetings in different capitals. The company was ultimately acquired by Applied Materials, a leading Silicon Valley-based semiconductor equipment company listed on Nasdaq.

Carnegie offered highly tailored M&A sell-side advice to the owners of Picosun by combining international buyer reach with local preparation and execution expertise. Carnegie contributed to a successful sale of Picosun by preparing the company and its management team thoroughly for the U.S. buyer's due diligence and by highlighting the value of its next-generation products to the buyer's clients and the new markets its technology can open up for them.

Sector:

TECHNOLOGY MEDIA TELECOM (TMT)

# Sustainability and business development are intertwined

**At Carnegie, we are convinced that companies with the capacity to meet external expectations and demands for sustainability are in a better position to become good investments and remain resilient into the future.**

As the leading adviser in the Nordics, we have a responsibility to promote transparency and knowledge about corporate sustainability work, and to work actively ourselves to be a responsible company and employer. Carnegie's greatest opportunity to make a difference is through our advisory and our products. Matters related to sustainability and responsibility are included in all aspects of the business, where we address sustainability risks and opportunities on an ongoing basis. We address these issues daily as an integrated part of our operations.

Carnegie has signed and integrated the UN Global Compact (UNGC) into its operations and has identified six targets under the 17 Sustainable Development Goals that are particularly relevant to the business and which we work with 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 support and adhere to international principles of fundamental human rights and sustainable development, such as the UN Universal Declaration of Human Rights, ILO Fundamental Conventions including the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

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.

## OUR MATERIAL TOPICS

Carnegie performed a materiality assessment in 2021 to identify the sustainability topics we should focus on going forward. The work was based on a thorough review of the market and risk assessment as well as stakeholder dialogues held by means of interviews and surveys of employees, clients and owners. We also performed an impact assessment that identifies how Carnegie's impact on sustainability and how sustainability impacts Carnegie's business with regard to both risks and opportunities.

The most significant topics for us are: promoting equal opportunity and diversity; attracting, retaining and developing employees; integrating sustainability in existing products and product development; and integrating sustainability/ESG in client advisory. These are strategically important matters for us as a company and we will be intensifying focus on these areas in the future.

## 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.

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 around us is a key issue 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.

### 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

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 adhere to policies and guidelines including the credit policy, instructions for provision of investment services and instructions for AML & KYC. We also provide the support necessary for transparent risk assessments based on solid input and for rejecting 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 process and in so doing mitigate the effects of climate change

## Responsible employer

We aim to create optimal conditions for enhancing employee engagement and efforts to achieve greater diversity and equal opportunity. 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, delegation, conduct, ethics and diversity policies.

### Material sustainability topics

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

# Long-term business objectives

## Responsible business

| Strategic targets | KPI | Target | Outcome 2022 | Outcome 2021 | Remarks |
|---|---|---|---|---|---|
| Achieve a solid financial foundation. | Common equity Tier 1 capital ratio | 18% | 19.2% | 19.2% | Carnegie has a strong financial position and exceeds regulatory capital adequacy requirements by a healthy margin. |
| Achieve sound and sustainable profitability and growth. | Profit margin | 20% | 17% | 34% | The profit margin declined due to changed market conditions and did not meet the target. |
| Operate the business responsibly, with a sound and prudent risk culture, high ethics, integrity and confidentiality, good governance and regulatory compliance. | KPI from the annual risk culture measurement among employees, which shows persistently high risk awareness.* | >70 | 86 | 84 | Carnegie performs an annual risk culture measurement among employees that shows persistently high risk awareness. |
| Bring capital, new technology and sustainable solutions together and, based on our position, promote enterprise and the emergence of new companies. | Support entrepreneurship through Junior Achievement Sweden, Entrepreneurs of Tomorrow, Social Initiatives | Qualitative | ✓ | ✓ | Carnegie is continuing to broaden its social engagement to stimulate the growth of new businesses. |

## Responsible advisory

| Strategic targets | KPI | Target | Outcome 2022 | Outcome 2021 | Remarks |
|---|---|---|---|---|---|
| Sustainability and responsibility shall be integral aspects of our advisory, from allocation of capital to how we invest within discretionary management, fund advisory and within our equity research. | Share of Carnegie employees who think we have a competitive selection of sustainable products and advisory services. | >85% | 88% | 87% | We have attained our target while continuing to further develop our efforts to integrate sustainability in our products and advisory and reviewing new sustainability-related business opportunities. |
| Incorporate sustainability and responsibility in our advisory. | Share of listed companies for which the ESG perspective is included in equity research. | 100% | 100% | 100% | Carnegie covered 420 listed Nordic companies during the year, all of which were analysed with sustainability metrics taken into account. |
| Include sustainability and responsibility in our investment approach in discretionary management and fund advisory. | Share of discretionary management covered by ESG screening. | 100% | 100% | 100% | Clear investment policies ensure that ESG aspects are carefully considered. Our fund companies and discretionary management within private banking all implement ESG screening in their investments. |
| To be the foremost financial adviser and asset manager in the Nordic region. | Top-ranked advisory in core markets. | 1-3 | ✓ | ✓ | Carnegie receives high rankings from retail clients, companies and institutions in independent client surveys and retains its placement in the top three. |

## Responsible employer

| Strategic targets | KPI | Target | Outcome 2022 | Outcome 2021 | Remarks |
|---|---|---|---|---|---|
| Attract, retain and develop employees. | Engagement index from employee survey.* | >85 | 96% | 96% | We are committed to job satisfaction and employee wellbeing at Carnegie. Employee engagement at Carnegie remains at high levels. |
| Attract, retain and develop employees. | Employee turnover | <15% | 10% | 10% | Continuity and competence are essential to our business. Carnegie continues to maintain low and stable employee turnover. |
| Promote equal opportunity and diversity. | Gender distribution, women/men | 40/60 | 29/71 | 26/74 | Although we have not met our target, Carnegie has improved its performance and plans to sharpen focus on the issue. |
| Promote equal opportunity and diversity. | Ratio of women/men in managerial positions. * | 40/60 | 32/68 | N/A | Carnegie did not meet the target and plans to sharpen focus on the issue. |
| Men and women should have the same perception of equal opportunities for professional development. | The share of women and men who think women and men have equal career opportunities. | >70 | 78/92 | 69/90 | With a clear improvement over 2021, Carnegie has met the target. |

*Refers only to Carnegie Investment Bank, as the measurements were performed before the fund companies were acquired.

## ESG REGULATIONS PUTTING NEW DEMANDS ON THE FINANCIAL MARKET

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, aimed at redirecting capital flows and achieving 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 for what and how companies must report in their sustainability reports, which will make it easier to compare sustainability data and information according the European Sustainability Reporting Standards, ESRS.

The same applies to the Sustainable Finance Disclosure Regulation, SFDR, which regulates financial market participants that manufacture financial products and/or provide investment advice on financial products, which clearly states how sustainability risks must be integrated. The Disclosure Regulation requires the financial industry to inform clients and investors as to whether various sustainability factors are considered in investment decisions and the advisory process.

Carnegie is committed to transparency in our approach to sustainability risks and how we integrate them in our work. In this way, we aim to help our clients make well-informed and sustainable decisions. Principal Adverse Impacts (PAI) refer to the negative consequences of business on sustainable development. The purpose is to show existing and potential investors how their investment decisions, executed through a financial market participant, may or may not have adverse impacts on sustainable development. Carnegie currently considers PAI in some parts of asset management, but expects to be fully aligned with the regulations before mid-year 2023.

Finally, the Taxonomy Regulation is significant to us as a financial market participant. The regulation is a common EU classification system that regulations which economic activities can be considered environmentally sustainable. This makes it easier to identify and compare environmentally sustainable investments, which must also adhere to the Do No Significant Harm (DNSH) principle, meaning that they must also do no significant harm to the objectives of the EU Taxonomy. In Carnegie's voluntary Taxonomy report, assets have been classified based on assessment of the economic activities of underlying clients and counterparties using the client/counterparty's applicable NACE code and, where relevant, adjusted for knowledge of the customer. NACE is the European statistical classification of economic activities.

# An expedition in the footsteps of history on behalf of climate research

## In spring 2022, Carnegie sponsored The Jubilee Expedition, a climate expedition on Svalbard intended to contribute to research on accelerating global climate changes and melting polar ices. The project aimed to inspire action by putting a face on climate research.

The polar expedition was a recreation of the expedition to Svalbard and the Arctic Ocean undertaken 150 years ago by Professor A. E. Nordenskiöld. Two climate researchers, two guides and two filmmakers participated in nature photographer Jonas Paurell's expedition in Nordenskiöld's footsteps to educate the public and inspire people to take action. In a reprise of history, Carnegie provided financial support to the project just like David Carnegie and Oskar Ekman, who led Carnegie for 62 years, who helped finance the original expedition in 1872-1873. Carnegie's owners in the 19th century were deeply committed to philanthropy and that heritage lives on in us today.

"I read a book about A. E. Nordenskiöld's expedition 148 years ago and was fascinated by the adventure. Would it be possible to retrace his journey 150 years later?" asks Jonas Paurell. "Nordenskiöld's route traces the edge of the current polar ice spread in winter. This is exactly where you can see the most dramatic climate changes right now."

Jonas Paurell's ambition with the polar expedition was to create a new kind of platform for communicating about the climate crisis, and since he used to work in private equity, he realised this was an ideal project for Carnegie. By contributing to the journey and the research, Carnegie is not only preserving cultural heritage, it is helping to increase knowledge about climate change.

> **Without Carnegie's swift and resolute support, the project would never have got off the ground.**
>
> - Jonas Paurell

Telling the story of the expedition puts the spotlight on the scientists and their personal stories, and why they think it is important to travel to Svalbard. The idea is for more people to get to know the researchers, gain trust in them and be open to listening to what they have to say afterwards. The expedition will be shared through a documentary film, books, a lecture series and a photo exhibition.

"We are proud to support such an important climate research project. It is not only about the historical connections. Above all, we believe in the potential impact of the expedition," says Carnegie CEO Björn Jansson.

### A. E. Nordenskiöld

Mineralogist, member of the Riksdag and member of the Swedish Academy Adolf Erik Nordenskiöld was born in Helsinki in 1932. He led eight polar expeditions trying to reach the North Pole, including the 1872-1873 expedition to Svalbard. There were several mishaps, including the escape of the reindeer that were meant to pull the sledges. After a chaotic stay over the winter, the expedition set off on the 6th of May 1873 – with the men of the expedition pulling the sledges themselves, for 550 gruelling kilometres. After further setbacks, Nordenskiöld abandoned his plans to reach the North Pole and settled for exploring North East Island.

#### The expedition team:

Jonas Paurell
*Expedition Leader and Photographer*

Susana Hancock
*Climate Researcher, University of Oxford*

Erik Huss
*Glaciologist, Husstainability*

Awi Rabelista
*Glaciologist, Husstainability*

Martin Olson
*Cinematographer*

Krister Johnson
*Guide*

#### Project participants (did not go on the journey):

Markus Fjällström
*Archaeologist, Stockholm University*

Ingeborg Pay
*Glaciologist, Norwegian University of Science and Technology*

# Keener interest in advisory and sustainable investment

## Interest in sustainability has grown markedly in the financial industry in recent years. In pace with the growing body of regulations steering capital to companies with clear ESG strategies, Carnegie's sustainable investment advisory has also increased in scope.

Responsible advisory means that Carnegie contributes knowledge and information about sustainability efforts governed by regulations and performs company analysis from an ESG perspective. We are convinced that responsible investments are closely linked with attractive risk-adjusted return while contributing to a sustainable economy. That is why we have several internally developed analysis tools and processes to assess potential investments and provide clients with the right advice.

Carnegie Private Banking and Carnegie Fonder have signed the UN Principles for Responsible Investment (UNPRI), which means that we adhere to the six principles, including by incorporating sustainability factors in investment analysis and decision processes.

### ESG

ESG stands for Environmental, Social & Governance and is a common acronym used to refer to sustainable investments. The investor takes ESG aspects into account in their investment decisions.

### Sustainable investment

Sustainable (and responsible) investment is a general term covering several different methods applied by investors to take environmental and social responsibility into account in their investments.

### EU Taxonomy

An EU-wide classification system and framework intended to facilitate sustainable investments. An economic activity is defined as environmentally sustainable if it makes a substantial contribution to at least one environmental objective, does no significant harm to any of the other environmental objectives, and does not violate labour conventions.

## SUSTAINABLE INVESTMENTS

Through our role as asset managers, we have an opportunity to influence companies through managed funds and the portfolios or funds in which Carnegie makes direct investments in shares or bonds. The Asset Management and Private Banking units employ sustainability research and data collection to assess the work of companies and provide advice related to sustainable investments. We believe in consciously screening in investments to create long-term financial value. Accordingly, we strive to select the investments we assess as sustainable while also having attractive return potential.

## SUSTAINABLE RESEARCH

A long-term effort to include the ESG perspective is in progress in the framework of Carnegie research by means including gathering and analysing data. We now have ESG data for all 420 Nordic listed companies we cover, which is also the basis for the sustainability ranking we have developed. We launched an updated version of Carnegie Edge during the year, a service intended for institutional investors only and that contains more than 10,000 analyses. The service provides compiled data on markets and sectors along with comprehensive ESG screening, including information on about 350 companies.

## PRINCIPLE ADVERSE IMPACTS (PAI)

On sustainable development are intended to show investors and potential investors how their investment decisions through a financial market participant could or could not have adverse impacts on sustainable development.

Carnegie Private Banking screens investments and external fund managers against excluded sectors and uses data from MSCI ESG.

Carnegie Fonder considers a wide range of ESG-related data, including the Principal Adverse Impacts (PAI) identified by the EU for which structured data is available. Carnegie Fonder works with three general methods for managing and limiting ESG risks and principal adverse impacts on sustainable development. These are positive screening, negative screening and advocacy.

## CARNEGIE SUSTAINABILITY AWARD 2022

Carnegie established the Carnegie Sustainability Award in 2019, aimed at promoting sustainability programmes among listed companies. The award was given for the fourth time this year to three companies that are driving sustainable development forward.

### Winners of the Carnegie Sustainability Award 2022

#### Large Cap: SCA

In its capacity as the largest private forest owner in Europe, with 2.6 million hectares of forest land, SCA contributed positive climate benefit corresponding to 10.5 million tonnes $CO_2$ in 2021. In addition, 100 percent of SCA forests are FSC certified, aimed at promoting sustainable forestry. The company also has set clear future targets including increased climate benefit, zero waste, a fossil-free value chain and increased wind power production.

#### Small Cap: Vaisala

In the context of ongoing climate change, products from Vaisala are going to be critical to monitoring more extreme weather and environmental changes. The company has been a pioneer in sustainability: it discovered and implemented energy-saving improvements early on that have only now become the norm. Vaisala has been helping its customers use resources more efficiently for decades through longer lifecycles and minimal waste. The company is known for its strong company culture and high ethical standards.

#### Best Newcomer: OX2

OX2 is a leading developer of wind and solar farms and its objective from the start in 2004 was for the business to be sustainable across the entire value chain. Political and public demand for renewable energy sources to fight climate change has never been stronger and comprehensive and rapid expansion is necessary to achieve the EU objective to achieve carbon neutrality by 2050. Skilled developers like OX2 will play a key role in whether we will successfully accomplish the transition.

Responsible advisory

# Knowledge about impact has effects on society

**Lena Österberg is the Head of Sustainability, Research & Strategy at Carnegie. She heads up ESG research within Securities and has acted as an adviser in connection with IPOs where she can contribute ESG expertise.**

"Sustainable investments have been a growing focus area for a long time, especially for institutions and foundations, and now we are seeing growing interest among retail investors, too. This is especially apparent among the younger generation, which sets great store by ESG metrics in their investment decisions. It is important to us that our clients have access to optimal information so that they can make well-founded decisions. Knowledge about the impact of capital allocation has grown and more investors want to understand and influence the effects on society. That can have substantial impact," says Lena Österberg.

"Sustainability and ESG aspects are included early in the process leading up to an IPO, both as part of the research and our assessment of the company."


Lena Österberg
Head of Sustainability, Research & Strategy at Carnegie

Lena explains the importance of involvement in every aspect of a company's work, from capital acquisition and market listing to the research process:

"We come in early in a process to educate about sustainability and governance, review how well the strategy aligns with sustainability goals and the impact on various stakeholder groups. Ahead of every IPO, we are involved and produce the sustainability sections to identify both risks and opportunities. After the IPO, we continuously track how companies are delivering on their sustainability targets and provide relevant and reliable data to investors."

In parallel with the increased interest, several new regulations related to corporate reporting and disclosures have begun to take shape, including the EU Corporate Social Reporting Directive (CSRD). The directive will be applied from 2024 to large companies currently required to issue sustainability reports and from 2026 for listed small and medium-sized companies.

> **"**
>
> **The new regulations are incredibly positive for our industry and are going to make it easier to analyse and compare companies.**

"It is also good that many small and medium cap companies are given a bit more time to comply, as comprehensive disclosures are going to be required to make it possible to revise the sustainability report and include it as part of the board of directors' report" says Lena Österberg.

Case: Norrsken

## Carnegie supports sustainable investment and green growth

Through its VC funds, Norrsken has established itself as a leading European manager of impact investments that address the major climate-related and social challenges of our time. With its strong team of four main managers who have worked together for five years, Norrsken has proved that it is possible to make a difference while achieving attractive return. The focus areas for the funds' investments are electrification, social themes, circularity, food and climate.

Norrsken is a strong name in the rapidly growing impact investing segment, which gives them access to the most attractive transactions and companies. Through knowledge, experience and access to capital, Norrsken has also sparked interest in having Norrsken included in the investor base among companies as well as other VC firms like Accel, Creandum and EQT.

Carnegie has established a feeder fund that has, by reason of strong interest in participating in impact investing, made our clients as a group one of the larger investors in Norrsken's second fund. Through the inflow of capital, Carnegie has made it possible for more investors to take advantage of attractive investment opportunities aimed at making the world a better place and ensured that more capital is actually allocated to the companies that will make this happen.

Sector:
SUSTAINABILITY

Responsible employer

# Strong employee engagement at Carnegie Investment Bank

Carnegie's business is based on knowledge, trust and client relationships, which makes our employees Carnegie's most important asset. We are working actively to build further on our strong company culture in which equal opportunity, personal development and wellbeing are top priorities.

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. This year's employee survey once again showed high employee engagement: 95 percent of everyone who works at Carnegie Investment Bank would recommend Carnegie as an employer.

Aimed at giving our employees optimal conditions, skills development takes place in the context of day-to-day work and through various types of training. The Carnegie Professional Development (CPD) Foundation also offers employees global trainings and courses aimed at personal development, in which 321 individuals participated in 2022. Lectures with inspiring themes like health, wellbeing, stress management and self-leadership are also offered reg-

ularly within the framework of CPD. Collaboration across national borders is an expected element of day-to-day operations at Carnegie and employees in certain units are also offered the opportunity to work temporarily at one of our offices in another country. Six employees (three men and three women) worked temporarily at an office other than their home office in 2022.

## A GROWING, MORE EVENLY BALANCED TEAM

One of our goals is to increase the share of women who work at Carnegie, both generally and in managerial positions. Carnegie Investment Bank carried out several successful recruitments during the year and increased the global workforce by 48 people, 44 percent of whom are women. Six new managers were also hired, half of them women.

The long-term goal is to achieve gender balance, where about equal numbers of men and women work at Carnegie in various positions, including executives. At present, the share of women in managerial positions is 32 percent.

We have accelerated efforts at all Carnegie offices to reach out to women university students and young professionals. We are working to increase interest in and engagement with the financial industry among women by participating in career fairs at universities and inviting women student groups to visit Carnegie's offices. We are also members of the Women's Career Network in Sweden and Femme Forvaltning in Norway. Carnegie also conducts annual equal pay audits to ensure that there are no disparities that cannot be explained by either market situation, experience, responsibility and/or differences in skills. The first audit in 2022 was conducted at Carnegie Investment Bank.

## WOMEN IN FINANCE IN SWEDEN

Carnegie is a member of the Swedish Securities Market Association, which launched the Women in Finance in Sweden ("KIFS") initiative in 2022. A survey of women who work in the financial industry in Sweden was conducted as part of the initiative. The survey was sent to all women working on the business side at Carnegie. Of all survey respondents, 90 percent are happy or very happy with their work in the financial industry. On the other hand, less than half of the women who participated in the survey believe that men and women have equal opportunities in their workplaces, which is a low score. The lack of women role models was also mentioned as a reason that there are so few women in the financial industry. It also emerged in the survey that employers need to become more flexible and that one of the reasons that women do not go into the financial industry is that there is a "belief that the industry is incompatible with work/life balance" (80 percent). Attracting and retaining women on the business side is a challenge for Carnegie and the results of the survey may serve as valuable input as we continue the effort to create a Carnegie characterised by equal opportunity and diversity.

## FOCUS ON HEALTH

We are committed to our employees' wellbeing and to giving them what they need to manage our high-performance environment in a manner that is sustainable over the long term. Employees of Carnegie have access to several benefits intended to promote better health and work/life balance.

### IMR

Supported by our employee foundation, Carnegie Investment Bank in Sweden initiated a partnership with IMR, a provider of health advice, in early 2020, although the collaboration could not start right away due to the pandemic. Instead, the effort involving preventative and goal-oriented health initiatives for our employees began in spring 2022, when 257 employees participated in the first round of health advice meetings with IMR, who carried out tests and attended individual meetings with health advisors. During the first half of 2022, 75 percent of employees took advantage of the offered benefit of physical examinations through our occupational health provider.

## Trust in management

Share of employees who expressed high trust in management.

93%

## Employee engagement

Share of employees who expressed high engagement with their jobs.

94%

## Recommendation:

Share of employees who would recommend Carnegie as an employer.

95%

## Skills development

Number of employees worldwide who completed training in 2022 within the framework of Carnegie Professional Development.

321

Case: PGS

# A stronger balance sheet and financial position through a new share issue

PGS is a fully integrated marine geophysical company with a wide range of seismic and reservoir services including data collection, image processing, interpretation and field evaluations. The company offers its services to the oil and gas industry as well as wider and growing new energy sectors, including carbon storage and offshore wind power. Oslo-based PGS has about 900 employees across 12 international offices, with regional operations centres in Weybridge, England and Houston, Texas. PGS shares are listed on the Oslo Stock Exchange.

When PGS reported its fourth-quarter financials and preliminary results for FY 2021, the company reported that there was risk that it would be unable to generate sufficient liquidity to repay its 2022 maturities. The company was also at risk of breaching its loan covenants in Q4 2022. When the report was published, PGS's share price fell to about NOK 1.50. The situation had improved by May 2022 and Carnegie acted as sole bookrunner for the rights issue of 216, 216,216 new shares at a subscription price of NOK 3.70 per share. Carnegie raised an additional USD 150 million in November at a price of NOK 6.70 per share, which further strengthened the PGS balance sheet and moved the refinancing deadline forward to the end of Q1 2024. When the market closed on 13 February 2023, the price per share for PGS was NOK 10.10 - an increase by more than 170 percent since the first rights issue.

Sector:

INFRASTRUCTURE AND REAL ESTATE

Case: Topdanmark

# Carnegie advises leading insurance company in divestment

Topdanmark is the third largest non-life insurance company in Denmark, with a market share of around 16 percent. Private lines make up about 53 percent of non-life premiums while SME/Commercial lines make up the remaining 47 percent. The company has a strategic alliance with Nordea where Topdanmark's non-life products are distributed through its branch network. The Topdanmark share is listed on Nasdaq OMX Copenhagen. Nordic insurance group Sampo holds 48 percent of the shares in Topdanmark.

Carnegie acted as exclusive financial adviser to Topdanmark in the divestment of Topdanmark Liv Holding to Nordea. Topdanmark sold Topdanmark Liv Holding to Nordea for a goodwill consideration of DKK 1.44 billion in excess of the book value of shareholders' equity as of the closing date. Topdanmark Liv is the 5th largest commercial life insurance provider in Denmark with close to DKK 100 billion in assets under management and more than 220,000 customers. The transaction transformed Topdanmark into a pure play non-life insurance provider. The divestment was well-received by the market and investors, as share prices in both Nordea and Topdanmark increased on the day of the announcement.

Sector:

FINANCIAL INSTITUTIONS GROUP (FIG)

# Contents

# 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 Board has been composed of six directors since April 2022. 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.

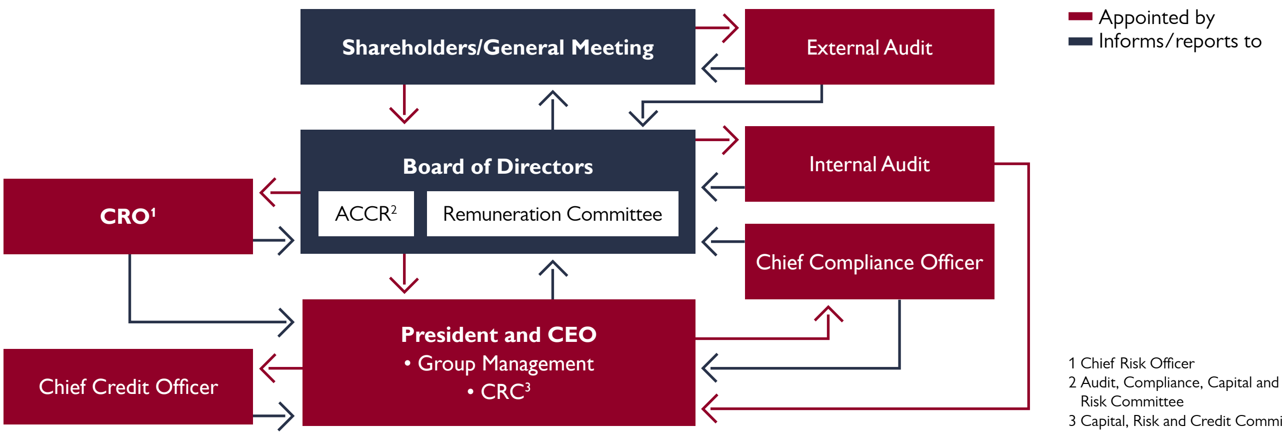
The Board of Directors has overall responsibility for the business conducted in the Group. The Board establishes the general objectives and strategy for business operations, regularly monitors and evaluates operations based on the objectives and guidelines it has adopted, appoints the CEO, and continuously 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 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

**Governance model**




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

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 16 meetings in 2022.

## 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 of the Group. 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 www.carnegie.se.

## Fixed remuneration

Fixed remuneration is the base of the compensation 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

Employees of the Carnegie Group, through various companies, owned around 26.5 percent of equity in the parent company as of 31 December 2022. 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 | Ingrid Bojner | Klas Johansson |
|---|---|---|---|
| Position | Chair since 2019 | Director since 2015 | Director since 2016 |
| Committee | ACCR, RemCom | | ACCR |
| Born: | 1959 | 1973 | 1976 |
| Education | St Mikaelskolan, Mora. | MSc, Stockholm School of Economics. Studies at Georgia State University and UCLA Anderson School of Management. | MSc, Stockholm School of Economics. |
| Other significant assignments | Director of Carnegie since 2016. | Board Chair of New Republic PR. Director of Falck Group and Deezer. | Co-Managing Partner of Altor Equity Partners AB. Board Chair of IYUNO Group. Director of Transcom, Gelato Group, Oceansapart and KAEFER. |
| Previous experience | Many years with SEB, most recently as head of the Life and Wealth Management Division and member of executive management. | CEO and COO of Storytel. Senior positions with TeliaSonera and McKinsey & Company. | McKinsey & Company. |


| | Harald Mix | Andreas Rosenlew |
|---|---|---|
| Position | Director since 2009 | Director since 2015 |
| Committee | RemCom | |
| Born: | 1960 | 1962 |
| Education | MBA, Harvard Business School, BS Applied Mathematics and Economics, Brown University. | MSc Economics & Business Administration, Hanken School of Economics, Helsinki. |
| Other significant assignments | Founder and Partner of Altor Equity Partners. Board Chair of H2 Green Steel AB. Director of Nordic Leisure Travel Group AB and Kinnevik AB. | Board Chair of Lumene Group Holding Oy and Grow Holding AB. Vice Chair of Digitalist Group Oy Plc. |
| Previous experience | CEO of Industri Kapital, First Boston Corporation and Booz Allen & Hamilton. | Founder and Managing Partner of Grow AB. Senior Partner at Lowe & Partners Worldwide Inc. |

# Management

**Björn Jansson**
President and Chief Executive Officer since 2015
Born: 1963
Previous experience: Head of Investment Banking & Securities. Co-head of the Securities business area at Carnegie. Global head of research and co-head of SEB Enskilda Securities and global head of research at Alfred Berg.

**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 as 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 analysis and Corporate Finance. Former head of Corporate Finance at SEB Enskilda, Norway. Head of Equity Research at SEB Enskilda, 1996-2000.

**Tony Elofsson**
Global Head of Investment Banking since May 2022
Born: 1972
Previous experience: Joined Carnegie in 2002 within Equity Capital Markets (ECM) Head of ECM from 2007 and Head of Investment Banking Sweden from 2019. Has worked with Nordic ECM/Investment Banking since 1996.

**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.

**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: Compliance Manager and Head of Operational Risk for 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, Vice CEO and Head of Business Development 2010-2021. Former Head of HQ Private Banking and CEO of CAAM Fund Services.

# 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 2022.

### Operations
Carnegie Holding is the parent company in the Carnegie Group, which in turn comprises the wholly owned subsidiary Carnegie Investment Bank AB (publ) and subsidiaries. All business operations within the Carnegie Group take place within the entities Carnegie Investment Bank AB and subsidiaries.

### Ownership
Carnegie Holding AB was owned by Altor Fund III (73.5 percent) and employees of Carnegie (26.5 percent), as of 31 December 2022.

### Market & Position
### Corporate transactions market
### Equity capital market transactions (ECM)
The IPO market was virtually shut down for much of the year, which had adverse impact on ECM revenues. That notwithstanding, Carnegie acted as the adviser in more than 60 ECM transactions in 2022, more than any other adviser in Europe according to statistics from Bloomberg. Although revenues were substantially lower than in 2021, performance stood up well from a historical perspective. The volume of ECM transactions in the Nordic market fell to a greater extent that the volume of ECM transactions for which Carnegie was the adviser, showing that Carnegie again took market shares this year and remains the market leader in Nordic ECM in terms of number of transactions and transaction volume.

### Mergers, acquisitions & sales (M&A)
The positive trend in M&A continued and M&A revenues for the full year increased by 16 percent from already high levels. Revenues from corporate transactions (M&A) are currently the largest revenue driver for the IB&S business area and although M&A revenues have increased for Carnegie, total M&A market volume has shrunk, showing that Carnegie is taking new market shares.

### Corporate bonds and fixed income instruments (DCM/Fixed Income)
Credit spreads rose during the year and underlying yield increased. Activity in the Nordic bond market was sluggish in 2022. We executed several mandates during the first half, but several companies chose not to act because financing costs were considered too high, which was glaringly apparent in the second half.

### Nordic equity market (Equity Research & Trading)
Commission revenues for the full year of 2022 were affected by a decrease in the numerical volume of equity market transactions accompanied by a downward trend in total market capitalisation. The brokerage business is thus reporting lower revenues than in the preceding year, which reduced profit for IB&S. Although commission revenues were impacted during the year, revenues and market shares compare favourably to index performance, with a retained share of liquidity-provision trading in small and midcap companies in the Nordics. Carnegie has thus maintained its relative position. Carnegie continues to defend its market position as the foremost research house and brokerage in Sweden through top rankings among independent research houses in several categories. This year's Kantar Sifo Prospera client survey also shows that Carnegie is once again considered the foremost institution by institutional investors when they select research houses and stockbrokers.

### Capital and wealth management market
The world changed early in the year and 2022 came to be defined by financial and geopolitical anxiety. Activity in the equity market was subdued and the IPO market became virtually non-existent. Stock markets fell all over the world, and average performance was lacklustre despite the favourable trend in the autumn. The changed market conditions increased client demand for knowledge and advice in pace with their rising interest in repositioning their management and investments.

### Asset management market
Through its two fund companies, Carnegie Asset Management offers long-term, sustainable and active asset management based on a fundamental investment philosophy and modern ESG analysis. Asset management covers much of what is needed in a well-diversified portfolio, from traditional asset classes to both liquid and illiquid alternative investments. Although most asset classes demonstrated negative performance, Carnegie Asset Management performed relatively well and the Norwegian fund company Holberg had the third-best year in its history. Full-year revenues decreased, however, due to lower assets under management and lower revenue from Rysslandsfonden.

### Important notice - basis of consolidation

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 61 for more information.

### Group financial performance

Consolidated operating revenue amounted to SEK 3,883 million (5,887) for the full year 2022, an increase of 34 percent compared to 2021.

### Operating income statement

| SEKm | 2022 | 2021 |
|---|---|---|
| Operating revenue | 3,883 | 5,887 |
| Operating expenses | -3,234 | -3,885 |
| Profit before credit losses | 649 | 2,002 |
| Credit losses | 3 | -8 |
| Profit before tax | 652 | 1,994 |
| Tax | -184 | -428 |
| Profit for the year | 467 | 1,567 |
| Employees | | |
| Average number of employees | 787 | 736 |
| Number of employees at the end of the year (FTE) | 808 | 773 |

See page 102 for definitions.

### Revenue

### Investment Banking & Securities (IB&S)

Revenues in Investment Banking & Securities are generated primarily from advisory fees related to equity capital market transactions and mergers & acquisitions, bond-related advisory income, commissions related to brokerage services and equity capital market transactions and charges related to equity research. Revenues for IB&S amounted to SEK 2,380 million (4,228), a decrease compared to the record-setting year of 2021. Nevertheless, profit was strong for the full year 2022 and we are now back at pre-pandemic levels. M&A revenues increased by 16 percent and are now the largest revenue driver within the IB&S unit.

[1]See page 103 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 880 million (1,000), a decrease compared to the preceding year. Assets under management were SEK 179 billion (271).

### Asset Management

Revenues in Asset Management are generated mainly by fund management commissions. Revenues in Asset Management amounted to SEK 580 million (671), a decrease compared to the preceding year. Assets under management were SEK 119 billion (141).

### Costs

Operating expenses amounted to SEK -3,234 million (3,885), a decrease by 17 percent compared to 2021. Personnel costs fell due to the subdued business flow. Other costs increased for reasons including more frequent face-to-face client interaction, further investments in our IT infrastructure, regulatory compliance and other investments in business development.

### Profit

Profit before tax for the period was SEK 652 million (1,994), down 67 percent from the same period last year. Profit after tax for the period was SEK 467 million (1,567). Profit for the year was reduced by non-recurring expenses of SEK 124 million, including an impairment charge of SEK 55 million related to the acquisition of Holberg

### INVESTMENTS

Consolidated investments in tangible and intangible non-current assets amounted to SEK 31 million (16) during the period. Consolidated investments in financial assets amounted to SEK 277 million (225), the majority arising from the acquisition of a stake of 16.7 percent in Opti.

### Financial position

The Group's financial position remains strong, owing to persistently good profitability and low exposure to financial risks. Two thirds 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 only one-half 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 19.2 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 www.carnegie.se.

The Group's financing comprises equity and deposits from the public. Equity accounts for 20 percent (20), deposits from the public account for 70 percent (63) and other debt accounts for 10 percent (17) of the balance sheet total.

## Dividend proposal

The Board of Directors of Carnegie is proposing that the 2022 annual general meeting endorse a cash dividend of SEK 1.322049 per share, corresponding to a total dividend of SEK 500 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 of Directors 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

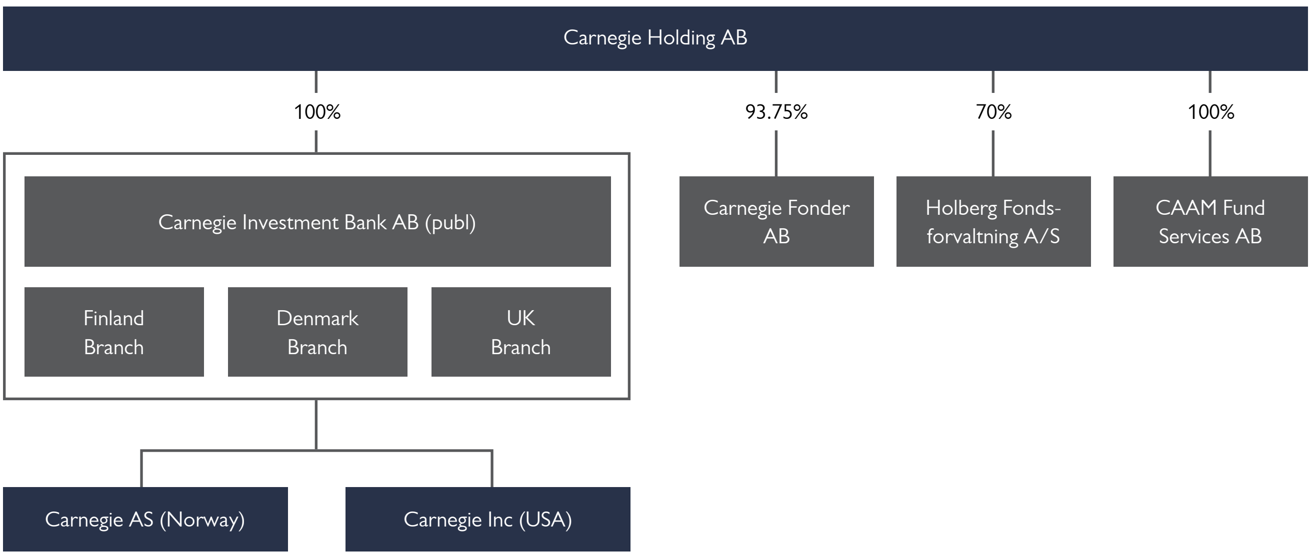
| At the disposal of the annual general meeting, SEK | |
|---|---|
| Share premium reserve | 1,645,697,000 |
| Retained earnings | 1,100,373,227 |
| Net profit for the year | 568,535,909 |
| **Total** | **3,314,606,137** |

| The Board of Directors proposes the following allocation of profit: | |
|---|---|
| Dividend to shareholders | 500,000,000 |
| To be carried forward | 2,814,606,137 |
| **Total** | **3,314,606,137** |

## 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 49-52, and Note 6 *Risk, liquidity and capital management*.

## Legal structure as of 31 December 2022



## Employees

The Carnegie Group had a total of 808 (773) employees in six countries at year-end 2022. Carnegie's unwavering ambition is to recruit and retain the best employees by means of active leadership, clear objectives and competitive remuneration systems and by creating a working environment that provides optimal opportunities for personal and professional development. Further disclosures concerning salaries and other remuneration for the parent company and the Group are provided in Note 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 financial, 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 2022 as a separate report, not incorporated in the Board of Directors' report. The sustainability report, which is found on pages 91-100 of Carnegie's Annual Report 2022, 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 social conditions and employees, anti-corruption and respect for human rights and the environment and reports the sustainability initiatives taken during the year. Unless otherwise specified, the disclosures refer to the Carnegie Group, which consists of the wholly owned subsidiaries Carnegie Investment Bank, Carnegie Fonder, Holberg Fondsforvaltning and CAAM Fund Services.

## 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 seventh year running, Carnegie defended its top ranking among ECM transaction advisers in both the Nordic and Swedish markets, according to Kantar Sifo Prospera. For the first time, Carnegie was also ranked the number one adviser in ECM transactions in Norway. 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 2022 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 private banking in 2022 according to the Financial Hearings survey. Carnegie also achieved high client satisfaction scores among Swedish private banking clients, according to Kantar Sifo Prospera's annual evaluation, in which Carnegie was ranked second overall. Carnegie also received top rankings for Back Office capacity in Finland and Denmark in Prospera's client survey.

## OVERVIEW OF THE PARENT COMPANY

Net sales in the parent company amounted to SEK 0 million (0) and the operating loss was SEK -44 million (-9). Operating profit for the year was reduced by non-recurring costs of SEK 39 million. Net financial income amounted to SEK 613 million (1,209) including anticipated dividends and Group contributions from subsidiaries. Net profit for the year amounted to SEK 569 (1,200).

There were no investments in fixed assets during the period (-). Liquidity, defined as cash and bank balances, was SEK 2 million (4) as of 31 December 2022. Equity amounted to SEK 3,317 million (2,985) as of 31 December 2022.

## SIGNIFICANT EVENTS AFTER 31 DECEMBER 2022

### Tony Elofsson appointed the new CEO of Carnegie

Björn Jansson notified the company of his resignation as the CEO of Carnegie in April 2023. At that date, Tony Elofsson will be appointed CEO of Carnegie Holding AB and Carnegie Investment Bank AB. Tony Elofsson has been with Carnegie since 2002 and is currently the Nordic Head of Investment Banking.

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.

# 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 market and credit risks, are generally low and the Group sustained no material losses in 2022.

## 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 employees, from the CEO and other senior executives and 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 credit risk decisions, decision and 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

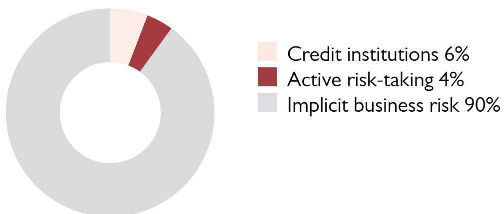
Internal Audit represents the third line of defence. Its responsibility is to systematically assess and verify the adequacy and effectiveness of internal control and risk management from a regulatory perspective and risk-based approach. Their responsibility includes verifying that both the operations 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, market risk, credit risk and liquidity risk.

As shown on the chart below, a small fraction, 6 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 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 profile



Risk-weighted assets arising from the bank's liquidity management account for 11 percent, of which the majority is comprised of risks against credit institutions. Implicit business risk corresponds to 83 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. Implicit business risk can become manifest in Carnegie through human error or failed internal processes in the form of operational risk. 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 or failed internal processes/systems or external events. The definition includes legal risk.

Operational risk may arise from many different factors. These encompass a wide range of circumstances related to everything from transaction processes, internal or external fraud and system errors to natural disasters. 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 identifying, assessing and reporting operational risk.

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

- Self-assessment: Each unit within Carnegie regularly conducts a self-assessment exercise in which operational risks in all significant processes are identified, assessed and analysed. The purpose of this analysis is to raise awareness of operational risks and to address significant risks.
- Incident reporting: To assist in the identification, management and assessment of operational risk, Carnegie has developed a system for reporting of operational risk events, referred to as incidents. All employees have a responsibility to report incidents and managers are responsible for addressing unacceptable risks within their area of responsibility. The risk management function follows up on and analyses incidents.
- Approval of new products and services: Carnegie has a standardised process for examining and approving new products and services and major changes to existing products and services. The procedure involves a review of risks and controls related to new products in which all the concerned functions are involved and give their approval before the product is introduced. The purpose of the process is to ensure that potential operational risks are identified and addressed prior to product launch.

## 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 91-100.

## Compliance risk

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

Carnegie's business is subject to extensive legislation and regulations intended to provide strong consumer protection and secure the stability of the financial system. 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.
- 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 BCBS d350: Accounting standards 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 and volatility 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. The risk that has arisen and its management are monitored by the financial risk department.

Performance in the Nordic equity markets was negative in 2022. Despite generally weak performance over the year, daily price movements were moderate. The fluctuations in daily profit and loss have been normal.

Carnegie is exposed to four main types of market risk: equity risk, volatility risk, currency risk and interest rate risk. In order to gain an overall picture, Carnegie applies several complementary risk measures and limits.

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

### Equity price risk

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

### Volatility risk

Volatility risk is the risk that the value of a financial instrument may vary due to changes in the underlying instrument's volatility. Volatility risk arises in positions in held and issued options that arise after activities within client facilitation or market making activities.

### 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 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 positions in bonds and, to a certain extent, derivatives. As necessary, these risks are hedged with fixed income instruments. Interest rate risk in other operations is the risk that net interest income and interest-bearing instruments in the banking 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 within the business area of Investment Banking & Securities as part of the business unit'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 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 2022 was essentially on par with 2021. 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, 20 (20) percent of Carnegie's financing was comprised of equity, while deposits from the public accounted for 70 (63) percent and other debt accounted for 10 (17) 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 25 (31) 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 designed 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 19.2 percent (19.2) and capital adequacy of 19.2 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 for 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 2022 are provided in the Capital Adequacy and Liquidity Report, available at www.carnegie.se.

# Four-year review

Group

| Income statement, SEKm | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Total income | 3,883 | 5,887 | 3,793 | 3,243 |
| Personnel expenses | -2,208 | -3,008 | -2,075 | -1,701 |
| Other expenses | -1,026 | -877 | -663 | -721 |
| Expenses before credit losses | -3,234 | -3,885 | -2,738 | -2422 |
| **Profit before credit losses** | **649** | **2,002** | **1,055** | **821** |
| Credit losses, net | 3 | -8 | 0 | -5 |
| **Profit before tax** | **652** | **1,977** | **1,055** | **816** |
| Tax | -184 | -428 | -234 | -112 |
| **Net profit for the year** | **467** | **1,567** | **820** | **704** |
| Whereof items affecting comparability | -124 | – | – | 171 |
| **Profit for the year excluding items affecting profitability** | **591** | **1,567** | **820** | **533** |

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

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

| Employees, continuing operations | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Average number of employees | 787 | 736 | 661 | 627 |
| Number of employees at the end of the year | 808 | 773 | 676 | 643 |

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

# Consolidated statements of comprehensive income

| SEK 000s | Note | Jan-Dec 2022 | Jan–Dec 2021 |
|---|---|---|---|
| Commission income | 8 | 4,531,223 | 6,777,051 |
| Commission expenses | | -798,394 | -926,771 |
| **Net commission income** | **9** | **3,732,829** | **5,850,280** |
| Interest income | 8 | 189,043 | 87,386 |
| Interest expenses | | -51,939 | -37,585 |
| **Net interest income** | **10** | **137,104** | **49,801** |
| Net profit or loss from financial transactions | 8.12 | 13,199 | -13,050 |
| Other operating expenses | | 0 | – |
| **Total operating income** | | **3,883,132** | **5,887,031** |
| Personnel expenses | 13 | -2,208,124 | -3,008,065 |
| Other administrative expenses | 14 | -860,080 | -738,941 |
| Depreciation and amortisation of tangible and intangible assets | 15 | -166,280 | -137,832 |
| **Total operating expenses** | | **-3,234,484** | **-3,884,838** |
| **Profit before credit losses** | | **648,648** | **2,002,194** |
| Credit losses, net | 16 | 3,018 | -7,786 |
| **Profit before tax** | | **651,666** | **1,994,407** |
| Tax | 17 | -184,366 | -427,650 |
| **Profit for the year** | | **467,300** | **1,566,757** |
| **Profit attributable to:** | | | |
| Owners of the parent company | | 452,979 | 1,549,457 |
| Non-controlling interests | | 14,321 | 17,300 |

# Consolidated statements of comprehensive income

| | Jan-Dec 2022 | Jan–Dec 2021 |
|---|---|---|
| **Profit for the year** | **467,300** | **1,566,757** |
| **Other comprehensive income:** | | |
| Items that may subsequently be reclassified to the income statement: | | |
| Translation of foreign operations | 44,689 | 41,095 |
| **Other comprehensive income for the year, after tax** | **44,689** | **41,095** |
| **Total comprehensive income for the year** | **511,989** | **1,607,853** |
| **Comprehensive income attributable to:** | | |
| Owners of the parent company | 494,360 | 1,588,673 |
| Non-controlling interests | 17,629 | 19,180 |

# Consolidated statements of financial position

| SEK 000s | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and bank deposits with central banks | 6, 19 | 1,286,865 | 1,289,229 |
| Negotiable government securities | 6, 19 | 6,017,616 | 6,524,599 |
| Loans to credit institutions[1)] | 6 | 3,086,234 | 5,626,241 |
| Loans to the general public | 6, 18, 19 | 3,173,150 | 4,178,889 |
| Bonds and other interest-bearing securities | 6, 19, 20 | 2,783,549 | 1,637,704 |
| Shares and participations | 19, 20 | 613,122 | 883,776 |
| Derivative instruments | 19 | 8,239 | 10,248 |
| Intangible assets | 22 | 825,504 | 887,246 |
| Tangible fixed assets | 23 | 373,146 | 397,333 |
| Current tax assets | | 68,449 | 285,646 |
| Deferred tax assets | 24 | 119,976 | 161,278 |
| Other assets | 25 | 565,121 | 503,596 |
| Prepaid expenses and accrued income | 26 | 200,844 | 364,127 |
| **Total assets** | | **19,121,817** | **22,749,913** |
| | | | |
| **Liabilities and equity** | | | |
| **Liabilities** | | | |
| Liabilities to credit institutions | 6 | 17,129 | 53,614 |
| Deposits and borrowing from the general public[1)] | 6 | 13,294,510 | 14,354,700 |
| Short positions, shares | 19 | 25,028 | 62,698 |
| Derivative instruments | 19 | 11,287 | 12,552 |
| Current tax liabilities | | 44,831 | 401,695 |
| Deferred tax liabilities | 24 | 60,730 | 49,374 |
| Other liabilities | 27 | 764,494 | 996,462 |
| Accrued expenses and prepaid income | 28 | 1,094,087 | 2,098,726 |
| Other provisions | 29 | 65,881 | 71,228 |
| **Total liabilities** | | **15,377,977** | **18,101,050** |
| | | | |
| **Equity** | | | |
| Share capital | | 2,269 | 238,811 |
| Other capital contributions | | 1,645,697 | 917,437 |
| Provisions | | -43,395 | -83,615 |
| Retained earnings | | 2,052,105 | 2,485,473 |
| **Equity attributable to owners of the parent company** | | **3,656,676** | **4,558,106** |
| **Non-controlling interests** | | **87,165** | **90,757** |
| **Total equity** | | **3,743,840** | **4,648,863** |
| **Total liabilities and equity** | | **19,121,817** | **22,749,913** |
| | | | |
| **Pledged assets and contingent liabilities** | 31 | | |
| Assets pledged for own debt | | 404,686 | 745,032 |
| Other pledged assets | | 1,031,940 | 717,510 |
| Contingent liabilities and guarantees | | 279,643 | 401,853 |

1) Whereof client funds 643,019 (997,769)

# Consolidated statements of changes in equity

| | ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | | | | | | |
|---|---|---|---|---|---|---|---|
| SEK 000s | Share capital | Other capital contributions | Provisions | Retained earnings | Total | Non-controlling interests | Total |
| **Equity - opening balance 2021** | **238,811** | **1,486,586** | **-122,830** | **1,599,123** | **3,161,270** | **50,535** | **3,211,805** |
| Net profit for the year | | | | 1,549,457 | 1,549,457 | 17,300 | 1,566,757 |
| Other comprehensive income: | | | | | | | |
| Translation differences relating to foreign operations | | | 39,215 | | 39,215 | 1,880 | 41,095 |
| **Total comprehensive income** | | | **39,215** | **1,549,457** | **1,588,673** | **19,180** | **1,607,853** |
| Transactions with owners: | | | | | | | |
| Changed group structure | | 234,272 | | | 234,272 | 30,299 | 264,571 |
| Dividends paid | | | | -466,527 | -466,527 | -9,257 | -475,784 |
| **Equity - closing balance 2021** | **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** |

# Parent company income statement

| SEK 000s | Notes | Jan-Dec 2022 | Jan-Dec 2021 |
|---|---|---|---|
| Net sales | 8 | – | – |
| | | | |
| Other external costs | 14 | -32,849 | -8,410 |
| Personnel expenses | 13 | -10,883 | -864 |
| **Operating loss** | | **-43,731** | **-9,273** |
| | | | |
| Interest income and similar income | 8.10 | 25 | – |
| Interest expenses and similar expenses | 10 | -464 | -1 |
| Profit from participations in subsidiaries | 11 | 613,196 | 1,209,300 |
| **Profit from financial items** | | **612,756** | **1,209,299** |
| **Profit before tax** | | **568,843** | **1,200,025** |
| | | | |
| Tax | 17 | -307 | -48 |
| **Profit for the year** | | **568,536** | **1,199,977** |

# Parent company statement of other comprehensive income

| SEK 000s | Jan-Dec 2022 | Jan-Dec 2021 |
|---|---|---|
| Profit for the year | 568,536 | 1,199,977 |
| Other comprehensive income | – | – |
| **Total comprehensive income for the year** | **568,536** | **1,199,977** |

# Parent company statement of financial position

| SEK 000s | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| Assets | | | |
| Shares and participations in group companies | 21 | 2,776,215 | 1,780,084 |
| Shares and participations in other companies | | 7,200 | – |
| Deferred tax asset | 24 | – | – |
| **Total financial non-current assets** | | **2,783,415** | **1,780,084** |
| | | | |
| Current receivables from Group companies | | 613,305 | 1,209,319 |
| Cash and bank balances | | 1,520 | 3,820 |
| Prepaid expenses and accrued income | | – | 10,325 |
| **Total current assets** | | **614,825** | **1,223,464** |
| **Total assets** | | **3,398,240** | **3,003,548** |
| | | | |
| Equity and liabilities | | | |
| Restricted equity | | | |
| Share capital | | 2,269 | 238,811 |
| **Total restricted equity** | | **2,269** | **238,811** |
| | | | |
| Non-restricted equity | | | |
| Share premium reserve | | 1,645,697 | 683,165 |
| Retained earnings | | 1,100,373 | 863,537 |
| Net profit for the year | | 568,536 | 1,199,977 |
| **Total non-restricted equity** | | **3,314,606** | **2,746,679** |
| **Total equity** | | **3,316,875** | **2,985,490** |
| | | | |
| Liabilities to Group companies | | 69,587 | – |
| Current tax liabilities | | 312 | 48 |
| Other current liabilities | 27 | 9,599 | 16 |
| Accrued expenses and prepaid income | 28 | 1,866 | 17,994 |
| **Total liabilities** | | **81,364** | **18,058** |
| **Total equity and liabilities** | | **3,398,240** | **3,003,548** |
| | | | |
| 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 2021** | **238,811** | **683,165** | **1,163,537** | **2,085,513** |
| Net profit for the year | | | 1,199,977 | 1,199,977 |
| **Total income and expenses for the year** | | | **1,199,977** | **1,199,977** |
| Dividends paid | | | -300,000 | -300,000 |
| **Equity - closing balance 2021** | **238,811** | **683,165** | **2,063,514** | **2,985,490** |
| Net profit for the year | | | 568,536 | 538,536 |
| **Total income 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** |

The number of shares outstanding at 31 December 2022 was 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 | 2022 | 2021 | 2022 | 2021 |
| Operating activities | | | | |
| Profit before tax | 651,666 | 1,994,407 | 568,843 | 1,200,025 |
| Adjustment for items not affecting cash flow | 180,736 | 156,706 | -613,196 | -1,209,300 |
| Paid income tax | -269,915 | -402,118 | -70 | 19 |
| **Cash flow from operations before changes in working capital** | **562,486** | **1,748,995** | **-44,423** | **-9,256** |
| Changes in working capital | -338,094 | 2,630,208 | 1,242,123 | 311,170 |
| **Cash flow from operating activities** | **224,394** | **4,379,203** | **1,197,700** | **301,914** |
| Investing activities | | | | |
| Acquisition of subsidiaries | – | -225,266 | – | – |
| Acquisition of tangible and intangible assets | -31,100 | -15,850 | – | – |
| Acquisition of financial assets | -276,514 | -225,000 | – | – |
| Sale of financial assets | 66,115 | – | – | – |
| **Cash flow from investing activities** | **-241,499** | **-466,116** | **–** | **–** |
| Financing activities | | | | |
| Dividends paid | -1,390,768 | -466,528 | -1,200,000 | -300,000 |
| Transactions with NCI | -22,383 | -9,257 | – | – |
| Amortisation of lease liabilities | -72,241 | -82,931 | – | – |
| **Cash flow from financing activities** | **-1,485,392** | **-558,715** | **-1,200,000** | **-300,000** |
| **Cash flow for the year** | **-1,502,497** | **3,354,372** | **-2,300** | **1,914** |
| Cash and cash equivalents at beginning of year [1] | 10,795,632 | 7,362,379 | 3,820 | 1,906 |
| Translation differences in cash and cash equivalents | 164,613 | 78,884 | – | – |
| **Cash and cash equivalents at end of year [1]** | **9,457,752** | **10,795,635** | **1,520** | **3,820** |

[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 takes place in 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 and employees of Carnegie. 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, IAS 8 sets down that management must 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 previous carrying amounts 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 from 2010 through the end of 2016 and the original acquisition analysis was therefore used to calculate the carrying amount. 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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU, with the exception of IFRS 8 Operating Segments and IAS 33 Earnings Per Share, for which application is not mandatory for entities whose shares are not publicly traded.

Also applied were applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU; *The Swedish Act on Annual Reports of Credit Institutes and Securities Companies* (ÅRKL 1995:1559); recommendation RFR 1 *Supplementary Accounting Regulations for Corporate Groups* issued by the Swedish Financial Accounting Standards Council; and the *Regulations and general recommendations regarding annual reporting of credit institutions and securities companies* issued by 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 2022 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 the application of Group accounting policies, 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 related to the following areas.

**Measurement of financial assets and liabilities**

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

If market prices are available on an established marketplace, they are used for the measurement. When there is no active market or when quoted prices are temporarily unavailable, 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 carrying amount 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 when 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 indeterminable useful lives**

Goodwill and other intangible assets with indeterminable 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 rate is also determined that in addition to reflecting the time value of money also reflects the risks specific to the asset. Different discount rates are used for different time periods. To the greatest possible extent, the discount rate and assumptions or components of assumptions are determined based on external sources. Nevertheless, the calculation is largely dependent upon management's assumptions. Management has assessed that the estimations are material to the Group's financial performance and position. Further information is provided in Note 5 Applied accounting policies under 'Impairment of intangible assets and tangible fixed assets'. 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 that are controlled directly or indirectly by the parent company. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement wit 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 policies of subsidiaries are modified in order to achieve greater agreement with Group accounting policies.

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 prevailing tax rate in each country.

Subsidiaries are recognised according to the purchase method. This means that identifiable acquired assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. The surplus, comprising the difference between the cost of the acquired shares and the sum of the fair value of the identifiable acquired net assets, is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in profit or loss. The cost of a subsidiary corresponds to the sum of the fair value of purchased assets, accrued or assumed liabilities and the equity instruments that the purchaser has issued in exchange for the control over the subsidiary. Non-controlling interests in the acquired company are initially calculated as the minority 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 revenue reflects the consideration expected to be paid 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 charges, such as for advisory and research, are recognised in revenue as the performance obligations are satisfied. Of 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 '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 remuneration*
The Group reports any expense for variable remuneration as personnel expenses, which are recognised as an accrued expense until remuneration is paid. The expense is recognised at the rate it is accrued, meaning when it is linked to a contract or when there is an established practice that creates a constructive obligation.

Guaranteed variable remuneration is recognised as an expense over the period of service, i.e., as it is earned. In accordance with 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 39-41.

*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 contributions (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 on 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 types of spot instruments.

Financial assets and financial liabilities are recognised on 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 and 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 deviates from the carrying amount, information regarding the fair value is provided in a note.

*Cash and bank deposits with central banks*

Cash and balances with central banks are categorised as 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 interest-bearing 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/loss from financial items at fair value'.

*Derivative instruments*

All derivative instruments are measured at fair value through profit and 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 by 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 are not removed from the statement of financial position. Borrowed securities are not included as assets on 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 'Loans 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 expected credit loss allowances. 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 the house price index. Usage of these models is 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 where 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 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 assigned 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 is not meeting 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 failed to meet contractual obligations for more than 30 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 PD model 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 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 counterparty 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 are affected by the macro forecast prevailing 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-balance sheet 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 client 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 amortised over the useful life of the asset and are tested for impairment if there is an indication of a decrease in value. 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 an acquired subsidiary'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 recognised 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, i.e., 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 when there is an indication of a decrease in value.

*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 is systematically depreciated over three to five years. The gain or loss that arises from disposal or retirement 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 in profit or loss. 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 profit or loss. 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 of disposal.

In calculating 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 observe 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 on 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 7,925,822 thousand (5,798,509); margin requirements for derivatives in the amount of SEK 1,530,553 thousand (1,731,219) and trade receivables in the amount of SEK 89,931 thousand (201,918). 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 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** |

| Group, 31 Dec 2021, SEK 000s | AAA, AA– | A+, A– | BBB+, BBB– | No external rating available | Past due but not reserved | Provisions |
|---|---|---|---|---|---|---|
| Governments and central banks | 7,814,204 | – | – | – | – | -376 |
| Institutional exposures | 3,431,585 | 3,725,176 | – | 11,713 | – | -648 |
| Corporate exposures | – | – | – | 3,018,322 | – | -8,537 |
| Retail exposures | – | – | – | 1,176,898 | – | -7,794 |
| **Total** | **11,245,790** | **3,725,176** | – | **4,206,933** | – | **-17,355** |

**Pledged assets**

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 12 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. No individual security accounts for more than 10 percent of utilised collateral.

'Other collateral' refers to funds, structured products, guarantees and pledged custodian accounts with underlying financial collateral.

**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 2022 includes an expected credit loss allowance of SEK 14 million (17), in accordance with IFRS 9.

As of 31 December 2022, 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 each 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.

## Note 6 Risk, liquidity and capital management, cont.

**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 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 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 |

Contracted maturities of financial assets and liabilities, 31 Dec 2021

| Group, 31 Dec 2021, 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 | – | 1,289,229 | – | – | – | – | 1,289,229 |
| Negotiable government securities | – | 4,771,733 | 1,252,469 | 500,398 | – | – | 6,524,599 |
| Loans to credit institutions | 5,626,241 | – | – | – | – | – | 5,565,208 |
| Loans to the general public | 3,300,483 | 17,047 | 80,241 | — | 45,652 | 735,465 | 4,178,889 |
| Bonds and other interest-bearing securities | – | – | 1,121,502 | 516,202 | – | — | 1,637,704 |
| **Total financial assets** | **8,926,725** | **6,078,009** | **2,454,211** | **1,016,600** | **45,652** | **735,465** | **19,256,662** |
| Liabilities to credit institutions | 53,614 | – | – | – | – | – | 53,614 |
| Deposits and borrowing from the public | 14,354,700 | – | – | – | – | – | 14,354,700 |
| Lease liability | – | 25,021 | 65,546 | 80,164 | 208,405 | 21,749 | 400,884 |
| Other liabilities | – | 648,051 | – | – | – | – | 648,051 |
| Accrued interest expenses | – | 1,539 | – | – | – | – | 1,539 |
| **Total financial liabilities** | **14,408,314** | **674,611** | **65,546** | **80,164** | **208,405** | **21,749** | **15,458,788** |
| **Derivatives** | | | | | | | |
| Assets at market value | – | 9,577 | 351 | 319 | – | – | 10,248 |
| Liabilities at market value | – | 9,292 | 3,133 | 127 | – | – | 12,552 |

## 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 consists of both assets and liabilities among balance sheet items. At year-end, the total gross value of assets and liabilities originating in business operations amounted to SEK 93 million (128). Of that amount, SEK 74 million (105) related to shares and SEK 19 million (23) to derivative instruments. The net value at year-end was SEK 21 million (-24).

Assets and liabilities are measured at fair value, which corresponds to the carrying amount. Equity positions consist of both long and short positions in shares and share-based derivative instruments, primarily listed in Sweden and other Nordic marketplaces. A simultaneous price change of -3% of all equity holdings in the Group's trading book would have had an effect on earnings of SEK -0.2 million (-0.1) at year-end. A +3% price change at the same date would have had an effect on earnings of SEK 0.5 million (0.4) in the Group. Derivative positions consist of held or issued forward contracts, call options and put options.

For the Group's other holdings, the total gross value of these assets and liabilities amounted to SEK 564 million (841). Of that amount, SEK 564 million (841) consisted of shares and SEK - million (-) consisted of derivative instruments. The net value at year-end was SEK 564 million (841). 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 -16.9 million (-25.2) at year-end. A +3 percent price change at the same date would have had an effect on earnings of SEK 16.9 million (25.2) in the Group.

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

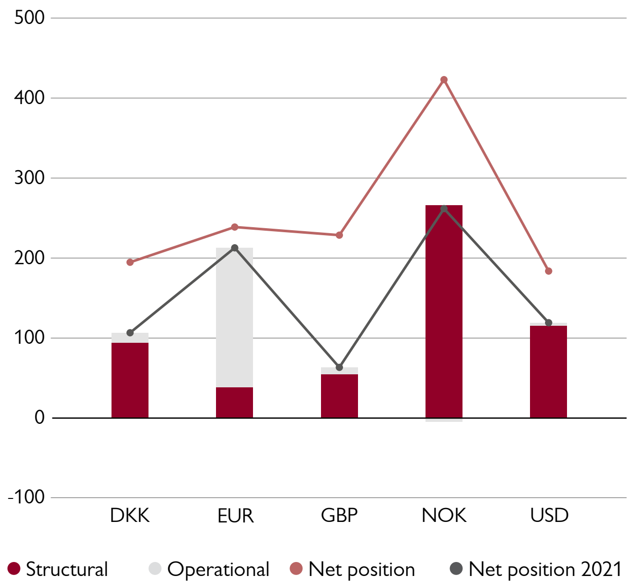
**Scenario analysis**
The risks in operations where risk-taking is an element of the business consist mainly of equity price risk and volatility risk. These risks are measured by simulating the effect on earnings of a combined change of share prices and volatility. Carnegie focuses on and has limits for the maximum potential loss for two specific scenarios: a medium scenario and a stress scenario. The medium scenario means that prices in the entire equity market change by ±3% simultaneously with a change in market volatility of ±10 percent.

The greatest potential loss in such a scenario is called the Medium Max Loss and was at year-end SEK 0.5 million (0.9). The stress scenario means that prices in the entire equity market change by ±10% and that market volatility changes by ±40 percent. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 1.1 million (0.9) at year-end.

The market risk for structured products is based on parameters that are relevant to the instruments in the portfolio. These are stress-tested at the level that applies to equity-related products, but consist of risk factors other than share price and volatility. At year-end, the aggregate portfolio risk within Structured Products was SEK 0.1 million (0.1) for MML and SEK 0.3 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 2022 (SEKm)




**Interest risk in the trading book**
Carnegie's own trading book is affected by interest-rate changes through holdings of bonds and derivative instruments. At year-end, the effect on earnings of the trading book in connection with an interest rate increase of 200 basis points was SEK 0.1 million (0.1). The interest risk in the trading book is limited and is calculated and reported daily to risk management and senior management.

**Interest risk in other operations**
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 balance sheet of interest rate changes. In the analysis, an interest-rate shock is simulated that corresponds to a sudden and sustained parallel shift of 200 basis points applied on the yield curves to which the positions are linked. At year-end, the outcome from such an upward shift of 200 basis points was SEK 57 million (69.8).

## Note 6 Risk, liquidity and capital management, cont.

| SEK 000s | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Capital adequacy** | | |
| Capital base | 2,383,106 | 2,238,474 |
| Risk exposure amount | 12,436,961 | 11,653,835 |
| Capital requirements | 994,957 | 913,599 |
| Surplus capital | 1,388,149 | 1,324,876 |
| Common equity Tier 1 capital ratio (CET1), % | 19.2% | 19.2% |
| Tier 1 capital ratio, % | 19.2% | 19.2% |
| Capital adequacy ratio, % | 19.2% | 19.2% |
| **Capital buffer requirement** | | |
| Institution-specific CET 1 requirement including buffer requirement | 8.1% | 7.1% |
| Whereof: capital conservation buffer, % | 2.5% | 2.5% |
| Whereof: countercyclical capital buffer, % | 1.1% | 0.1% |
| CET1 available as buffer, % | 11.2% | 11.6% |
| Other capital base requirements (Pillar 2) | 2.5% | 2.5% |
| Total capital base requirement | 14.1% | 13.0% |
| **Capital buffer requirement** | | |
| Institution-specific CET 1 requirement including buffer requirement | 1,003,412 | 810,819 |
| Whereof capital conservation buffer | 310,924 | 285,500 |
| Whereof countercyclical capital buffer | 132,825 | 11,420 |
| CET1 available as buffer | 1,388,149 | 1,324,876 |
| Other capital base requirements (Pillar 2) | 310,924 | 285,500 |
| Total capital base requirement | 1,749,630 | 1,484,598 |
| **Capital base, SEKm** | | |
| Equity instruments and associated premium reserve | 1,645,697 | 1,959,669 |
| Retained earnings and reserves | 2,141,538 | 2,662,838 |
| Planned dividend | -500,000 | -1,375,000 |
| Goodwill and intangible assets | -765,512 | -880,923 |
| Deferred tax asset | -7,392 | -1,584 |
| Further value adjustments | -665 | -982 |
| Other comprehensive income | -43,395 | -24,332 |
| NCI share of equity | -87,165 | -101,210 |
| Total common equity Tier 1 capital | 2,383,106 | 2,238,474 |
| **Additional Tier 1 capital** | | |
| Preference shares | – | – |
| Total Tier 1 capital | 2,383,106 | 2,238,474 |
| **Tier 2 capital** | | |
| Perpetual convertible debentures | – | – |
| Total capital base | 2,383,106 | 2,238,474 |

**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 2022 | 31 Dec 2021 |
|---|---|---|
| Capital requirements from exposures to: | | |
| Institutional exposures | 38,287 | 69,145 |
| Corporate exposures | 25,228 | 43,874 |
| Retail exposures | 12,112 | 7,564 |
| Exposures secured by real estate property | 22,881 | 20,593 |
| Exposures to funds | 25,641 | 40,526 |
| Exposures in the form of covered bonds | 22,094 | 13,005 |
| Equity exposures | 39,357 | 528 |
| Other items | 74,808 | 111,582 |
| Total capital requirement for credit risks | 260,408 | 306,817 |
| **Capital requirement for market risks** | | |
| Settlement risk | 0 | 1,079 |
| Total capital requirement for settlement risks | 0 | 1,079 |
| **Equity price risk** | | |
| Specific risk | 885 | 2,655 |
| General risk | 546 | 604 |
| Non-delta risk | 2,259 | 0 |
| Total capital requirement for equity risks | 3,690 | 3,259 |
| **Interest rate risk** | | |
| Specific risk | 934 | 131 |
| General risk | 100 | 48 |
| Total capital requirement for interest risks | 1,034 | 179 |
| Currency risk | 79,855 | 124,361 |
| Total capital requirements for currency risks | 79,855 | 124,361 |
| **Capital requirement from credit valuation adjustment risk** | | |
| Credit valuation adjustment risk | 232 | 1,065 |
| Total capital requirement for credit valuation adjustment risk | 232 | 1,065 |

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 | 4,331,588 | 3,303,642 |
| Capital requirement for operational risks | 649,738 | 495,546 |

## 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 revenue, 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% of total revenue for the Group. The division by country aligns with the legal structure of the Group.

| GROUP | | | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 income, SEK 000s | Profit/loss before tax, SEK 000s | Tax, SEK 000s |
| Denmark | IB, SEC, PB | Denmark | 88 | 445,078 | 61,819 | -14,148 | 85 | 475,179 | 107,226 | -24,079 |
| Norway | IB, SEC, AM | Norway | 127 | 602,717 | 126,434 | -33,007 | 113 | 935,403 | 368,063 | -86,069 |
| Sweden | IB, SEC, PB, AM | Sweden | 497 | 2,630,737 | 532,002 | -142,634 | 469 | 3,916,986 | 1,500,315 | -288,741 |
| Other | IB, SEC | UK, USA, Finland | 75 | 414,369 | -5,216 | 6,256 | 69 | 760,013 | 267,280 | -33,581 |
| Eliminations | | | – | -209,770 | -63,374 | -831 | – | -200,550 | -248,476 | 4,820 |
| **Total** | | | **787** | **3,883,132** | **651,666** | **-184,366** | **736** | **5,887,031** | **1,994,407** | **-427,650** |

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

## Note 8 Geographical distribution of revenue

| GROUP | COMMISSION INCOME | | INTEREST INCOME | | NET PROFIT FROM FINANCIAL TRANSACTIONS | | OTHER OPERATING INCOME | | TOTAL INCOME | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK 000s | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Denmark | 458,924 | 474,545 | 4,529 | 2,494 | -1,208 | -569 | – | – | 462,246 | 476,471 |
| Norway | 680,500 | 1,001,606 | 19,771 | 11,987 | – | 0 | – | – | 700,271 | 1,013,593 |
| Sweden | 3,180,105 | 4,722,245 | 165,767 | 74,458 | 23,499 | -3,936 | 109 | – | 3,369,481 | 4,792,768 |
| Other | 495,808 | 858,323 | – | – | -5,978 | -7,670 | – | – | 489,831 | 850,653 |
| Eliminations | -284,115 | -279,669 | -1,024 | -1,553 | -3,115 | -875 | -109 | – | -288,363 | -282,098 |
| **Total** | **4,531,223** | **6,777,051** | **189,043** | **87,386** | **13,199** | **-13,050** | 0 | – | **4,733,465** | **6,851,387** |

Revenue in the parent company refers to Sweden.

## Note 9 Net commission revenue

| | GROUP | |
|---|---|---|
| SEK 000s | 2022 | 2021 |
| Commission income | 689,005 | 970,088 |
| Advisory services income | 2,486,912 | 4,253,330 |
| Management charges | 1,342,793 | 1,537,838 |
| Other income | 12,513 | 15,796 |
| **Total commission income** | **4,531,223** | **6,777,051** |
| Marketplace fees | -48,758 | -58,321 |
| Commission expenses | -743,849 | -850,827 |
| Other commission expenses | -5,788 | -17,623 |
| **Total commission expenses** | **-798,394** | **-926,771** |
| Net commission income | **3,732,829** | **5,850,280** |

## Note 10 Net interest income

| SEK 000s | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|
| **Interest income** | | | | |
| Interest income from loans to credit institutions | 41,400 | -143 | 25 | – |
| Interest income from lending to the general public | 102,759 | 81,411 | – | – |
| Interest income from interest-bearing securities | 42,690 | 864 | – | – |
| Other interest income | 2,195 | 5,254 | 0 | – |
| **Total interest income** | **189,043** | **87,386** | **25** | **–** |
| **Interest expenses** | | | | |
| Interest expenses related to liabilities to credit institutions | -7,581 | -12,347 | -464 | -1 |
| Interest expenses related to deposits/borrowing from the general public | -18,211 | -1,488 | – | – |
| Interest expenses related to interest-bearing securities | -7,621 | -7,816 | – | – |
| Interest expenses, finance leases (IFRS 16) | -18,360 | -15,489 | – | – |
| Other interest expenses | -165 | -445 | – | – |
| **Total interest expenses** | **-51,939** | **-37,585** | **-464** | **-1** |
| **Net interest income** | **137,104** | **49,801** | **-439** | **-1** |
| Whereof amounts for balance sheet items not measured at fair value: | | | | |
| Interest income | 189,043 | 87,386 | 25 | – |
| Interest expenses | -51,939 | -37,585 | -464 | -1 |
| **Total** | **137,104** | **49,801** | **-439** | **-1** |

## Note 11 Profit/loss from investments in subsidiaries

| SEK 000s | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|
| Anticipated dividends from subsidiaries | 578,196 | 1,200,000 |
| Group contribution received | 35,000 | 9,300 |
| **Total profit from investments in subsidiaries** | **613,196** | **1,209,300** |

## Note 12 Net profit/loss from financial transactions

### 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/loss from financial transactions** | **23,773** | **1,853** | **-2,887** | **-19,589** | **10,049** | **13,199** |

### 2021

| 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 | 101 | – | 1,912 | – | | 2,013 |
| Shares and participations and attributable derivatives | -11,293 | -5,555 | 3,296 | -9,766 | | -23,318 |
| Other financial instruments and attributable derivatives | -865 | – | – | – | | -865 |
| Exchange-rate changes | | | | | 9,120 | 9,120 |
| **Net profit/loss from financial transactions** | **-12,056** | **-5,555** | **5,208** | **-9,766** | **9,120** | **-13,050** |

[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 2022 | 2021 | PARENT COMPANY 2022 | 2021 |
|---|---|---|---|---|
| Salaries and fees | -1,567,831 | -2,168,521 | -1,661 | -691 |
| Social insurance fees | -380,371 | -524,330 | -492 | -173 |
| Pension expenses for Board of Directors and CEO | -3,488 | -3,488 | – | – |
| Pension expenses for other employees | -189,234 | -168,006 | – | – |
| Other personnel expenses | -67,200 | -56,364 | -8,730 | 0 |
| **Total personnel expenses** | **-2,208,124** | **-3,008,065** | **-10,883** | **-864** |

### Salaries and fees specified by category

| SEK 000s | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| Salaries and fees to directors, CEO and members of Group management | -70,527 | -65,420 | -1,661 | -691 |
| Salary and remuneration to other employees not included in the Board of Directors or Group management | -1,497,304 | -2,103,101 | – | – |
| **Total salaries and fees** | **-1,567,831** | **-2,168,521** | **-1,661** | **-691** |

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

| | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| Denmark | 88 (24) | 85 (23) | – | – |
| Finland | 33 (8) | 30 (8) | – | – |
| Norway | 127 (30) | 113 (23) | – | – |
| UK | 30 (13) | 28 (12) | – | – |
| Sweden | 497 (146) | 468 (127) | – | – |
| United States | 12 (4) | 11 (4) | – | – |
| **Total** | **787 (225)** | **736 (197)** | **–** | **–** |

### Remuneration to the Board of Directors

| SEK 000s | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| Anders Johnsson, chair | 1,467 | 1,300 | 867 | 700 |
| Ingrid Bojner | 350 | 350 | 100 | 100 |
| Klas Johansson | 251 | 250 | 63 | 63 |
| Harald Mix | 251 | 250 | 63 | 63 |
| Andreas Rosenlew | 350 | 350 | 100 | 100 |
| Anna-Karin Celsing | 292 | 500 | – | 150 |
| **Total** | **2,961** | **3,000** | **1,193** | **1,175** |

### Remuneration to the CEO and other senior executives[1]

| 2022<br>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.

| 2021<br>SEK 000s | Gross salary and benefits | Variable pay | Pensions and comparable benefits | Severance pay |
|---|---|---|---|---|
| CEO Björn Jansson | 12,017 | 15,500 | 3,488 | – |
| Other senior executives [2] | 50,403 | 43,097 | 4,235 | – |

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 or its subsidiaries. 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, Jonas Predikaka and Ulf Vucetic. All senior executives were part of executive management for the entire year.

## Note 13 Personnel expenses, cont.

**Gender distribution**
The current Board of Directors consists of 20 percent (33) women and 80 percent (67) men. The current management group consists of 22 percent (20) women and 78 percent (80) 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 (13) 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 398,970 thousand (437,905), and in the parent company SEK– thousand (–). Premiums paid during the year amounted to SEK 9,807 thousand (5,497) in the Group, whereof SEK - thousand (-) in the parent company.

## Note 14 Other administrative expenses

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 2022 | 2021 | 2022 | 2021 |
| Other administrative expenses include the following amounts paid to the elected auditor, EY: | | | | |
| Statutory auditing | -7,309 | -4,822 | -1,886 | -130 |
| Other auditing | -235 | – | – | – |
| Tax advice | -92 | -138 | – | – |
| Other consultancy assignments | -440 | – | – | – |
| **Total EY** | **-8,076** | **-4,960** | -1,886 | **-130** |
| Other administrative expenses include the following amounts paid to other elected auditors: | | | | |
| Statutory auditing and other elected auditors | | | | |
| PwC | -1,784 | -1,618 | – | – |
| Regen, Benz & MacKenzie | -659 | -515 | – | – |
| **Total other elected auditors** | **-2,443** | **-2,133** | – | **–** |
| **Total audit expenses** | **-10,519** | **-7,092** | -1,886 | **-130** |

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 | 2022 | 2021 |
| Computer equipment and other equipment | -10,097 | -8,039 |
| Renovations | -4,550 | -4,215 |
| Right-of-use assets | -80,242 | -85,104 |
| Other intangible assets | -71,392 | -40,474 |
| **Total depreciation and amortisation of tangible fixed assets and intangible assets** | **-166,280** | **-137,832** |

## Note 16 Credit losses, net

| | GROUP | |
|---|---|---|
| SEK 000s | 2022 | 2021 |
| Changes for the year by credit stage | | |
| Loans in Stage 1 | 2,925 | -7,196 |
| Loans in Stage 2 | -473 | -1,107 |
| Loans in Stage 3 | 566 | 516 |
| **Total** | **3,018** | **-7,786** |

Older changes attributable to the financial crisis of 2007/2008 that were previously reserved were impaired by SEK 188,716 thousand in 2021 and the corresponding provision has been reversed.

## Note 17 Taxes

| SEK 000s | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|
| Current tax expense | | | | |
| Tax expense for the year | -121,795 | -463,585 | -307 | -6 |
| Adjustment of tax attributable to previous years | -8,454 | 22,605 | – | -43 |
| **Total current tax expense** | **-130,249** | **-440,980** | **-307** | **-48** |
| Deferred tax expense (-) tax income (+) | | | | |
| Deferred tax, change for the year | -44,552 | 17,551 | – | – |
| Deferred tax, previous years | -9,564 | -546 | – | – |
| Tax effect of changed tax rate | – | -3,675 | – | – |
| **Total deferred tax expense/income** | **-54,117** | **13,330** | **–** | **–** |
| **Total recognised tax expense/income** | **-184,366** | **-427,650** | **-307** | **-48** |

### Reconciliation of effective tax

| Group, SEK 000s | 2022 Tax rate, % | 2022 Amount | 2021 Tax rate, % | 2021 Amount |
|---|---|---|---|---|
| Profit before tax | | 651,666 | | 1,994,407 |
| Tax according to prevailing tax rate for the parent company | 20.6 | -134,243 | 20.6 | -410,848 |
| Tax effects in respect of: | | | | |
| Other tax rates for foreign companies | 0.5 | -3,465 | 1.0 | -20,801 |
| Non-deductible expenses | 5.6 | -36,563 | 0.7 | -13,076 |
| Non-taxable income | -1.9 | 12,267 | -0.2 | 3,471 |
| Increase in loss carryforwards without corresponding capitalisation of deferred tax | 0.6 | -3,819 | 0.0 | -12 |
| Utilisation of non-capitalised loss carryforwards | 0.0 | – | 0.2 | -4,224 |
| Deferred tax, previous years | 1.5 | -9,564 | 0.2 | -4,221 |
| Tax attributable to previous years | 1.3 | -8,454 | -1.1 | 22,605 |
| Adjustment of taxable profit | 0.1 | -525 | 0.0 | -544 |
| **Recognised effective tax** | **28.3** | **-184,366** | **21.4** | **-427,650** |

### Reconciliation of effective tax

| Parent company, SEK 000s | 2022 Tax rate, % | 2022 Amount | 2021 Tax rate, % | 2021 Amount |
|---|---|---|---|---|
| Profit before tax | | 568,843 | | 1,200,025 |
| Tax according to prevailing tax rate for the parent company | 20.6 | -117,182 | 20.6 | -247,205 |
| Tax effects in respect of: | | | | |
| Non-deductible expenses | 0.4 | -2,233 | 0.0 | 0 |
| Non-taxable income | -20.9 | 119,108 | -20.6 | 247,200 |
| Tax attributable to previous years | 0.0 | 0 | 0.0 | -43 |
| **Recognised effective tax** | **0.1** | **-307** | **0.0** | **-48** |

## Note 18 Loans to the general public

| 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, SEK 000s | Stage 1 | Step 2 | Step 3 | 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** | **–** |
| Write-offs/Amortisation | – | – | – | **–** |
| New assets | 88,046 | 90 | 68 | 88,204 |
| FX and other 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<br>12 month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>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 | **–** |
| Write-offs/Amortisation | – | – | – | **–** |
| New assets | 1,197 | 707 | – | **1,904** |
| FX and other changes | -2,616 | -645 | 88 | **-3,172** |
| Closing balance, 31 Dec 2022 | **10,676** | **1,698** | **3** | **12,376** |

## Note 18 Loans to the general public, cont.

| Group, 31 Dec 2021, SEK 000s | Stage 1 | Step 2 | Step 3 | 2021 |
|---|---|---|---|---|
| Amortised cost | 4,069,437 | 74,594 | 48,502 | **4,192,534** |
| Credit loss allowance | -11,851 | -1,225 | -569 | **-13,645** |
| **Total loans to the general public** | **4,057,586** | **73,369** | **47,933** | **4,178,889** |

| Margin loans | | | | |
|---|---|---|---|---|
| Amortised cost | 3,332,243 | 74,594 | 48,502 | 3,455,340 |
| Credit loss allowance | -10,123 | -1,225 | -569 | -11,917 |
| **Total** | **3,322,121** | **73,369** | **47,933** | **3,443,423** |

| Mortgages | | | | |
|---|---|---|---|---|
| Amortised cost | 737,194 | – | – | 737,194 |
| Credit loss allowance | -1,728 | – | – | -1,728 |
| **Total** | **735,465** | **–** | **–** | **735,465** |

| Total loans to the general public - Exposure 2021, SEK 000s | Stage 1 12 month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | 2021 |
|---|---|---|---|---|
| Opening balance, 1 Jan 2021 | 2,825,232 | 121,728 | 204,150 | **3,151,109** |
| Transfers: | | | | |
| From Stage 1 to Stage 2 | **-13,479** | **13,479** | – | **–** |
| From Stage 1 to Stage 3 | **-12,521** | – | **12,521** | **–** |
| From Stage 2 to Stage 3 | – | – | – | **–** |
| From Stage 3 to Stage 2 | – | 17,002 | -17,002 | **–** |
| From Stage 2 to Stage 1 | **70,362** | **-70,362** | – | **–** |
| From Stage 3 to Stage 1 | **163,922** | – | **-163,922** | **–** |
| Write-offs/Amortisation | – | – | – | **–** |
| New assets | 354,955 | 39,339 | 35,974 | 430,267 |
| FX and other changes | **669,115** | **-47,816** | **-23,788** | **597,512** |
| Closing balance, 31 Dec 2021 | 4,057,586 | 73,369 | 47,933 | 4,178,889 |

| Total loans to the general public ECL 2021, SEK 000s | Stage 1 12 month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| Opening balance, 1 Jan 2021 | **5,177** | **118** | **1,085** | **6,381** |
| Transfers: | | | | |
| From Stage 1 to Stage 2 | -40 | 40 | – | **–** |
| From Stage 1 to Stage 3 | -562 | – | 562 | **–** |
| From Stage 2 to Stage 3 | – | – | – | **–** |
| From Stage 3 to Stage 2 | – | 392 | -392 | **–** |
| From Stage 2 to Stage 1 | 194 | -194 | – | **–** |
| From Stage 3 to Stage 1 | 1,069 | – | -1,069 | **–** |
| Write-offs/Amortisation | – | – | – | **–** |
| New assets | 4,528 | 670 | – | **5,198** |
| FX and other changes | 1,485 | 199 | 383 | **2,066** |
| Closing balance, 31 Dec 2021 | **11,851** | **1,225** | **569** | **13,645** |

## Note 19 Financial instruments

### 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 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** |

### Classification of financial instruments 2021

| Group, 31 Dec 2021, SEKm | Amortised cost | Fair value through profit or loss | Non-financial assets/liabilities | Total |
|---|---|---|---|---|
| Assets | | | | |
| Cash and bank deposits with central banks | 1,289 | – | – | **1,289** |
| Negotiable government securities | 6,525 | – | – | **6,525** |
| Loans to credit institutions | 5,626 | – | – | **5,626** |
| Loans to the general public | 4,179 | – | – | **4,179** |
| Bonds and other interest-bearing securities | 1,632 | 6 | – | **1,638** |
| Shares and participating interests | – | 884 | – | **884** |
| Derivative instruments | – | 10 | – | **10** |
| Other assets | 336 | – | 167 | **504** |
| Prepaid expenses and accrued income | 288 | – | 77 | **364** |
| **Total** | **19,874** | **900** | **244** | **21,018** |
| **Liabilities** | | | | |
| Liabilities to credit institutions | 54 | – | – | **54** |
| Deposits and borrowing from the public | 14,355 | – | – | **14,355** |
| Short positions, shares | – | 63 | – | **63** |
| Derivative instruments | – | 13 | – | **13** |
| Other liabilities | 859 | – | 138 | **996** |
| Accrued expenses and prepaid income | 2,099 | – | – | **2,099** |
| **Total** | **17,366** | **75** | **138** | **17,579** |

## 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 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 participating interests | 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 public | – | 13,295 | – | **13,295** |
| Other liabilities | – | 678 | – | **678** |
| Accrued expenses | – | 1,094 | – | **1,094** |
| Total | **–** | **15,084** | **–** | **15,084** |

## Note 19 Financial instruments, cont.

### Fair value 2021

| Group, 31 Dec 2021, SEKm | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets recognised at fair value** | | | | |
| Bonds and other interest-bearing securities | – | 6 | – | **6** |
| Shares and participating interests | 849 | – | 35 | **884** |
| Derivative instruments | – | 10 | – | **10** |
| **Total** | **849** | **16** | **35** | **900** |
| **Financial assets recognised at fair value for disclosure purposes** | | | | |
| Cash and bank deposits with central banks | – | 1,289 | – | **1,289** |
| Negotiable government securities | – | 6,523 | – | **6,523** |
| Loans to credit institutions | – | 5,626 | – | **5,626** |
| Loans to the general public | – | 4,179 | – | **4,179** |
| Bonds and other interest-bearing securities | 1,626 | – | – | **1,626** |
| Other assets | – | 336 | – | **336** |
| Accrued income | – | 288 | – | **288** |
| **Total** | **1,626** | **18,241** | **–** | **19,867** |
| **Financial liabilities recognised at fair value** | | | | |
| Short positions, shares | 63 | – | – | **63** |
| Derivative instruments | – | 13 | – | **13** |
| **Total** | **63** | **13** | **–** | **75** |
| **Financial liabilities recognised at fair value for disclosure purposes** | | | | |
| Liabilities to credit institutions | – | 54 | – | **54** |
| Deposits and borrowing from the public | – | 14,355 | – | **14,355** |
| Other liabilities | – | 859 | – | **859** |
| Accrued expenses | – | 2,099 | – | **2,099** |
| **Total** | **–** | **17,366** | **–** | **17,366** |

**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**
There have been no transfers between the levels during the year or during the comparison periods.

| Changes in Level 3 (SEKm) | Shares and participations |
|---|---|
| Financial assets | |
| Opening balance, 1 January 2022 | 35 |
| Profit and loss in the statement of comprehensive income | -20 |
| Purchases | 219 |
| Sales | -20 |
| Exchange-rate changes | – |
| **Closing balance, 31/12/2022** | **214** |

## Note 19 Financial instruments, cont.

### Financial assets and liabilities subject to offsetting 2022

| Group, 31 Dec 2022, SEKm | Gross amounts | Offset | Net amounts on statement of financial position |
|---|---|---|---|
| Assets | | | |
| Trade and client receivables[1)] | 2,629 | -2,286 | 342 |
| Liabilities | | | |
| Trade and client payables[2)] | 2,325 | -2,286 | 38 |

### Financial assets and liabilities subject to offsetting 2021

| Group, 31 Dec 2021, SEKm | Gross amounts | Offset | Net amounts on statement of financial position |
|---|---|---|---|
| Assets | | | |
| Trade and client receivables[1)] | 3,083 | -2,983 | 100 |
| Liabilities | | | |
| Trade and client payables[2)] | 3,134 | -2,983 | 151 |

[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 2022 | 31 Dec 2021 |
| Bonds and other interest-bearing securities | | |
| Listed | 2,783,549 | 1,637,704 |
| Unlisted | – | – |
| | **2,783,549** | **1,637,704** |
| Swedish government bodies | – | – |
| Other Swedish issuers | 2,322,477 | 1,637,881 |
| Foreign government bodies | – | – |
| Other foreign issuers | 461,190 | 209 |
| Credit loss allowances | -117 | -386 |
| | **2,783,549** | **1,637,704** |

All credit loss allowances are attributable to Stage 1.

| | | |
|---|---|---|
| Shares and participations | | |
| Listed | 397,855 | 848,435 |
| Unlisted | 215,267 | 35,340 |
| | **613,122** | **883,776** |

## Note 21 Shares and participations in Group companies

| | PARENT COMPANY | |
|---|---|---|
| SEK 000s | 31 Dec 2022 | 31 Dec 2021 |
| Opening balance, cost of shares and participations in Group companies, 1 January | 1,780,084 | 1,780,084 |
| Non-cash issue | 996,131 | |
| **Closing balance, cost of shares and participations in Group companies, 31 December** | **2,776,215** | **1,780,084** |

| 2022 | Corporate Reg. No. | Reg. office | No. of shares | Carrying amount 2022 | Equity 2022[1] |
|---|---|---|---|---|---|
| Carnegie Fonder AB | 556266–6049 | Stockholm | 93.75 | 733,409 | 248,669 |
| Holberg Fondsforvaltning AS | 982076218 | Bergen | 70 | 213,011 | 51,675 |
| CAAM Fund Services AB | 556648-5832 | Stockholm | 100 | 49,710 | 44,886 |
| Carnegie Investment Bank AB (publ)[2)] | 516406-0138 | Stockholm | 400,000 | 1,780,084 | 2,174,871 |
| *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)] | 936 310 974 | 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 AB | 556946-9355 | Stockholm | 50 | | |
| Carnegie Fastigheter AB | 556946-9371 | Stockholm | 50 | | |
| Carnegie Fund Services S.A. | B 158409 | Luxembourg | 500 | | |
| Total | | | | 2,776,215 | 2,520,101 |

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

## Note 22 Intangible assets

| SEK 000s | GOODWILL 2022 | GOODWILL 2021 | BRANDS 2022 | BRANDS 2021 | CUSTOMER RELATIONSHIPS 2022 | CUSTOMER RELATIONSHIPS 2021 | DISTRIBUTION CONTRACTS 2022 | DISTRIBUTION CONTRACTS 2021 | CAPITALISED EXPENDITURE 2022 | CAPITALISED EXPENDITURE 2021 | TOTAL 2022 | TOTAL 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated cost** | | | | | | | | | | | | |
| Opening balance | 667,952 | 421,823 | 27,801 | – | 197,763 | 172,020 | 238,107 | 194,258 | 14,803 | 65,690 | 1,146,425 | 853,791 |
| Business combinations | – | 163,086 | – | 27,308 | – | 25,286 | – | 43,071 | – | – | – | 258,750 |
| Acquired assets | – | 80,540 | – | – | – | – | – | – | – | 5,307 | – | 85,847 |
| Purchases | – | – | – | – | – | – | – | – | 823 | – | 823 | – |
| Disposals and retirements | – | – | – | – | – | – | – | – | – | -56,542 | – | -56,542 |
| Translation differences for the year | 5,703 | 2,503 | 957 | 493 | 887 | 457 | 1,510 | 778 | 196 | 348 | 8,295 | 4,579 |
| **Closing 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** |
| **Accumulated amortisation and impairments** | | | | | | | | | | | | |
| Opening balance | – | – | – | – | -99,098 | -88,352 | -146,555 | -142,901 | -13,527 | -39,460 | -259,180 | -270,713 |
| Acquired assets | – | – | – | – | – | – | – | – | – | -4,065 | – | -4,065 |
| Amortisation for the year | – | – | – | – | -11,238 | -10,688 | -4,491 | -3,556 | -923 | -26,230 | -16,652 | -40,474 |
| Impairments for the year | -54,740 | – | – | – | – | – | – | – | – | – | -54,740 | – |
| Sale/scrapping | – | – | – | – | – | – | – | – | – | 56,542 | – | 56,542 |
| Translation differences for the year | – | – | – | – | -100 | -58 | -171 | -98 | -154 | -314 | -425 | -470 |
| **Closing balance** | **-54,740** | – | – | – | **-110,436** | **-99,098** | **-151,217** | **-146,555** | **-14,604** | **-13,527** | **-330,997** | **-259,180** |
| **Carrying amount at the end of the year** | **618,914** | **667,952** | **28,758** | **27,801** | **88,214** | **98,665** | **88,400** | **91,551** | **1,218** | **1,276** | **825,504** | **887,246** |

Goodwill, brands, client relationships and distribution agreements are attributable to the fund companies and capitalised expenditure is attributable in all material respects to the Carnegie Investment Bank group.

The Group tests intangible assets with indeterminable useful lives 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. The intangible assets are tested at the lowest levels where there are separate identifiable cash flows (cash generating units). Carnegie Group has tested assets with indeterminable useful lives based on recognised carrying amounts as of the acquisition date, 29 November. 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. Value in use is based on a discounted dividend model prepared by an external party. The model covers a forecast period of five years and includes assumptions about the equity and bond markets, the annual growth of assets under management in the subsidiaries and operating expenses. Dividends beyond the stated period have been extrapolated using an assessed growth rate of 2 percent. The discount rate used is 12 percent. The aforementioned test showed an indication of goodwill impairment of SEK 55 million attributable to Holberg Fondforvaltnings A/S.

A sensitivity analysis was performed in the estimation of value in use in connection with the impairment test, whereupon the growth of the equity and bond markets was adjusted by 7 percent.

## Note 23 Tangible fixed assets

| SEK 000s | GROUP 31 Dec 2022 | GROUP 31 Dec 2021 |
|---|---|---|
| **Computer equipment and other equipment** | | |
| Cost on the opening date | 182,779 | 201,295 |
| Translation differences | 6,472 | 6,668 |
| Acquisitions during the year | 26,724 | 15,470 |
| Sale/scrapping | -1,066 | -40,655 |
| **Cost on the closing date** | **214,910** | **182,779** |
| Depreciation on the opening date | -148,355 | -174,836 |
| Translation differences | -5,194 | -6,117 |
| Sale/scrapping | 946 | 40,637 |
| Depreciation for the year | -10,097 | -8,039 |
| **Depreciation on the closing date** | **-162,701** | **-148,355** |
| **Computer equipment and other equipment** | **52,209** | **34,423** |
| **Renovation of leased premises** | | |
| Cost on the opening date | 103,458 | 98,156 |
| Translation differences | 5,014 | 2,986 |
| Acquisitions during the year | 4,376 | 2,315 |
| Sale/scrapping | -4,777 | – |
| **Cost on the closing date** | **108,071** | **103,458** |

| SEK 000s | GROUP 31 Dec 2022 | GROUP 31 Dec 2021 |
|---|---|---|
| Amortisation on the opening date | -93,779 | -86,924 |
| Translation differences | -4,645 | -2,640 |
| Sale/scrapping | 3,925 | – |
| Depreciation for the year | -4,550 | -4,215 |
| **Depreciation on the closing date** | **-99,049** | **-93,779** |
| **Total renovation of leased premises** | **9,022** | **9,679** |
| **Right-of-use assets (IFRS 16)** | | |
| Cost on the opening date | 571,300 | 392,995 |
| Translation differences | 10,139 | 11,101 |
| Acquisitions during the year | 34,099 | 167,554 |
| Sale/scrapping | -11,808 | -350 |
| **Cost on the closing date** | **603,730** | **571,300** |
| Depreciation on the opening date | -218,068 | -128,487 |
| Translation differences | -4,800 | -3,233 |
| Sale/scrapping | 11,295 | 309 |
| Depreciation for the year | -80,242 | -86,657 |
| **Depreciation on the closing date** | **-291,815** | **-218,068** |
| **Total right-of-use assets** | **311,915** | **353,232** |
| **Total tangible fixed assets** | **373,146** | **397,334** |

## Note 24 Deferred tax assets/liabilities

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Deferred tax assets | | | | |
| Pensions | 79,088 | 87,751 | – | – |
| Capitalised loss carryforwards[1)] | 7,392 | 1,584 | – | – |
| Other | 33,496 | 71,943 | – | – |
| **Total deferred tax assets** | **119,976** | **161,278** | **–** | **–** |
| Deferred tax liabilities | | | | |
| Intangible assets | 60,730 | 49,374 | – | – |
| **Total deferred tax liabilities** | **60,730** | **49,374** | **–** | **–** |

| 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, 2022, SEK 000s | | | | |
| Pensions | 87,751 | -8,663 | – | 79,088 |
| Capitalised loss carryforwards[1)] | 1,584 | 5,427 | 380 | 7,392 |
| Other | 71,943 | -37,504 | -942 | 33,496 |
| **Total** | **161,278** | **-40,740** | **-563** | **119,976** |

| 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, 2022, SEK 000s | | | | |
| Intangible assets | 49,374 | 13,377 | -2,021 | 60,730 |
| **Total** | **49,374** | **13,377** | **-2,021** | **60,730** |

[1] Capitalised loss carryforwards in the Group refer to Carnegie, Inc.

## Note 25 Other assets

| | GROUP | |
|---|---|---|
| SEK 000s | 31 Dec 2022 | 31 Dec 2021 |
| Trade and client receivables | 342,157 | 99,899 |
| Accounts receivable | 89,931 | 201,918 |
| Issue proceeds | 8,897 | 34,343 |
| Other | 124,136 | 167,437 |
| **Total other assets** | **565,121** | **503,596** |

Other assets have a remaining maturity of less than one year. The ECL allowance for client receivables amounted to SEK 953 thousand (2,099) on 31 December. All credit loss allowances are attributable to Stage 1.

## Note 26 Prepaid expenses and accrued income

| | GROUP | |
|---|---|---|
| SEK 000s | 31 Dec 2022 | 31 Dec 2021 |
| Accrued interest | 2,273 | 55 |
| Personnel-related expenses | 4,250 | 3,391 |
| Management charges | 91,799 | 131,687 |
| Accrued income | 15,871 | 151,650 |
| Prepaid expenses | 86,651 | 77,344 |
| **Total prepaid expenses and accrued income** | **200,844** | **364,127** |

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

## Note 27 Other liabilities

| SEK 000s | GROUP 31 Dec 2022 | GROUP 31 Dec 2021 | PARENT COMPANY 31 Dec 2022 | PARENT COMPANY 31 Dec 2021 |
|---|---|---|---|---|
| Trade and client payables | 38,392 | 150,827 | – | – |
| Trade accounts payable | 244,945 | 275,603 | 857 | – |
| Issue proceeds | 81,309 | 35,789 | – | – |
| Lease liability | 313,526 | 348,411 | – | – |
| Other | 86,322 | 185,833 | 8,742 | 16 |
| **Total other liabilities** | **764,494** | **996,462** | **9,599** | **16** |

Other liabilities have a remaining maturity of less than one year, except for the lease liability.

## Note 28 Prepaid expenses and accrued income

| SEK 000s | GROUP 31 Dec 2022 | GROUP 31 Dec 2021 | PARENT COMPANY 31 Dec 2022 | PARENT COMPANY 31 Dec 2021 |
|---|---|---|---|---|
| Accrued interest | 1,425 | 1,539 | – | – |
| Fees | 133,578 | 169,843 | – | – |
| Personnel-related expenses | 898,581 | 1,843,594 | – | – |
| Prepaid expenses | 48,628 | 70,132 | – | 17,980 |
| Other | 11,875 | 13,618 | 1,866 | 14 |
| **Total prepaid expenses and accrued income** | **1,094,087** | **2,098,726** | **1,866** | **17,994** |

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

## Note 29 Other provisions

| SEK 000s | GROUP 31 Dec 2022 | GROUP 31 Dec 2021 |
|---|---|---|
| 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 | 59,908 | 50,433 |
| Translation differences | 192 | 132 |
| Utilised amounts | -10,531 | -654 |
| Reversal, unutilised amounts | – | -190 |
| Provisions for the year | 4,992 | 10,187 |
| **Closing balance,provisions** | **54,561** | **59,908** |
| **Total other provisions** | **65,881** | **71,228** |

Most of the provisions are expected to be utilised during 2023 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

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. See also Note 1. Preparation of the consolidated accounts was thus based on historical acquisition analyses from the date Altor Fund III gained control over the acquired entities. The entities were acquired through non-cash issues. For the Group, the acquisitions entail a larger share of recurring revenues and thus a more balanced revenue stream over time.

As of 31 December 2020, the restoration of Carnegie Fonder AB had contributed net assets of SEK 273 million and surplus value of SEK 529 million. As of 31 December 2022, the residual value of net assets amounted to SEK 249 million and the residual value of surplus value to SEK 515 million. The amounts include NCI holdings.

Altor Fund III gained control over Holberg Fondsforvaltning A/S on 16 March 2021 and the company is thus included in comparative figures from that date. The acquisition was made in NOK, but the acquisition analysis shown here is denominated in SEK.

There are no intangible assets attributable to CAAM Fund Services AB.

Of total consolidated revenues in 2022, 15 percent (11) is attributable to the above companies. Transaction costs of SEK 40 million related to the acquisitions have been recognised as an expense in profit and loss, of which SEK 30 million in 2022 and the remainder in 2021.

| | GROUP |
|---|---|
| Acquisition analysis Holberg Fondsforvaltning A/S | 16 March 2021 |
| | SEKm |
| Intangible assets | 97.6 |
| Non-current assets | 0.4 |
| Other current assets | 19.9 |
| Trade accounts payable | -21.0 |
| Other current liabilities | -27.8 |
| Deferred tax | -23.9 |
| Current tax | -4.5 |
| **Identifiable net assets and liabilities** | **40.6** |
| Non-controlling interests | 30.5 |
| Goodwill and surplus value | 162.7 |
| **Purchase price** | **233.8** |
| Cash and bank balances in acquired entity | -8.5 |
| Acquisition costs | -9.1 |
| **Net cash flow** | **216.1** |

## Note 31 Pledged assets and contingent liabilities

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Assets pledged for own debt** | | | | |
| Pledged assets for: | | | | |
| Deposited securities | 327,962 | 687,609 | | |
| whereof pledged cash | 327,962 | 687,609 | | |
| Derivative instruments | 65,786 | 46,483 | | |
| whereof own pledged securities | 19,097 | 46,483 | | |
| whereof pledged cash | 46,689 | – | | |
| Other liabilities | 10,937 | 10,940 | | |
| whereof pledged cash | 10,937 | 10,940 | | |
| **Total pledged assets for own liabilities** | **404,686** | **745,032** | | |
| **Other pledged assets** | | | | |
| Pledged assets for: | | | | |
| Deposited securities on clients' account | 776,810 | 440,558 | | |
| whereof own pledged securities | 576,245 | 353,693 | | |
| whereof pledged cash | 200,565 | 86,865 | | |
| Derivative instruments on clients' account | 241,092 | 216,639 | | |
| whereof own pledged securities | 208,058 | 181,890 | | |
| whereof pledged cash | 33,034 | 34,749 | | |
| Trade in securities on clients' and own account | 14,039 | 60,314 | | |
| whereof own pledged securities | – | – | | |
| whereof pledged client securities | 0 | 631 | | |
| whereof pledged cash | 14,039 | 59,683 | | |
| **Total other pledged assets** | **1,031,940** | **717,510** | | |
| **Contingent liabilities and guarantees** | | | | |
| Contingent liabilities[1)] | 112,509 | 112,509 | | 112,509 |
| Guarantees | 167,135 | 289,344 | | – |
| **Total contingent liabilities and guarantees** | **279,643** | **349,027** | | **112,509** |

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, i.e., 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 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Related-party transactions with the CEO, board of directors and Group management** | | | | |
| Deposits/liability | 2,450 | 17,827 | – | – |
| Interest expenses | 16 | 8 | – | – |
| Lending/assets | – | 4,463 | – | – |
| Interest income | – | 59 | – | – |
| Pledged assets and guarantees | – | 30,700 | – | – |
| **Related-party transactions with Group companies** | | | | |
| Deposits/liability | – | | 69,587 | – |
| Interest expenses | – | | 464 | 1 |
| Lending/assets | – | | 35,000 | 13,024 |
| **Related-party transactions with the owners** | | | | |
| Deposits/liability | 34,734 | 99 | – | – |
| Interest expenses | 12 | – | – | – |
| Purchases | 6,000 | 6,029 | – | – |
| Sales | 3,084 | 3,632 | – | – |

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

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **Related-party transactions with others** | | | | |
| Deposits/liability | 4,818 | 5,828 | – | – |
| Interest expenses | 5 | – | – | – |
| Lending/assets | 4,289 | 4,064 | – | - |
| Sales | 15,101 | 17,369 | – | – |

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

## Note 33 Information on statements of cash flows

| SEK 000s | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|
| Dividends received | – | – | 1,209,300 | 305,000 |
| Interest paid | -52,054 | -37,438 | -464 | -1 |
| Interest received | 324,822 | 87,789 | 25 | – |
| **Adjustment for items not affecting cash flow** | | | | |
| Anticipated dividends and Group contributions, subsidiaries | – | – | -613,196 | -1,209,300 |
| Depreciation, amortisation and impairment of assets | 166,280 | 137,832 | – | – |
| Change in provisions for balance sheet items | -6,167 | 8,761 | – | – |
| Unrealised changes in value of financial instruments | 20,623 | 10,113 | – | – |
| **Total adjustments for items not affecting cash flow** | **180,736** | **156,706** | **-613,196** | **-1,209,300** |

| SEK 000s | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|
| **Cash and cash equivalents[1)]** | | | | |
| Cash and bank deposits with central banks | 1,286,865 | 1,289,229 | – | – |
| Negotiable government securities | 6,017,616 | 6,524,599 | – | – |
| Loans to credit institutions | 3,086,234 | 5,626,241 | 1,520 | 3,820 |
| Loans to credit institutions, not payable on demand | -160,615 | -1,528,401 | – | – |
| Less: client funds | -643,019 | -997,769 | – | – |
| Less: cash and cash equivalents pledged as collateral | -129,330 | -118,262 | – | – |
| **Cash at end of year** | **9,457,751** | **10,795,635** | **1,520** | **3,820** |

[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 expenses incurred 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 the two 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 2022 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.

During the year, 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 are 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 2022

In February 2023, Björn Jansson notified the company of his resignation as the CEO of Carnegie in April 2023. At that date, Tony Elofsson will be appointed CEO of Carnegie Holding AB and Carnegie Investment Bank AB. Tony Elofsson has been with Carnegie since 2002 and is currently the Nordic Head of Investment Banking. 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 annual report was approved for publication by the Board of Directors on 29 March 2023.

## Not 36 Disposition of profit

| | |
|---|---|
| **Disposition of profit** | |
| At the disposal of the annual general meeting, SEK | |
| Share premium reserve | 1,645,697,000 |
| Retained earnings | 1,100,373,227 |
| Net profit for the year | 568,535,909 |
| **Total** | **3,314,606,137** |
| The Board of Directors proposes the following disposition of profit: | |
| Dividend to shareholders | 500,000,000 |
| To be carried forward | 2,814,606,137 |
| **Total** | **3,314,606,137** |

# 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, 31 March 2023

Anders Johnsson
Board Chair

Ingrid Bojner

Klas Johansson

Andreas Rosenlew

Harald Mix

Björn Jansson
President and CEO

Our audit report was submitted 4 April 2023

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 of 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 2022. The annual accounts and consolidated accounts of the company are included on pages 45-86 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 2022 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 2022 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 4,531 million for the Group as of 31 December 2022.

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 matter 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 matter 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 fund businesses

Detailed disclosures and a description of the matter are provided in the annual report. The accounting policies are described in Note 1 Company information – Prerequisite for consolidation and Note 5 "Applied accounting policies". Disclosures are also provided in Note 30 Acquired Businesses, Note 21 Shares and participations in group companies, Note 22 Intangible Assets, Note 15 Depreciations and Impairments of intangible and tangible assets. Disclosures are also provided in the Board of Directors´report.

**Description**

During the year Carnegie acquired Carnegie Fonder AB and Holberg Fondsforvaltning A/S (the fund companies) from Altor Fund III, thus the same fund that has controlling influence over Carnegie Holding AB. The transaction has thus been between entities that are under common control. Book value of the acquired net assets in the group are at year end SEK 1 026 million which includes goodwill of SEK 619 million and other intangible assets of SEK 207 million. Impairment of goodwill of SEK 55 million is presented in the Group's income statement. Book value of acquired subsidiaries are at year end SEK 996 million in the parent company.

In the absence of an IFRS that is specifically applicable to a transaction, IAS 8 requires management to use its best judgment in developing and applying an accounting principle that results in information that is relevant and reliable. As the transaction took place between companies that are under common control, no purchase price allocation is prepared. Holberg Fondsforvaltning A/S is reported in the Carnegie Group at the same book value as the company had in the selling group. Carnegie Fonder AB has previously been part of the Carnegie Group and the original PPA from 2006 has therefore formed the basis for the book value. The comparative figures in the consolidated accounts have been recalculated to reflect the Group as if Carnegie has owned the acquired companies throughout the periods presented.

Based on the complexity of the accounting treatment of transactions between companies under common control we consider the acquisition of fund businesses a key audit matter.

**How our audit addressed this key audit matter**

As part of our audit, we have reviewed essential documents related to the acquisition such as agreements, accounting documents and documents for valuation. We have used a substantive audit approach regarding the transaction.

We have obtained and with the help of valuation specialists reviewed the valuation that the company prepared related to the fund companies and which was the basis for the issue in kind that was carried out and reported in the parent company and the write-down of goodwill that was made in the Group. The procedures have included review of the chosen valuation methodology, review of the assumptions used and testing of the arithmetical correctness of the models. We performed comparative calculations to test the reasonableness of significant assumptions used in developing the estimate used in the valuation. We also performed comparative calculations to test the assumptions in aggregate.

Furthermore, we have reviewed the principles that the company applies in the consolidated accounts regarding the acquisition and have obtained supporting documentation from previous years when Carnegie Fonder AB was part of the Carnegie Group. We have instructed Carneo's auditors to audit and report to us regarding Carneo's acquisition of Holberg Fondsforvaltning A/S in 2021. We have reviewed that the fund companies are accounted for in the group as described in the accounting principles.

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

**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 1-44 and 91-103. 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 2022 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.

Stockholm, 4 April 2023
Ernst & Young AB

Mona Alfredsson
Authorized Public Accountant

# Sustainability disclosures

The sustainability report is an integrated part of Carnegie's annual report as our responsibility arises from the core business and the opportunity to make a difference. The sustainability report describes how Carnegie is working with the sustainability topics we consider most material to us and our stakeholders.

Carnegie's general ambition for the sustainability report is that it should be transparent and relevant and our stakeholders must be able to easily learn about our sustainability efforts and gain good understanding of our performance. This part of the sustainability report presents governance, events and outcomes for the year and provides in-depth explanations, context and details about topics that have also been addressed earlier in the annual report. The sustainability disclosures should be understood as part of Carnegie's sustainability report for 2022. The disclosures are structured according to our key sustainability topics.

## ABOUT THE SUSTAINABILITY REPORT

Carnegie's sustainability report, as required by the Annual Accounts Act (1995:1554), describes Carnegie's business model on pages 6-7 and sustainability risks on pages 89-98. In addition, our most material risks are fully described in the Risks and risk management section on pages 48-51. This is Carnegie's sixth sustainability report and covers the calendar year of 2022. Carnegie intends to report is sustainability work annually.

### Reporting profile and delimitations

The sustainability report describes the areas in which Carnegie has significant influence. Unless otherwise specified, the disclosures refer to the Carnegie Group, which comprises the parent company, Carnegie Holding, and the wholly owned subsidiaries Carnegie Investment Bank AB, Carnegie Fonder, Holberg Fondsforvaltning ('Holberg') and CAAM Fund Services ('CAAM') in which all business is conducted. The delimitations of the report are described in each section or in remarks on charts and tables. The figures reported refer to the 2022 financial year and the comparative year, 2021. Reported figures based on Carnegie's employee survey refer only to Carnegie Investment Bank.

### Accounting policies

The accounting policies applied to financial reporting are provided in the section on Group accounting policies on pages 60-64. The employee data are based on verified figures and are reported within the framework of regular reporting.

## SUSTAINABILITY GOVERNANCE

### Introduction, strategy and objectives

Carnegie's governance model ensures that the Group has the capacity to translate our competence 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, positions taken and business orientation.

Sustainability work is an integrated part of Carnegie's business plan and is thus included in Carnegie's strategic orientation and objectives. Sustainability is also naturally integrated in Carnegie's business processes, advisory and products.

Carnegie's long-term strategy to secure competitiveness and further enhance the strong trust in us among our clients, employees, the market, owners and society, is based on several long-term business objectives. Carnegie's core skills are central: assisting clients with sustainable financial advisory and asset management, and being responsible stewards of Carnegie's role in the financial ecosystem. Through being a meeting place for knowledge, capital and companies, Carnegie can contribute to sustainable business and infrastructure that is driven by innovation and focuses on sustainable investments. 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 disclosures in reporting. 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, contributing to sustainable development and transition to a climate-neutral economy is a priority for Carnegie. Supported by the company's combined expertise in analysis, management and entrepreneurship, Carnegie's employees are working with Agenda 2030 and the 17 UN Sustainable Development Goals (SDGs). We consider six of these goals particularly important and relevant to our business. We are contributing in various ways to attaining the selected goals that harmonise with our 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 more relevant corporate policies in the area 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, Inclusion and Equal Opportunity Policy
- Remuneration Policy

The Board of Directors decides 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 mission of helping companies, capital and society to grow sustainably.

The Group CFO will head up Carnegie's sustainability programme going forward. The Group's Head of Communications and Sustainability are responsible for the work and report directly to the Group CFO. Their mission is to drive sustainability topics that are relevant to Carnegie Group, which includes implementation of regulations and sustainability-related targets and monitoring. Efforts with sustainability topics involve numerous competencies within the Groups, such as the head of operational risk, head of regulatory compliance, head of anti-money laundering, head of IT security and the head of HR.

The sustainability programme is a key focus area in all business areas and subsidiaries within Carnegie Group. Each business area pursues its own efforts to integrate sustainability in its business and has appointed individuals to manage sustainability topics in the business. There have been various initiatives in the areas of sustainability and ESG in recent years. These include initiatives to increase knowledge among employees, related first and foremost to regulations connected to sustainability, as well as contributing to knowledge generally in various external forums. Carnegie Fonder has developed a proprietary ESG analysis tool, THOR, which ensures that sustainability topics are integrated with traditional financial analysis. The other fund company, Holberg, has developed the Tellus ESG model, which combines external data with internal qualitative assessment and improves the quality of our ESG research.

## 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 respective 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 and 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 included a sustainability criterion in performance targets for Group-level senior management personnel.

See pages 40-41 for more information about remuneration and page 70 for details of remuneration to the President and CEO, executive management and the Board of Directors.

## Sustainability risks

### Integration of sustainability risks

Working actively with sustainability risks is important to Carnegie and critical to maintaining the trust of our clients, the market and employees. Carnegie continued the effort to integrate sustainability risks in our risk management framework during the year. Important tools in this effort include scenario analyses within the framework of ICLAAP, risk assessment exercises on the theme of sustainability risk at the company level and for each business area 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 material 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 environmental, social or governance 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, financial adviser, lender, employer and buyer. These risks are managed as an integrated component of our business processes. This includes, for example, efforts to integrate 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.

## MEMBERSHIPS, COMMITMENTS AND NETWORKS

By committing to adhere to specific objectives and goals, we adopt clear targets that are reviewed and require monitoring. Through our membership in associations and networks, we can make joint impact towards creating a more sustainable world while spreading and gaining knowledge.

**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 and discretionary 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 jointed 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 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)
- Women's Career Network (Sweden)
- 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 because Carnegie believes that stakeholder trust is a joint effort. Carnegie has numerous forms of engagement and paths of communication with clients and other key stakeholders. 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
- Rating institutions
- 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**
Carnegie Holding AB is owned by Altor Fund III and employees of Carnegie. The owners exert governance primarily through the general meeting and the Board of Directors appointed by the meeting.

**Society**
Carnegie engages in ongoing dialogue with regulators such as Finansinspektionen and regulatory bodies in the Nordic region and other countries where Carnegie operates. The focus of shareholder engagement at Carnegie in 2022 was on aspects related to climate impact, equal opportunity, enterprise and entrepreneurship.

## MONITORING AND EVALUATION

**Materiality analysis**

The Carnegie Group as it was then structured conducted a materiality analysis in autumn 2021 to identify the sustainability topics the bank should focus on and report. The materiality analysis is based on stakeholder engagement processes in which we studied the sustainability aspects that Carnegie's stakeholders consider the most important, as well as a sustainability impact assessment that identified Carnegie's impact on sustainability and how sustainability impacts Carnegie's business in terms of both risks and opportunities. Stakeholder engagement was carried out through a combined method that included qualitative interviews with clients, employees, directors and owners, as well as a quantitative employee survey distributed to all employees of the Group as it was then structured. The impact assessment was carried out as a desktop assessment supported by external sustainability experts and internal key functions.

The results of the materiality analysis were presented and support for it was established through a workshop with executive management. Based on the workshop, three focus areas were identified in which Carnegie is working with targets and follow-up.

Our three sustainability-related focus areas are: responsible business, responsible advisory and responsible employer.

### Material sustainability topics

The results of the materiality analysis conducted in 2021 and validated via the quantitative employee survey 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; increasing diversity and equal opportunity; and integrating sustainability in advisory, products and product development. We have chosen in 2022 to re-write our material sustainability topics compared to how they were described in our last sustainability report in order to more clearly communicate our material sustainability topics and focus areas. The 'responsible business' focus area includes our efforts to contribute to mitigating climate change.

### 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. 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 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

**Focus**
Strategic sustainability areas that have the most positive impact, contribute to brand positioning and enhance client preference for Carnegie.

- Promote equal opportunity and diversity
- 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 wellbeing
- 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

**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 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 working to achieve greater diversity and equal opportunity. 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 wellbeing
- 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 analysis. In addition, management has chosen to add a separate target linked to Carnegie's corporate responsibility to reduce climate impact and our own resource consumption, even though this was not among the top-priority targets according to the materiality analysis

| 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 equal opportunity and diversity | Ensure a non-discriminatory workplace company-wide |
| Responsible employer | Promote equal opportunity and diversity | 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 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 and in asset 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 for AML & KYC provide support for transparent risk assessments based on solid input and for rejecting business thought to entail risk of damaging trust in Carnegie among employees, clients or in general. 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 2022 | Outcome 2021 |
|---|---|---|---|---|---|
| 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% | 87% |
| 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% | 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 analysis tool in which all holdings are thoroughly 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. In February 2022, all Holberg equity funds and credit funds transitioned to becoming Article 8 funds (the EU's classification of funds that promote sustainability but for which sustainability is not the main objective of fund management). As of February 2023, our Investment Grade fixed income fund is also included in the classification.

| Focus area | Key sustainability topics | Target | KPI | Outcome 2022 | Outcome 2021 |
|---|---|---|---|---|---|
| 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 companies that are ESG screened in our asset management | 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, with sound and sustainable growth and profitability. This is prerequisite for our ability to grow and play an active and 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 the guidelines issued by the Swedish Anti-Corruption Institute, 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

**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 during the year 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) was 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 lists 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 and bribery in 2022. 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 suspected irregularities, i.e., 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. It is intended as an important tool to protect high standards of corporate governance and safeguard the trust of clients and the public in our business. Our whistleblowing function is anonymous and 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, seek to understand the consequences and implement measures to minimise risk on an ongoing basis.

Carnegie's information security work is governed by 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 2022. We are investing in the area and carrying 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 NIS2 Directive, which improves capacity to manage threats against critical infrastructure.

We had no documented complaints regarding breaches of client privacy or losses of client data in 2022.

**Sound risk culture and regulatory compliance**

Carnegie believes it is imperative to maintain a sound risk culture. A common and sound 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 six 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.

| | | 2022 | 2021 |
|---|---|---|---|
| Measurement of risk culture and KPIs | % | 86 | 84 |
| Response frequency | % | 96 | 94 |

#### 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 and help our employees become more knowledgeable about the effects of climate change.

We are working to further develop our climate disclosures in a transparent and objective manner. We have begun gathering data in response to growing demand for increased information about corporate climate-related risks and opportunities. To obtain a full picture of our climate footprint, we need to expand our data collection and emissions reporting linked to our investments. This effort is ongoing. The next step will be to define measurable goals and targets and actions to attain them. We already use 100 percent renewable energy in all of our Swedish offices.

Our travel policy encourages eco-friendly modes of transport when they are available and the distance allows. Business travel was sharply curtailed during the pandemic and digital meetings are now a fully acceptable alternative that is encouraged for meetings over long distances.

In 2022, Carnegie sponsored a climate expedition on Svalbard aimed at studying the impact of climate change on the natural environment around Svalbard. The purpose was to increase public knowledge and awareness of climate change and particularly among employees of Carnegie. The expedition was an attempt to recreate the same route taken by Professor A. E. Nordenskiöld 150 years ago. That route can no longer be taken because the polar ices are melting. Two scientists, Erik Huss a trained researcher and geographer with a concentration in glaciology and climate trends, and Susana Hancock, polar and climate researcher, participated in the expedition. Susana and Erik are using their experiences from the expedition to present their research and help more people understand how climate change is affecting our planet. Carnegie is planning to invite members of the expedition team to present a talk in 2023. A documentary film about the expedition is planned in 2023 and a photo exhibition on the expedition will be arranged in 2024, to which Carnegie's employees and clients will be invited to share in the knowledge that has been gained.

### GHG emissions (tCO2e)

| | |
|---|---|
| Scope 2: 1,109k $tCO_2e$ | Carnegie's indirect emissions from purchased or acquired energy, such as electricity, heat or cooling, produced off-site and consumed by Carnegie. |
| Scope 3: 7,893k $tCO_2e$ | Carnegie's indirect emissions for all purchased goods and services, such as business travel, paper consumption, water consumption and waste. |

Carnegie has no direct emissions and therefor reports only Scope 2 and Scope 3, i.e., indirect emissions. As reporting for 2021 included only Carnegie Investment Bank, comparative figures for the entire group are not available.

Emissions for Carnegie were calculated by matching transactions and activities with emissions data based on the GHG Protocol Standard.

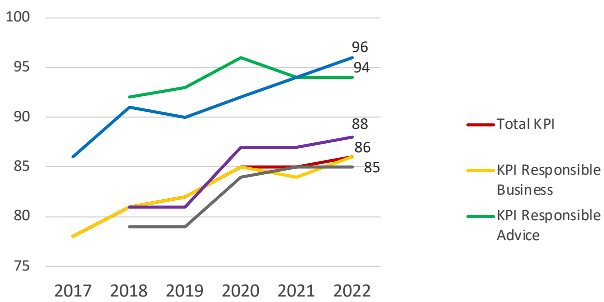
### Responsible employer

- Promote equal opportunity and diversity
- Attract, retain and develop employees
- Ensure employee wellbeing
- 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 top priorities. 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 wellbeing. 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.




In 2022, 26 questions showed a positive trend and questions pertaining to the quality of our advisory connected to knowledge and service were give top scores. Carnegie also received high scores from employees in the 'employer' section, where the results showed that 95 percent of employees would recommend Carnegie as an employer and 94 percent report that they are engaged in their jobs. Ten questions showed a negative trend and five questions were unchanged. Questions in which respondents' answers differed according to their stated gender identity included questions related to work/life balance, where men were generally more negative. On the other hand, women were less positive than men concerning the question of whether women and men have equal career opportunities and whether the conversational climate is suitable for both men and women.

*The employee survey was conducted in the group structure that applied in September 2022, which means that there is no data from Carnegie Fonder, Holberg or CAAM.

#### Equal opportunity and diversity

By embracing people's unique experiences, knowledge and characteristics, Carnegie can shape a creative working environment that fosters personal development and improves the conditions for achieving optimal performance. 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 strive 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 | 80 (67) | 20 (33) | 0 % | 40 % | 60 % |
| Executive management | 78 (80) | 22 (20) | 0 % | 20 % | 80 % |

## Employees distributed by gender and country

| Share (%) | Men | Women |
|---|---|---|
| Sweden | 70 (73) | 30 (27) |
| Norway | 76 (79) | 24 (21) |
| Denmark | 73 (73) | 27 (27) |
| Finland | 76 (73) | 24 (27) |
| Great Britain | 57 (57) | 43 (43) |
| USA | 67 (64) | 33 (36) |

### 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. Our top priority is to retain and further develop our employees. 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 present 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 devoting special focus to encouraging more women applicants, as women are a target group that has traditionally been under-represented on the business side throughout the industry.

| | 2022 | 2021 |
|---|---|---|
| Engagement index | 96% | 96% |
| Net Promoter Score | 95% | 95% |
| Number of recruitment events | 6 | 4 |
| Number of applicants for Carnegie internships | 706 | 713 |
| Number of women who applied for Carnegie internships | 19% | 16% |
| Number of men who applied for Carnegie internships | 81% | 84% |

Remaining the market leader also requires continues skills development in relation to issues 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

| | | 2022 | 2021 |
|---|---|---|---|
| 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.) | | | |
| *Sweden* | | | |
| Employees who applied | Number | 204 | 78 |
| Total number of course days | Number | 321 | 142 |
| *UK* | | | |
| Employees who applied | Number | 18 | 6 |
| Total number of course days | Number | 28 | 17 |
| *Denmark* | | | |
| Employees who applied | Number | 94 | 27 |
| Total number of course days | Number | 166 | 27 |

| | | 2022 | 2021 |
|---|---|---|---|
| Employee ownership | | | |
| Employee ownership interest | % | 26.5 | 29.8 |
| Employees as part owners | Number | About 450 | Approx. 400 |
| Health and safety | | | |
| Absenteeism(Carnegie Investment Bank) | % | 2.8 | 2.8 |
| Employee turnover | % | 10 | 10 |
| New hires* | | 85 | 112 |
| Number of new hires via business combinations | | 86 | n/a |

*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 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.

The Sustainable Finance Disclosure Regulation, SFDR, which regulates financial market participants that manufacture financial products and/or provide investment advice on financial products, clearly states how sustainability risks must be integrated. The Disclosure Regulation 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 our view on sustainability risks and how we integrate them in our work. In this way, we aim to help our clients make good and sustainable decisions. Principal Adverse Impacts (PAI) refer to the negative consequences of business for sustainable development. The purpose is to show investors and potential investors how their investment decisions, through a financial market participant, may or may not have adverse impacts on sustainable development. Carnegie considers the PAI on sustainability factors in our discretionary portfolio management and investment advice.

## EU TAXONOMY

The EU Taxonomy, also called the EU Green Taxonomy, is a key component of the European Commission's EU Green Deal action plan. The Taxonomy Regulation constitutes a common classification system for environmentally sustainable economic activities. The purpose is to help investors identify and compare environmentally sustainable investments and to increase transparency.

For an economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of six environmental objectives set out in the Taxonomy, must do no significant harm to any of the other objectives and must satisfy certain minimum sustainability criteria.

The Taxonomy covers the following environmental objectives:
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In accordance with the Taxonomy Regulation, Carnegie's sustainability disclosures will include the share of economic activities eligible for the two climate-related objectives of the Taxonomy.

## REPORTING UNDER THE EU TAXONOMY REGULATION

### Method description

Public-interest entities with more than 500 employees are covered by the Taxonomy Regulation and their sustainability reporting must therefore align with the Taxonomy. The bank's reporting is based on the consolidated situation as required under Regulation (EU) No 575/2013.

### Qualitative information

Data used for reporting in alignment with the Taxonomy Regulation regarding on-balance-sheet assets is found in the bank's internal system, which is also used for capital requirements reporting. In Carnegie's voluntary Taxonomy report, assets have been classified based on assessment of the economic activities of underlying clients and counterparties using the client/counterparty's applicable NACE code and, where relevant, adjusted for knowledge of the customer. NACE is the European statistical classification of economic activities.

| Assets (SEK 000s) | 2022 | % | 2021 | % |
|---|---|---|---|---|
| Exposure to *Taxonomy non-eligible* and *Taxonomy-eligible* economic activities[1] | 7,317,300 | 38% | 9,321,037 | 44% |
| Exposure to governments, central banks and supranational issuers and derivatives | 7,381,170 | 39% | 8,103,760 | 39% |
| Exposure to companies not subject to NFRD | 2,082,236 | 11% | 2,401,916 | 11% |
| Trading portfolio | 613,122 | 3% | 376,970 | 2% |
| Other assets | 1,727,989 | 9% | 763,346 | 4% |
| **Total assets** | **19,121,816** | **100%** | **20,967,029** | **100%** |

[1] The six environmental objectives of the EU taxonomy are:
(1) Climate change mitigation (2) Climate change adaptation (3) Sustainable use and protection of water and marine resources (4) Transition to a circular economy (5) Pollution prevention and control (6) Protection and restoration of biodiversity and ecosystems.

# Auditor's opinion 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 2022 on pages 91-100 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, 4 April 2023
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 2022- 31 December 2022 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 | 97 |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organisation | 98 |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 98 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 98 |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 98 |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 26, 99 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 100 |
| GRI 403: Occupational health and safety 2018 | 403-9 | Work-related injuries | 99 |
| | 403-10 | Work-related ill health | 92, 99 |
| GRI 404: Training and education 2016 | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | 92, 99 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 92, 99 |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 99 |
| GRI 417: Marketing and labelling 2016 | 417-1 | Requirements for products and service information and labelling | 97 |
| GRI 418: Customer privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 97 |

# Definitions – Alternative Performance Measures*

**Cost/revenue (C/I) 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 revenue 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 income.

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

**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/R 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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