CARNEGIE INVESTMENT BANK AB (publ)
ANNUAL REPORT 2008

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The annual report is produced in Swedish and English. In the event of differences in the texts, the reader is referred to the Swedish text. All amounts are expressed in Swedish krona unless specified otherwise. Millions of krona are abbreviated as SEKm. Figures in parentheses refer to 2007. The name "Carnegie" in the annual report refers to the Group, unless otherwise specified.

BOARD OF DIRECTORS' REPORT FOR CARNEGIE INVESTMENT BANK AB

CORPORATE REGISTRATION NUMBER 516406-0138,
REGISTERED OFFICE OF BOARD OF DIRECTORS: STOCKHOLM, SWEDEN.

The Board of Directors and the President of Carnegie Investment Bank AB (publ) (referred to below as "Carnegie") hereby submit the annual report for the Parent Company and the Group for the fiscal year 2008. Carnegie Investment Bank AB is the Parent Company of the Carnegie Group owned by the Swedish National Debt Office. On 11 February 2009, Altor Fund III and Bure Equity reached an agreement to acquire all shares in Carnegie Investment Bank AB.

Carnegie Investment Bank AB is an independent Nordic investment bank with operations in the business areas Securities, Investment Banking, Asset Management and Private Banking pursuant to banking licenses issued by the financial supervisory bodies in the markets in which Carnegie is active. Carnegie offers financial products and services to Nordic and international clients from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxembourg, Switzerland, the UK and the US. Operations are conducted in subsidiaries and branches of Carnegie Investment Bank AB.

Up until 10 November 2008, Carnegie Investment Bank AB and Max Matthiessen Holding AB were subsidiaries of D. Carnegie & Co AB. In conjunction with the Swedish National Debt Office taking over ownership of Carnegie Investment Bank and Max Matthiessen, the link to D. Carnegie & Co was terminated. This annual report only relates to the Carnegie Investment Bank Group. A detailed description of the course of events leading to Carnegie Investment Bank being taken over by the National Debt Office is presented on page 6.

INCOME

Full-year income for 2008 amounted to SEK 2,742m (3,924), a decline of 30 percent compared with 2007. All business areas recorded reduced income compared with 2007. Within Securities, income totalled SEK 1,120m (1,533). The decline was primarily attributable to lower commission, since both turnover and the value on the Nordic exchanges decreased sharply. The Investment Banking business area recorded income of SEK 380 m (683). Activity within corporate acquisitions and capital procurement declined as a consequence of the global financial crisis. Asset Management recorded income of SEK 794m (1,126). Income related to fixed fees from Carnegies mutal funds and discretionary asset management was relatively stable, while performance-based income fell sharply. Lower transaction-driven activity among private customers had a negative impact on the Private Banking business area. Income amounted to SEK 448m (581).

EXPENSES

Expenses before profit sharing for full-year 2008 amounted to SEK 4,421m (1,943). The following expenses affecting comparability totalling SEK 2,472m (177) were included in earnings for 2008: SEK 1,956m in credit reserves for doubtful receivables, SEK 363m in reserves for a receivable from D. Carnegie & Co AB and SEK 153m in restructuring and nonrecurring personnel expenses.

Adjusted for these items affecting comparability, expenses amounted to SEK 1,949m (1,766).

The provisions for credit reserves are primarily attributable to a major credit commitment in Sweden and several small and medium-sized clients within the Securities business area, mainly related to Equity Finance. The main activity within Equity Finance is lending with shares as collateral. Several of the commitments contain collateral for which the current values cannot be fully assessed.

PROVISION TO THE PROFIT-SHARING SYSTEM

Since the introduction of the D. Carnegie & Co AB share on the stock exchange in 2001, Carnegie has had a remuneration model that is approved annually by the Annual General Meeting, where the variable remuneration is based on 50 percent of the Group's operating profit before profit sharing and after deduction of capital expenditure. Profit sharing occurs only on the condition that full-year profit after deductions for return on equity is positive. Since operating profit before profit sharing was negative for the Group in 2008, the Board has resolved that no profit-sharing will occur.

However, as a number of legal units have made provisions for profit share in their local audited accounts, the consolidated income statement for 2008 contains a provision for profit sharing amounting to SEK 239m. The Board will apply extensive investigation of locally booked profit sharing, and subsequently make a final decision as to whether profit sharing will take place.

EARNINGS

Loss before tax for full-year 2008 amounted to SEK 1,918m (profit: 821). Loss for 2008 includes items affecting comparability totalling negative SEK 2,472m as described above. For 2007, items affecting comparability were included in a total of negative SEK 632m. Adjusted for these items, profit before tax in 2008 amounted to SEK 554m (1,453).

Net loss for 2008 amounted to SEK 2,218m (profit: 570).

DIVIDEND PROPOSAL

The Board of Directors propose to the 2009 Annual General Meeting that no dividend shall be paid.

APPROPRIATION OF PROFITS

At the disposal of the Annual General Meeting, SEK	
Profit brought forward	2,300,197,137
The Board of Directors and the President propose that the profits be allocated such that	
Dividend to shareholders	–
To be carried forward	2,300,197,137
Total	**2,300,197,137**

For a detailed specification of the change in shareholders' equity in the Parent Company, see page 13.

SHARPLY REDUCED BALANCE SHEET IN 2008

During the second half of 2008, a conscious risk reduction was implemented throughout all operations. As a consequence, the balance sheet was sharply reduced. In relation to year-end 2007, total assets were reduced from SEK 43.8 billion to SEK 14.5 billion at year-end 2008. The primary explanatory factors were a sharp reduction of granted credit within the Equity Finance area and reduced trading operations.

LIQUIDITY, FINANCING AND INVESTMENTS

Carnegie's liquidity needs result primarily from its daily operations and they are satisfied by means of short-term borrowing with collateral. The way the market functioned during the latter part of the year was heavily affected by the financial crisis, and liquidity in the interbank market, for example, was extremely limited. Due to such factors as sharply increased volatility in stock markets worldwide, both clearing institutions and counterparties in the marketplace placed increased collateral requirements for chargeable assets. On 26 October 2008, Carnegie was in need of supporting credit from the Swedish Central Bank. For further information, see Liquidity support from the Swedish Central Bank on page 4.

At the beginning of 2009, there are indications that the market is moving towards a normalisation. Carnegie has issued a bond under the government guarantee. For further information, see the Guarantee programme on page 4.

Cash flow from operating activities before changes in working capital during the year was negative in an amount of SEK 1,384m (positive: 665), consisting of loss before tax of SEK 1,918m (profit: 821), paid taxes of SEK 208m (446) and adjustments for items not affecting cash flow totalling SEK 742m (290). These adjustment items consisted of SEK -1,394m (148) in unrealised value changes of financial instruments and SEK 1,956m (95) in adjustments for credit reserves.

Since most of Carnegie's working capital consists of stock of listed securities (long and short positions), lending/borrowing to/from the public and loans to/from credit institutions, the working capital fluctuates significantly between the different reporting periods.

The change in working capital during the period had a negative impact on cash flow of SEK 5,261m (positive: 3,400). Investments in fixed assets amounted to SEK -41m (-60).

Cash flow from financing operations amounted to SEK 1,756m (neg: 600) during the year, of which SEK -527m (-600) comprises dividend paid and, for 2008, capital contribution received of SEK 2,283m.

After adjustment for exchange-rate differences in cash and cash equivalents amounting to SEK 450m (265), the effect was that cash and cash equivalents declined by SEK 4,930m (increase: 3,414).

The Group's deposits declined by SEK 14,584m (increase: 1,824) during the year, while lending during the corresponding period declined by SEK 12,544m (increase: 3,669).

MARKET DEVELOPMENT

Carnegie's income is strongly linked to trends on the world's stock exchanges. 2008 was dominated by the global financial crisis, which resulted in sharply declining equity prices around the world.

For the full-year 2008, the Nordic index declined by 48 percent, compared with a decline of 41 percent for the global index. Of the Nordic exchanges, the Oslo exchange showed the weakest trend during the year with a decline of 53 percent, while the relative trend on the Stockholm exchange showed the least weakness with a decline of 42 percent. The Helsinki exchange index declined by 51 percent, while the decline in Copenhagen was 48 percent.

Carnegie has a very strong position in institutional client-driven trading on the Nordic exchanges. The survey company Prospera estimated at the end of 2008 that Carnegie was the largest player on the Stockholm exchange in commission-based trading on behalf of large institutions with a market share of 16 percent. Overall, Carnegie was the fifth largest player with a share of the total trading in the Nordic region of 4.6 percent (5.3).

As a consequence of the credit contraction in the wake of the financial crisis, the market for M&A transactions in Europe and the Nordic region weakened during 2008. In relation to 2007, the value of completed transactions in the Nordic region declined by 20 percent to USD 91 billion. The number of completed transactions declined from about 660 transactions in 2007 to 490 transactions during 2008.

The market for Equity Capital Market (ECM) transactions in the Nordic region declined by more than half during 2008. In total, transaction volumes amounted to USD 9.5 billion during 2008, compared with USD 19.2 billion during 2007. The number of transactions in the Nordic region amounted to 61 (139).

GENERAL INFORMATION ON RISKS AND UNCERTAINTIES

Carnegie's business activities expose the Group to market, credit, liquidity and operational risks. Market risk is defined as the risk of loss due to changes in market prices, for example, changes in equity prices, interest rates, or currency exchange rates. Credit risk is defined as the risk of loss due to counterparty defaults on loans. Credit risk mainly arises as a consequence of loans to clients using equities as collateral. Liquidity risk is related to the need for liquidity in the day-to-day operations. Operational risk is the risk of loss resulting from inadequate and/or failed internal processes and systems, alternatively human error or external events.

For more information about risks and risk management, see the sections The financial crisis in 2008 and developments in Carnegie on page 6 and Risk and Capital Management on pages 7–9, as well as Note 30 on pages 40–42.

EMPLOYEES

At 31 December 2008, Carnegie had 774 employees in eight countries. Detailed information on the number of employees, salaries and other compensation for the Group and the Parent Company is presented in Note 6 on pages 24–26.

Carnegie's constant challenge is to recruit and retain the best employees by continuing to work with active leadership, clear goals and competitive incentives to create a working environment that provides the very best opportunities for personal and professional development.

ENVIRONMENTAL WORK

Carnegie's ambition is to strive for a sustainable environment that in turn can create prerequisites for a better society for coming generations. Environmental work is performed through continuous adaptation of operations, improved routines and constant updating of knowledge and information processes relating to environmental issues. Carnegie's core business does not have a direct impact on the environment, although the business does result in certain activities that have an effect on the environment. Employee requirements for office premises, IT equipment, consumables, travel and energy consumption are examples of the environmental impact resulting from Carnegie's business.

IMPORTANT EVENTS DURING THE YEAR

Ownership changes

Up until 10 November 2008, Carnegie Investment Bank was a wholly owned subsidiary of D. Carnegie & Co AB. At 3:00 p.m. on that date, the Swedish Financial Supervisory Authority announced its decision to withdraw all of Carnegie's permits to conduct banking and securities operations. A few minutes later, the National Debt Office took ownership of all of the shares in Carnegie Investment Bank AB through a collateral agreement. After the takeover, the Financial Supervisory Authority reconsidered its decision and all of Carnegie Investment Bank AB's permits were reinstated and the company being issued with a warning instead, with no sanction fees levied.

A detailed description of the course of events leading to Carnegie Investment Bank AB being taken over by the National Debt Office is presented on page 6.

Changes in the Board of Directors

As of 1 January until the Annual General Meeting on 7 April 2008, the Board of Directors of Carnegie Investment Bank AB consisted of the following persons: Anders Fällman (Chairman), Jan Kvarnström (Vice Chairman), Björn C. Andersson, Mai-Lill Ibsen, Catharina Lagerstam and Patrik Tigerschiöld. At the Annual General Meeting, John Shakeshaft was elected as a new Board member, while Patrik Tigerschiöld declined re-election. The other Board members were elected.

On 14 November at an Extraordinary General Meeting, the National Debt Office appointed a new Board of Directors of Carnegie Investment Bank AB. Peter Norman was appointed Chairman and Henrik Dagel, Adine Grate Axén, Lars Linder-Aronson and Håkan Erixon were appointed as Board members.

A presentation of the Board of Directors is found on page 46.

Changes in the Group Management

During the period from 1 January to 26 April 2008, Anders Onarhem was acting President and CEO. On 27 April 2008, Mikael Ericson was appointed as new President and CEO.

The group management underwent a number of changes during the year. See Note 6 on page 25 for further information. At year-end, the group management consisted of the following persons: Peter Baekegaard, head of the Securities business area, Peter Bäärnhielm, head of the Investment Banking business area, Steinar Lundström, head of the Asset Management business area, Claes Johan Geijer, head of the Private Banking business area, Anders Karlsson, CRO (who resigned on 21 January 2009) and Kristina Schauman, CFO. Dag Ernholdt was appointed acting CRO on 21 January 2009.

A presentation of the Group Management is found on page 47.

New unit for special commitments

During 2008, comprehensive efforts were initiated to recover the funds in credit commitments that related to the impairments during the year. The newly established unit, Valot Invest, is responsible for the recovery work. Recovery of the major credit commitment in Sweden commenced with the collateral realisation of the Skrindan Group that was made on 16 March 2009. For more information about the Skrindan Group, see page 4.

Liquidity support from the Swedish Central Bank

During the turbulent period that prevailed in the financial markets during 2008, access to liquidity in the Swedish market became very constrained. A number of Carnegie's banks adjusted the terms for required collateral and reduced the mortgage value of these securities.

This resulted in major consequences for Carnegie's liquidity, and on 25 October, Carnegie applied to the Swedish Central Bank for liquidity support. On 26 October, Carnegie entered a credit agreement with the Swedish Central Bank under which a credit framework of SEK 1 billion was granted. Following a new application from Carnegie, the Swedish Central Bank decided on 28 October to expand the liquidity support to a total of SEK 5 billion. As collateral for the loans, all shares in Carnegie Investment Bank AB and Max Matthiessen Holding AB were pledged.

Claim on D. Carnegie & Co AB

D. Carnegie & Co AB granted a capital contribution to Carnegie Investment Bank AB, with the objective of strengthening the capital base, amounting to SEK 474m as per 31 October. The transaction was never settled, and a claim on D. Carnegie & Co AB thus remains. The net claim at year-end amounted to SEK 363m. Given the uncertain financial situation in D. Carnegie & Co AB, Carnegie Investment Bank AB allocated the entire net amount as a reserve in the year-end accounts.

Capital contribution

In total, Carnegie received capital contributions of SEK 2,756m during the year, of which SEK 2,283m was the value of the collateral pledged by D. Carnegie & Co AB for the loan from the Swedish National Debt Office and was the amount by which the loan was amortised, and SEK 474m was received from D. Carnegie & Co AB (see above).

Liquidation of Carnegie Fond AB

On 20 November 2008, Carnegie transferred the Swedish public funds Carnegie Sverige and Carnegie Småbolag to Swedbank Robur Fonder AB as a consequence of the decision to no longer offer Swedish registered investment funds. Shortly thereafter, liquidation began of Carnegie Fond AB whose operations included administration of these funds. Carnegie received criticism regarding the handling of Carnegie Fond AB in the Swedish Financial Supervisory Authority's report published on 10 November 2008.

Transfer of property operations

As part of the work in progress to focus on core operations within the framework of the four business areas, Carnegie Investment Bank AB transferred responsibility for property operations in Carnegie Properties AB to a new company that is owned by former employees of Carnegie Properties AB.

Cost-savings programme

In conjunction with the Interim Report for the first half of 2008, Carnegie decided to initiate a cost-savings programme. The first phase of the programme was implemented in September 2008, and the programme's second phase was implemented during the first quarter of 2009. Costs for the programme were charged against earnings in the third and fourth quarters of 2008 and are included as part of the item totalling SEK 153m for "restructuring and extraordinary personnel costs" specified on page 1.

The goal is to reduce costs to the level that pertained at the end of 2006, corresponding to a cost reduction of about 10 percent. The savings are mainly related to lower personnel costs and are being realised gradually with full effect during the second quarter of 2009.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

Altor and Bure new owners of Carnegie

On 11 February 2009, the Swedish National Debt Office signed an agreement for the sale of the shares in Carnegie Investment Bank AB to Altor Fund III and Bure Equity AB. The purchase of Carnegie is subject to Altor and Bure obtaining the necessary authorisation from the Swedish Financial Supervisory Authority and the appropriate authorities in several countries.

New Acting President of Carnegie

In conjunction with the announcement by the National Debt Office of the sale of Carnegie on 11 February 2009, President Mikael Ericson put his position at the disposal of the Board of Directors. Accordingly, the Board appointed Niklas Johansson, Head of Carnegie Asset Management Sverige, as new Acting President as of 17 February 2009. At the same time, Niklas Johansson was assigned responsibility for Carnegie's Swedish operation.

Assumed ownership in Skrindan Group

In an agreement reached on 16 March 2009 between Carnegie's wholly owned subsidiary Valot Invest and Maths O. Sundqvist, Valot Invest assumes ownership of the Skrindan Group. Work is in progress to clarify the accounting implications of the take-over of the Skrindan Group.

Dispute with Midroc Real Estate

Carnegie has a leasing agreement with Midroc pertaining to the premises at Västra Trädgårdsgatan 15 in Stockholm. Carnegie gave notice of termination of the leasing agreement on 23 September 2008, well in advance of the expiry of the agreement. Midroc claims that the termination notice did not take place in the correct manner and has therefore initiated a legal process against Carnegie. Carnegie disputes the claim, and its position is supported by statements from two experts.

Guarantee application

Carnegie has applied for and was granted participation in the government guarantee programme and issued a bond of SEK 935m in conjunction with the programme.

FIVE-YEAR SUMMARY FOR THE GROUP

INCOME STATEMENT [1]

SEK m	2004	2005 [2]	2006 [2]	2007 [2]	2008
Securities	1,199	1,404	1,900	1,533	1,120
Investment Banking	511	733	885	683	380
Asset Management	492	791	891	1,126	794
Private Banking	467	486	563	581	448
Total income	**2,669**	**3,414**	**4,239**	**3,924**	**2,742**
Personnel expenses	–879	–865	–947	–1,040	–1,277
Other expenses	–704	–792	–690	–808	–1,187
Provisions for credit reserves, net	1	–5	0	–95	–1,956
Total operating expenses excluding profit-share	**–1,583**	**–1,662**	**–1,635**	**–1,943**	**–4,421**
Operating profit before income from associated companies, significant holdings and profit sharing	1,086	1,752	2 602	1,981	–1,679
Income from associated companies and other significant holdings	–14	0	–	–	–
Profit/loss before profit-share	**1,073**	**1,752**	**2,602**	**1,981**	**–1,679**
Allocation to profit-share system	–524	–859	–1,265	–1,160	–239 [3]
Total expenses	**–2,106**	**–2,521**	**–2,901**	**–3,103**	**–4,660**
Profit/loss before tax	**549**	**893**	**1,338**	**821**	**–1,918**
Taxes	–143	–258	–375	–251	–300
Profit/loss for the year	**405**	**635**	**964**	**570**	**–2,218**

1) Financial information for 2006 was restated in accordance with IFRS.
2) All historical comparison are adjusted in accordance to what was communicated in the 2007 Annual Report.
3) Disputed amount, see page 1.

FINANCIAL KEY DATA

	2004	2005 [2]	2006 [2]	2007 [2]	2008
Expense ratio, %	79	74	68	79	170
Income per employee, average, SEK m	3.4	4.6	5.5	4.9	3.4
Profit margin, %	15	19	23	15	–
Return on equity, %	33	43	49	25	–
Total assets, SEK m	23,032	30,780	44,518	43,784	14,517
Margin lending , SEK m	6,701	4,428	8,905	7,897	3,404
Deposits and borrowing from general public, SEK m	5,531	7,430	8,742	10,136	6,651
Tier 1 capital					
Shareholders' equity, SEK m	1,325	1 616	2,322	2,307	2,413
Goodwill, SEK m	–11	–12	–9	–9	–9
Intangible fixed assets, SEK m	–28	–19	–10	–8	–9
Deferred tax assets, SEK m	–95	–95	–110	–231	–102
Anticipated dividends	–396	–660	–600	–527	–
Tier I capital, SEK m	**795**	**830**	**1,593**	**1,532**	**2,293**
Capital requirement, SEK m	–	–	–	989	752
Risk-weighted assets					
Credit risks, SEK m	3,318	4,723	7,634	– [4]	– [4]
Market risks, SEK m	1,327	2,143	4,955	– [4]	– [4]
Operational risks, SEK m	–	–	–	– [4]	– [4]
Tier 1 ratio, % [5]	17.1	12.1	12.6	– [4]	– [4]
Capital adequacy ratio, % [5]	17.1	12.1	12.6	– [4]	– [4]
Capital quotient [6]	–	–	–	1.55	3.05
Number of employees, average	791	747	775	804	815
Number of employees, period-end	779	741	798	810	774

2) All historical comparison are adjusted in accordance to what was communicated in the 2007 Annual Report.
4) As of 2007, risk-weighted assets, market risks and operational risks are calculated according to the new capital adequacy regulations (Basel II). The years 2004-2006 were calculated according to the old rules (Basel I).
5) New definition of regulatory capital as of 2004.
6) The total capital quotient is calculated as the quota between the capital base and capital requirements according to new capital adequacy requirements (Basel II).

THE FINANCIAL CRISIS IN 2008 AND DEVELOPMENTS IN CARNEGIE

The historical background leading up to the National Debt Office's take-over of Carnegie Investment Bank and a chronologic description of the course of events during the autumn of 2008 are presented below.

BACKGROUND

In the early 2000s, an expansion of capital-intensive operations outside Carnegie's core business began. Above all, proprietary trading increased, and issuance of credit granting was significantly expanded. This resulted in expansion of the balance sheet without a strengthening of equity, resulting in a decrease in the equity ratio. Between 2001 and 2007, total assets increased from SEK 22 billion to SEK 45 billion. Because the capital base was far too small, resistance strength was not sufficient when the market deteriorated sharply in 2008. The underlying listed instruments that were pledged as collateral fell sharply in value and resulted in major impairment losses.

COURSE OF EVENTS

On 24 October 2008, D. Carnegie & Co AB published the interim report for the third quarter of 2008. The report contained an impairment of SEK 1 billion originating from an individual credit commitment within Equity Finance, a part of the Securities business area.

Uncertainty regarding Carnegie's situation in combination with the general turmoil in the credit markets limited Carnegie's access to liquidity via the interbank market. Carnegie was therefore forced to apply for a liquidity bridge loan of SEK 1 billion from the Swedish Central Bank which was granted on 26 October. Shortly thereafter, the credit was expanded to SEK 5 billion. The subsidiaries to the exchange-listed company D. Carnegie & Co AB, i.e. Carnegie Investment Bank AB and Max Matthiessen Holding AB, were pledged as collateral to the Swedish Central Bank. Carnegie subsequently signed a new credit agreement, with an associated sale of collateral agreement, with the National Debt Officer settled the credit facility from the Swedish Central Bank. Due to the major credit commitment and subsequent impairment loss, the Swedish Financial Supervisory Authority decided to initiate a review of Carnegie. In parallel, the Board of Directors of D. Carnegie & Co AB initiated a process to investigate future strategic options for the company.

On Monday 10 November 2008, the Board of Directors presented a strategic solution entailing a new share issue of SEK 1.2 billion and new principal owners. At 3:00 p.m. on the same date, the Financial Supervisory Authority announced its decision to withdraw all of Carnegie's permits for conducting banking and securities operations. A few minutes after this announcement, the National Debt Office announced that it was taking possession of the pledged assets and thus the ownership of Carnegie Investment Bank AB and Max Matthiessen Holding AB. After the takeover, the Financial Supervisory Authority reconsidered its decision and all of Carnegie's permits were reinstated with the company being issued with a warning instead. The National Debt Office's motivation for its actions was to ensure stability in the Swedish banking system and to protect the value of the Government's collateral for the credit facility.

On 14 November 2008, a new Board of Directors was appointed in Carnegie Investment Bank AB, and the National Debt Office immediately initiated a process to divest the company. On 11 February 2009, the National Debt Office signed a sale agreement of Carnegie Investment Bank AB to the venture capital company Altor and the investment company Bure Equity. The new ownership will result in financial stability and creates prerequisites to retain competence and develop Carnegie as the leading independent player in the Nordic financial market.

ACTION PROGRAMME

Since 2007, risks in operations have been significantly reduced. The market risk in trading operations was reduced in both 2007 and 2008 as part of the action programme following the events in the trading department. After liquidity requirements became strained during the autumn of 2008, trading operations were further reduced to free up liquidity. At the same time, the Board of Directors decided to significantly reduce trading limits. Equity Finance operations completely changed focus during 2008, and a phasing-out process was initiated.

After the events in the trading department in 2007, the control function for market risk was significantly strengthened with new competence and new routines. An extensive review of the entire control environment is also currently in progress in collaboration with the relevant authorities.

For further information about these measures, see the section Risk and capital management on page 7.

LIABILITY ENQUIRY

The law firm Setterwalls received an assignment from the Board of Directors of Carnegie to investigate responsibility for the events in 2008 that resulted in the take-over by the National Debt Office.

Setterwalls concluded that the President always has the ultimate responsibility for control operations but that Mikael Ericson, the President at that time, had few options for implementing improvements, given the short time in his position and the situation at Carnegie. Furthermore, Setterwalls indentified a number of individuals who had failed in their responsibilities, but concluded that there are now new persons in all of the central functions in which there were deficiencies.

One of the conclusions of the report was that Carnegie did not deliberately try to withhold the facts from the authorities but that procedures and routines were deficient with respect to reporting of capital adequacy and handling of the major credit commitment in 2008.

RISK AND CAPITAL MANAGEMENT

The operations conducted within Carnegie mean that the Group is exposed to a number of different types of risks. Management of these risks constitutes a cornerstone for operations and is both a legal and a business prerequisite.

Carnegie is exposed to market, credit, liquidity and operational risks. During the past two fiscal years, serious incidents occurred within Carnegie resulting in criticism in two reports from the Swedish Financial Supervisory Authority. In the spring of 2007, it was discovered that Carnegie's trading portfolio was significantly overstated, and during the autumn of 2008, substantial provisions were made for expected credit losses. These incidents identified weaknesses in Carnegie's control environment and internal risk assessment. Management implemented a number of measures during 2007–2009 intended to strengthen internal controls and reduce the company's risk exposure. This section first introduces the control bodies and then describes the individual risk categories and the implemented measures.

The objective of the laws and regulations with which financial institutions must comply is not only to create prerequisites for efficient and stable functioning of the financial system, but also to provide basic consumer protection in the financial sector. From a business perspective, risk management must also work to ensure that the business decisions taken in operations that entail risk are conscious and can be measured and controlled.

A basic principle with respect to risk management is that responsibility for risk rests where it arises in operations. This means that the line organisation is primarily responsible for all risks, both financial and operational, to which operations are exposed. The risks taken in business operations must be in line with the risk level that the Board of Directors has established.

In addition to its business units, Carnegie has three independent control functions: Compliance, Risk Management and Internal Audit, which are responsible for ensuring that risk management is conducted in a competent and satisfactory manner. The control functions report to the President and the Board of Directors and consist of Compliance, which is responsible for controlling regulatory compliance, and Risk Control. The Risk Control

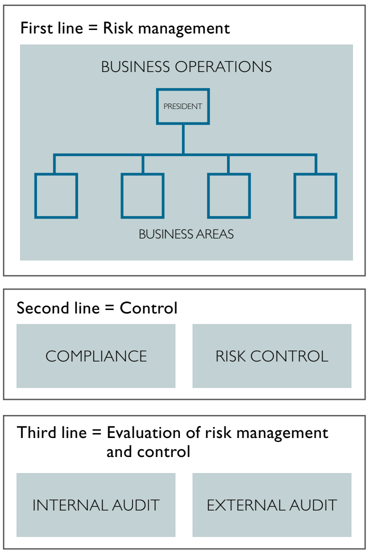
MARKET RISK is the risk of loss or declining net interest income as a result of changes in exchange rates, interest rates and share prices and includes price risk in conjunction with the sales of assets or closing of positions.

CREDIT RISK is the risk of a weaker financial position for Carnegie in its relation to a creditor (counterparty) due to the counterparty failing to fulfil its obligations to Carnegie. This risk arises as a result of exposure (in part through derivative instruments) in conjunction with financing, investments, securities trading, issuing of guarantees and pledged assets.

LIQUIDITY RISK is the risk of loss or higher than expected costs for ensuring that the Group's payment commitments are met on time.

OPERATIONAL RISK is the risk of losses as a result of inappropriate or unsuccessful internal processes, human error, system faults or external events, and security risks.

CARNEGIE'S CONTROL FUNCTIONS



function in turn consists of control of market, credit, liquidity and operational risks.

The Group also has an Internal Audit function that is responsible for evaluating and verifying that risk management and the internal controls function satisfactorily. This responsibility also includes checking that the independent control functions function in a satisfactory manner. Internal Audit is independent of business operations and reports directly to the Board of Directors.

Internal control within Carnegie is built up according to these principles, which are in agreement with the regulations and guidelines issued by the supervisory authority.

MARKET RISKS

With regard to the so called trading incident in 2007, it can be established that Carnegie was above all deficient in managing operational risks. In addition, Carnegie at the time of this incident had a relatively large exposure to market risk. Since then, a number of measures have been taken:

LIMIT MANAGEMENT

Carnegie sharply reduced the company's trading limits, which in practice resulted in significantly lower market risk. Limits were reduced on the range of 80 percent during the year.

INDEPENDENT LIMIT CONTROL AND VALUATION

To ensure that exposure to market risk does not exceed the guidelines established by the Board of Directors, an independent valuation of holdings and an independent control of trading limits are performed regularly. These tasks are performed by a middle office that was established during the second half of 2007.

EXTERNAL VALUATION OF THE PORTFOLIO

System support for enabling completely independent monitoring of market risk exposure in real time is being implemented. In addition, Carnegie's trading portfolio was validated every quarter during 2008 by an external party that conducted an independent valuation.

In summary, Carnegie has now significantly strengthened the control of the company's market risk exposure, compared with when the trading incident was discovered in May 2007.

CREDIT RISKS

As is evident from previous sections, Carnegie was affected during 2008 by a major credit loss that had serious consequences for the operations.

Carnegie's fundamental approach to credit risks has always been that they must be limited and viewed as a complement to client-driven trading, meaning that leveraged borrowing against deposits is a natural part of brokerage operations. Borrowing should primarily take place against collateral in liquid securities.

The securities that were pledged as collateral for the major credit commitment fell sharply in value over a short period and proved not to have sufficient liquidity for Carnegie to be able to guarantee its claim when the need arose.

Following the event in question, Carnegie has worked actively to reduce the credit risk throughout the Group. At 1 January 2008, Carnegie has a credit portfolio with a carrying amount of SEK 7.7 billion. By 31 December 2008, it had been reduced to SEK 2.8 billion.

Carnegie also employed a new credit manager. In addition, work is in progress to implement a joint and customised credit process for the entire Group. This work is expected to be completed during the first half of 2009.

During 2009, extensive work was initiated to recover funds in the credit commitment, and the newly established unit Valot Invest has been given responsibility for the recovery effort. Recovery of the major credit commitment in Sweden began with the sale of collateral of the Skrindan Group that was completed on 16 March 2009.

LIQUIDITY RISKS

Over the past 18 months, the global financial markets have been affected by a serious crisis. The crisis had its origin in the segment of the US residential mortgage market generally designated the subprime market, meaning households with limited repayment capacity. Insufficient transparency in the market made it impossible to understand which financial institutions were exposed to this market when property values in the US began to fall and the number of bankruptcies increased. This resulted in a sharp restriction of liquidity, meaning that many financial institutions experienced difficulties in financing their operations due to fears of suffering credit losses.

This also affected Carnegie. When Carnegie reported the substantial credit loss mentioned earlier, its liquidity status became acute, a situation that was temporarily solved by a credit facility from the Swedish Central Bank.

During the autumn, Carnegie worked actively to reduce its balance sheet through lower trading limits and reduced credits. This in turn contributed to improving liquidity in the company. Carnegie is working continuously to reduce the credit risk by matching maturity periods for deposits and lending, for example, and by actively managing and restricting counterparty limits for investments in times of financial turmoil.

OPERATIONAL RISKS

Operational risk is not quantifiable in the same manner as market or credit risk, for example, but is present in all business areas. Carnegie's ambition is to have well-defined routines in all business areas with the objective of conducting operations with as low operational risk as possible. Within units with high operational risk, such as trading, several important measures were implemented to reduce operational risks. One example is the regular valuation of the trading portfolio performed by an external party.

At the same time, there is a need for measures to more systematically improve management of operational risks. Several are now being implemented. An important example is the introduction of a routine in which employees regularly analyse the operational risks in the unit in which they work. This is often called self-evaluation and is an important component in identifying and managing areas with particularly significant operational risks. Self-evaluations have been employed previously, but Carnegie considers that the Group would benefit from a more systematic approach to this important issue. This will be implemented during 2009.

CAPITAL ADEQUACY

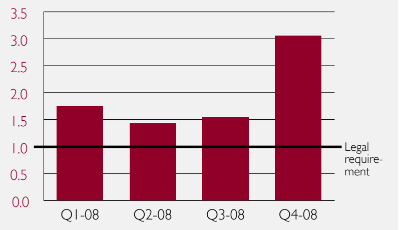
On 1 February 2007, new capital adequacy regulations called the Basel II rules were introduced. These regulations mean that the bank must have a minimum level of capital dependent on the bank's risk level. However, capital adequacy is not simply a regulatory issue. Having adequate capital coverage is also a condition for market counterparties, meaning other banks and financial institutions, to be willing to engage in transactions and expose themselves to credit risk.

In 2008, Carnegie significantly reduced risk in operations, resulting in a reduction by half of the capital requirements for market and credit risks, compared with December 2007. Carnegie's loan from the Swedish National Debt Office has been written down by an amount corresponding to the valuation carried out on the collateral pledged for the loan by D. Carnegie & Co AB. At 31 December 2008, the value of the collateral was booked as a Tier 1 Capital contribution of SEK 2,238m. These two factors mean that Carnegie is very well capitalised in relation to the risks in its operations and has a capital quotient of 3.0 (1.5), far above the legal requirement of 1.0 and Carnegie's internal target of 1.5. The chart to the right shows the capital quotient for each quarter in 2008. The capital adequacy ratio according to Basel II amounted to 24 percent (12 percent) at year-end.

In 2008, Carnegie continued to work with the Internal Capital Adequacy Assessment Process (ICAAP) that was started in 2007 within what is called Pillar II in the Basel rules. Since 2007, Carnegie also publishes information according to the last section of Basel II, which is Pillar III and deals with expanded information regarding risk exposure, risk management and capital status.

For further information about Risk and Capital Management, see Note 30 on pages 40–42.

CAPITAL QUOTIENT



Carnegie's capital quotient by quarter during 2008.

INCOME STATEMENT

SEK thousands	note	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Commission income		2,663,715	4,028,253	1,107,014	1,595,302
Commission expenses		–290,826	–291,940	–93,476	–92,566
Net commission income	2	**2,372,889**	**3,736,313**	**1,013,537**	**1,502,736**
Interest income		850,550	961,740	523,686	589,529
Interest expenses		–777,608	–1,018,546	–557,709	–770,333
Net interest income	3	**72,942**	**–56,806**	**–34,023**	**–180,804**
Other dividend income	4	871	1,339	–	–
Net profit financial items at fair value	5	275,605	243,079	252,976	56,459
Other income		20,000	–	–	–
Total income		**2,742,307**	**3,923,925**	**1,232,490**	**1,378,391**
Personnel expenses	6	–1,516,549 [1]	–2,200,047	–760,420	–1,102,132
Other administrative expenses	7	–1,152,255	–754,226	–848,389	–486,106
Amortisation of intangible assets and depreciation of tangible fixed assets	8	–35,160	–54,219	–14,749	–9,308
Total expenses		**–2,703,964**	**–3,008,492**	**–1,623,558**	**–1,597,546**
Profit/loss before provisions for credit reserves		**38,343**	**915,433**	**–391,068**	**–219,155**
Provisions for credit reserves, net	9	–1,956,407	–94,573	–1,955,861	–94,573
Operating profit/loss		**–1,918,064**	**820,860**	**–2,346,929**	**–313,728**
Impairment of shares in subsidiaries	15	–	–	–24,977	–
Anticipated dividends		–	–	350,777	735,105
Profit/loss before tax		**–1,918,064**	**820,860**	**–2,021,129**	**421,377**
Taxes	10	–299,934	–250,703	–158,403	66,278
Profit/loss for the year	1	**–2,217,997**	**570,157**	**–2,179,532**	**487,655**
Earnings per share	11	–5,545	1,425	–5,449	1,219

1) Of which SEK –239m is profit share, disputed amount, see page 1.

Note that rounding may in certain cases mean that amounts are not correct when summed.

BALANCE SHEET

		GROUP		PARENT COMPANY	
SEK thousands	note	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Assets					
Cash and bank deposits with central banks		265,413	457,203	13,139	9,444
Negotiable government securities		477,001	–	–	–
Loans to credit institutions	12	4,337,429	12,387,950	1,302,152	8,017,925
Loans to general public	12	3,403,531	7,897,418	1,601,636	5,173,034
Bonds and other interest-bearing securities	13, 14	625,304	983,718	174,060	935
Shares and participations	13, 14	1,219,771	10,939,104	1,179,338	10,339,439
Shares and participations in Group companies	15	–	–	1,036,174	1,038,351
Derivative instruments	13	1,891,938	2,083,236	1,651,305	2,076,441
Intangible assets	16	21,107	17,411	8,109	3,104
Tangible fixed assets	17	93,467	87,278	42,787	41,128
Current tax assets		139,352	171,151	83,241	168,361
Deferred tax assets	18	101,888	231,219	96,626	218,845
Trade and client receivables	19	1,208,969	7,855,632	1,056,922	4,355,147
Other assets	31	414,334	107,510	1,054,813	1,155,808
Prepaid expenses and accrued income	20	317,671	565,554	190,979	193,099
Subordinated assets	21	–	–	310,475	291,620
Total assets	25	**14,517,175**	**43,784,383**	**9,801,757**	**33,082,681**
Liabilities and shareholders' equity					
Liabilities to credit institutions	12	1,448,528	12,546,939	1,415,001	12,135,787
Deposits and borrowing from general public	12	6,650,608	10,136,445	2,467,604	4,664,479
Bonds and other interest-bearing securities	13	–	471,520	–	–
Short positions, financial instruments	13	959,819	6,968,408	949,811	6,474,474
Derivative instruments	13	1,443,315	5,943,635	1,266,058	5,937,795
Current tax liabilities		116,368	179,067	22,304	26,193
Deferred tax liabilities	18	11,380	20,846	–	–
Trade and client payable	22	407,477	3,299,616	278,067	128,991
Other liabilities		282,522	534,682	203,507	193,998
Accrued expenses and prepaid income	23	629,342	1,368,381	207,839	749,470
Pension provisions	31	–	–	320,508	307,913
Other provisions	24	154,996	8,323	130,862	580
Total liabilities	25	**12,104,356**	**41,477,862**	**7,261,560**	**30,619,680**
Shareholders' equity					
Share capital (400,000 shares)		200,000	200,000	200,000	200,000
Other capital contributions/statutory reserve		2,811,312	54,568	40,000	40,000
Translation reserve		104,131	9,579	–	–
Profit/loss brought forward		–702,623	2,042,374	2,300,197	2,223,001
Total shareholders' equity		**2,412,819**	**2,306,521**	**2,540,197**	**2,463,001**
Total liabilities and shareholders' equity		**14,517,175**	**43,784,383**	**9,801,757**	**33,082,681**

For information about pledged assets and contingent liabilities, see Note 26 page 39.

CHANGES IN SHAREHOLDERS' EQUITY – GROUP

	Attributable to the Parent Company shareholders				
SEK thousands	Share capital	Other capital contributions	Translation reserve	Profit/loss brought forward	Total
Shareholders' equity at 1 January 2007	**200,000**	**54,568**	**–50,135**	**2,117,254**	**2,321,687**
Translation differences related to foreign operations			59,714		59,714
Total income and expenses charged directly against shareholders' equity			**59,714**		**59,714**
Profit for the year				570,157	570,157
Total income and expenses for the period			**59,714**	**570,157**	**629,871**
Dividend				–600,000	–600,000
Gross Group contributions granted				–62,550	–62,550
Tax effect relating to Group contributions				17,514	17,514
Shareholders' equity at 31 December 2007	**200,000**	**54,568**	**9,579**	**2,042,375**	**2,306,521**
Translation differences attributable to foreign operations			94,552		94,552
Total income and expenses charged directly against shareholders' equity			**94,552**		**94,552**
Loss for the year				–2,217,997	–2,217,997
Total income and expenses for the period				**–2,217,997**	**–2,217,997**
Dividend				–527,000	–527,000
Capital contribution received		2,756,744			2,756,744
Shareholders' equity at 31 December 2008	**200,000**	**2,811,312**	**104,131**	**–702,623**	**2,412,819**

CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

	Attributable to the Parent Company shareholders			
SEK thousands	Share capital	Statutory reserve	Profit/loss brought forward	Total
Shareholders' equity at 1 January 2007	**200,000**	**40,000**	**2,363,007**	**2,603,007**
Total income and expenses charged directly against shareholders' equity			**–**	**–**
Profit for the year			487,655	487,655
Total income and expenses for the period			**487,655**	**487,655**
Dividend			–600,000	–600,000
Gross Group contributions granted			–38,420	–38,420
Tax effect relating to Group contributions			10,759	10,759
Shareholders' equity 31 December 2007	**200,000**	**40,000**	**2,223,001**	**2,463,001**
Total income and expenses charged directly against shareholders' equity			118	118
Loss for the year			–2,179,532	–2,179,532
Total income and expenses for the period			**–2,179,414**	**–2,179,414**
Dividend			–527,000	–527,000
Group contribution received			37,315	37,315
Tax effect relating to Group contributions			–10,448	–10,448
Capital contribution received			2,756,744	2,756,744
Shareholders' equity at 31 December 2008	**200,000**	**40,000**	**2,300,197**	**2,540,197**

CASH-FLOW STATEMENTS

	GROUP		PARENT COMPANY	
SEK thousands	2008	2007	2008	2007
Cash flow from operating activities				
Profit/loss before tax[1]	–1,918,064	820,860	–2,021,129	421,377
Adjustments for items not included in cash flow, etc.[2]	741,759	290,126	708,234	–447,329
Paid taxes	–208,099	–445,911	34,600	–144,462
	553,660	–155,785	742,834	–591 791
Cash flow from operating activities before changes in working capital	**–1,384,404**	**665,075**	**–1,278,295**	**–170,414**
Changes in working capital	–5,260,562	3,399,601	–6,570,139	4,019,007
Cash flow from operating activities	**–6,644,966**	**4,064,676**	**–7,848,435**	**3,848,592**
Investment activities				
Acquisition of financial assets	–	–	–16,679	–
Sale of subsidiaries[4]	–	10,203	–	24,183
Acquisition of fixed assets	–41,225	–60,446	–21,413	–20,807
Cash flow from investment activities	**–41,225**	**–50,243**	**–38,092**	**3,376**
Financing activities				
Capital contribution received	2,282,744	–	2,282,744	–
Dividend paid	–527,000	–600,000	–527,000	–600,000
Cash flow from financing activities	**1,755,744**	**–600,000**	**1,755,744**	**–600,000**
Cash flow for the year	**–4,930,447**	**3,414,433**	**–6,130,783**	**3,251,968**
Cash and cash equivalents at opening balance	9,518,468	5,839,116	7,414,957	4,124,186
Translation differences in cash and cash equivalents	450,350	264,920	31,005	38,803
Cash and cash equivalents at closing balance[3]	**5,038,371**	**9,518,469**	**1,315,179**	**7,414,957**
1) Interest paid	793,083	1,081,830	570,027	831,045
Interest received	876,569	960,915	543,162	587,145
2) Adjustment for items not included in cash flow				
Anticipated dividends from subsidiaries	–	–	–	–735,105
Depreciation/amortisation and impairment of assets	35,160	54,219	14,749	9,308
Provisions for credit reserves, net	1,956,407	94,573	1,955,861	94,573
Capital loss from sale of fixed assets	–	–10,718	–	–14,133
Change in balance-sheet item Provisions	144,046	4,543	142,877	57,494
Unrealised changes in value of financial instruments	–1,393,854	147,509	–1,405,253	140,534
Total adjustments not included in cash flow	**741,759**	**290,126**	**708,234**	**–447,329**
3) Cash and cash equivalents				
Cash and deposits with central banks	265,413	457,203	13,139	9,444
Chargeable treasury bills	477,001	–	–	–
Lending to credit institutions	4,337,429	12,387,950	1,302,152	8,017,925
Lending to credit institutions, not payable on demand	–41,471	–3,326,685	–112	–612,412
Cash and cash equivalents at closing balance	**5,038,371**	**9,518,469**	**1 315 179**	**7,414,957**
Divestment of subsidiaries				
Divested assets and liabilities				
Intangible assets	–	23,813	–	–
Tangible fixed assets	–	532	–	–
Other operating assets	–	5,106	–	–
Cash and cash equivalents	–	13,980	–	–
Total assets	**–**	**43,430**	**–**	**–**
Operating liabilities	–	29,966	–	–
Total liabilities	**–**	**29,966**	**–**	**–**
4) Sales of subsidiaries				
Consideration received in cash	–	24,183	–	24,183
Less cash and cash equivalents in divested operations	–	–13,980	–	–
Effect on cash flow	**–**	**10,203**	**–**	**24,183**

ACCOUNTING PRINCIPLES

GENERAL INFORMATION

Carnegie Investment Bank AB with Corporate Registration Number 516406-0138 with subsidiaries (Carnegie or the Group) is an independent Nordic investment bank with operations in Securities, Investment Banking, Asset Management and Private Banking. Carnegie offers financial products and services to Nordic and international customers from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxemburg, Switzerland, the UK and the US. Carnegie has its registered office in Stockholm, Sweden at Västra Trädgårdsgatan 15. Up until 10 November 2008, Carnegie Investment Bank AB was a wholly owned subsidiary of D. Carnegie & Co AB (publ), which was then listed on the Nasdaq OMX Nordic Exchange (de-listed on 22 December 2008). On 10 November, Carnegie Investment Bank AB was taken over by the Swedish government via the National Debt Office.

BASIS FOR PREPARING FINANCIAL STATEMENTS

The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), Recommendation RFR 1.1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board and the regulations and general recommendations regarding annual reporting of credit institutions and securities companies issued by the Swedish Financial Supervisory Authority (FFFS 2008:25) were applied.

The consolidated accounts were prepared in accordance with the purchase method with the exception of those financial instruments that are measured at fair value or accrued acquisition value. No business unit was divested during the year, meaning that all figures presented pertain to continuing operations.

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

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

During the autumn of 2008, the International Accounting Standards Board (IASB) implemented changes in IAS 39 and IFRS 7, which were also approved by the EU. One consequence of the amendments is to allow a financial asset under special circumstances to be reclassified from being held for trading, if the company intends, and has the possibility, to retain the asset for the foreseeable future. Carnegie has not availed itself of this option.

Three interpretations from the International Financial Reporting Interpretations Committee (IFRIC) took effect during the year: IFRIC 11: IFRS 2 Group and Treasury Share Transactions, IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, both adopted by the EU, and IFRIC 12 Service Concession Arrangements, which has not yet been adopted by the EU. None of these interpretations have any effect on the Group's financial reporting.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards, amendments and interpretations will take effect as of the 2009 fiscal year and were not applied in advance in preparing these financial statements. Unless otherwise noted, they are approved by the EU.

Amendment of IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (applicable as of January 2009) is currently not expected to have any effect on the Group's financial reporting, since there are at present no share-based incentive programmes in the Group.

A revised IFRS 3 Business Combinations and amendment of IAS 27 Consolidated and Separate Financial Statements (applicable as of July 2009 but not yet adopted by the EU) will result in changes relating to consolidated accounting and reporting of acquisitions. The changes will only affect future transactions and acquisitions.

IFRS 8 Operating Segments (applicable as of January 2009) replaces IAS 14. Companies whose shares are not subject to general trading do not need to apply IFRS 8. Carnegie has decided not to apply IFRS 8.

Amendments of IAS 1 Presentation of Financial Statements (applicable as of January 2009) is primarily related to presentation formats and designations in financial statements. The Group's presentation of the financial statements will thus be affected by this amendment, although determination of the reported amounts will not change.

Amendment of IAS 23 Borrowing Costs (applicable as of January 2009) will mean that borrowing costs that are directly attributable to purchase, construction or production of an asset that requires significant time to complete for use or sale must be capitalised. The former option of expensing such borrowing costs has been eliminated. This amendment will not have any effect on the Group's financial statements.

Amendment of IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (applicable as of January 2009) will have as one consequence changes in the recognition of received dividends from subsidiaries, associated companies and joint ventures. Carnegie has not yet assessed the effect of this change.

Amendment of IAS 32 Financial Instruments: Classification and IAS 1 Presentation of Financial Statements (applicable as of January 2009) will have the result that certain specific financial instruments that have the character of equity instruments but which were previously recognised as liabilities must be recognised in equity. This amendment is not expected to have any effect on Carnegie's financial statements.

Amendment of IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (applicable as of July 2009) will entail a clarification of IAS 39 in two cases of hedging transactions. The amendment is not expected to have any effect on Carnegie's financial statements.

The International Financial Reporting Committee (IFRIC) has issued the following interpretations: IFRIC 13 Customer Loyalty Programmes (applicable from July 2008 i.e. in practice from January 2009 for Carnegie), IFRIC 15 Agreements for the Construction of Real Estate (applicable as of January 2009 but not yet adopted by the EU), IFRIC 16 Hedges of a Net Investment in a Foreign Operation (applicable as of October 2008 but not yet adopted by the EU), IFRIC 17 Distribution of Non-cash Assets to Owners (applicable as of July 2009 but not yet adopted by the EU) and IFRIC 18 Transfer of Assets from Customers (applicable as of July 2009 but not yet adopted by the EU). According to Carnegie's assessment, these interpretations will not have any significant impact on the Group's financial statements.

CONSOLIDATED ACCOUNTS

CONSOLIDATION PRINCIPLES

The consolidated accounts comprise the Parent Company and all companies over which the Parent Company directly or indirectly exercises a controlling influence. A controlling influence means that Carnegie has the right to establish financial and operative strategies intended to achieve economic benefits. Controlling influence is assumed to exist when the ownership share amounts to at least 50 percent of the voting rights in the subsidiary but may also be achieved if a controlling influence is exercised in some other manner than share ownership. In all cases, the Parent Company owns directly or indirectly shares and/or participations in the companies included in the consolidated accounts. Subsidiaries are included in the consolidated accounts as of the date at which the controlling influence was attained and are eliminated as of the date at which the controlling influence ceased.

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

Subsidiaries are reported according to the purchase method. This means that identifiable acquired assets, liabilities and contingent liabilities are valued at fair value on the acquisition date. The surplus comprising the difference between the acquisition value (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 the income statement. The cost of a subsidiary corresponds to the sum of the fair value of purchased assets, accrued or assumed liabilities, the equity instruments that the purchaser has issued in exchange for the controlling influence in the company plus costs directly attributable to the acquisition. Minority owners' interests in the acquired company are initially calculated as the minority share of the net fair value of the recognised assets, liabilities and contingent liabilities.

EQUITY INSTRUMENTS

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

FOREIGN CURRENCIES

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

In preparing the consolidated accounts, the balance sheets of foreign subsidiaries are translated to SEK at the closing-date rate, while the income statements are translated based on the average rate for the period. The translation differences thus arising are booked directly against a translation reserve in shareholders' equity.

INCOME RECOGNITION

Income is recognised in the income statement when it is probable that future economic benefits will be received and these benefits can be calculated in a reliable manner. Income is normally recognised during the period in which the service was performed. Performance-based fees and commissions are recognised when the income can be calculated reliably and are recognised in income in conjunction with capitalisation. This is normally on a quarterly basis but may also be solely on an annual basis.

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

In the consolidated accounts, fees relating to advisory services are recognised as commission income. These fees are attributable to advisory services within Private Banking and Investment Banking. These services are reported in the income statement when the services have been performed and when it is probable that the future economic benefits will accrue to the company and the benefits can be calculated reliably.

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

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

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

EXPENSE RECOGNITION

Operating and administrative expenses, compensation to employees, other personnel costs and borrowing costs are expensed in the period to which they are attributable.

COMPENSATION TO EMPLOYEES

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

Share-related compensation – incentive programme

Carnegie Investment Bank AB has not granted any share-related compensation to employees.

Profit sharing

The Group reports an expense for profit sharing, which is recognised as an accrued expense. This expense is recognised at the rate it is earned, meaning that when it is linked to a contract or when there is an established practice that creates a constructive obligation. A special agreement was previously in place with Carnegie ASA in Norway, see Note 6 on page 24.

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 an expense for severance pay when it is clear that it is a case of termination of employment before the normal point in time, as part of an established formal plan that cannot be revoked. When servance pay is paid as an offer to encourage voluntary resignation, an expense is reported if it is probable that the offer will be accepted and the number of employees to accept reliably can be estimated. Benefits falling due for payment more than 12 months after the closing date are discounted to the present value if they are significant.

Pension commitments

A defined-contribution plan is a pension plan according to which a company pays fixed fees to a separate legal entity. Thereafter, the company has no legal or informal obligations to pay additional fees related to the employee's pension entitlement. A defined-benefit plan is a pension plan that guarantees the employee a certain amount as a pension upon retirement that is normally based on several different factors, including final salary and length of employment. The Group only has defined-contribution pension plans. Costs for defined-contribution pension plans are recognised in the income statement at the rate benefits are earned, which normally coincides with the date on which pension premiums are paid. Costs for special salary tax are expensed at the rate at which pension expenses arise.

LEASING

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

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

INCOME TAX

Tax expense/income for the period consists of current and deferred tax. Tax is recognised in the income statement except when the underlying transaction is charged directly against equity, in which case the associated tax effect is also recognised in equity. Current tax is the tax that is calculated on taxable income for the period. Taxable income for the year differs in comparison with reported income before tax, since taxable income is adjusted for non-tax deductible expenses and non-tax deductible income and other adjustments as a result of double-taxation agreement with other countries, for example. The Group's current tax is calculated according to the tax rates established or in practice approved (announced) on the closing date in each country.

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

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets recognised in the balance sheet include cash and cash equivalents, accounts receivable, shares and other equity instruments, loan and bond receivables and derivatives. Liabilities include accounts payable, issued debt instruments, loan obligations, derivative instruments and short positions in various forms of spot instruments.

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. Accounts receivable are included in the balance sheet when an invoice has been issued. A liability is included when the counterparty has performed a service and there is a contractual payment obligation, even if an invoice has not yet been received. Accounts payable are included when an invoice is received. A financial asset is eliminated from the balance sheet when the contractual rights have been realised or have expired or when the company loses control over them. The same applies for a portion of a financial asset. A financial liability is eliminated from the balance sheet when the contractual obligation is fulfilled or otherwise expires. The same applies to a portion of a financial asset.

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

Financial assets and financial liabilities in the trading portfolio are valued at fair value on the balance sheet, while changes in value are recognised in the income statement. If market prices in established marketplace are available, they are used for valuation. In cases where there is no active market or listed prices are temporarily unavailable, Carnegie establishes the fair value using various valuation methods. These methods include Black-Scholes-based models. A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends. Changing the assumptions with regard to these parameters may affect the reported value of the financial instrument. The assumptions used when observable parameters are unavailable in the market are in accordance with the instructions defined by the Credit and Risk Committee (CRC). The valuation methods are primarily used to value derivative instruments. All valuation models and assumptions are regularly validated by the internal Risk Control function, monthly by the CRC and quarterly by an external independent party.

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

Each new validation model is approved by the Group's Risk Management, and all models are reviewed regularly.

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

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

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

Cash and cash equivalents

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

Cash and central bank balances

Cash and bank balances with central banks are categorised as loan and accounts receivables and 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. These are categorised as loan and accounts receivable and measured at amortised cost. Provisions are made for probable credit losses after individual assessment. Provisions for probable credit losses are allocated in cases where collateral, commitments or other guarantees are not expected to cover the amount receivable. The principle for what is classeified as an actual credit loss is that they are losses that are established through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is reported under Provisions for credit reserves, net.

Loans to the general public

Lending to the public consists of loan receivables that are payable on demand and which are not listed on an active market. These are categorised as loan and accounts receivable and measured at amortised cost. Provisions are made for probable credit losses after individual assessment. Provisions for probable credit losses are allocated in cases where collateral, commitments or other guarantees are not expected to cover the amount receivable. The principle for what is classified as an actual credit loss is that they are losses that are established through bankruptcy procedures or composition agreements. A decline in value attributable to a debtor's payment capacity is reported under Provisions for credit reserves, net.

Bonds and other interest-bearing securities

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

Shares and participations

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

Derivative instruments

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

Liabilities to credit institutions

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

Deposits and borrowing from the public

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

Lending of securities and short equity positions

The securities that Carnegie lends remain on the balance sheet. Borrowed securities are not included as assets on the balance sheet. In cases in which a borrowed security is sold in a process known as short-selling, a liability is reported corresponding to the divested security's fair value. Received collateral in the form of cash is reported under Liabilities to credit institutions or under Deposits and borrowing from general public, depending on the counterparty. Pledged collateral in the form of cash is reported on the balance sheet under Loans to credit institutions or under Loans to the public, depending on the counterparty.

Buy-back transactions

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

INTANGIBLE ASSETS

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

Goodwill

Goodwill is initially recognised as an asset valued at cost and is thereafter carried at cost less any accumulated impairment. Gains or losses arising from the divestment of an operation include the remaining carrying amount of goodwill attributable to the divested unit. Goodwill has an indefinite useful life and is allocated to cash-generating units within the Group that are expected to benefit from the synergy effects arising in conjunction with the acquisition. Cash-generating units to which goodwill is distributed are assessed annually, or more frequently when there are indications that an impairment requirement may exist. Impairment arises when the carrying amount exceeds the recoverable amount.

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

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

Other intangible assets

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

Internally generated intangible assets, including IT systems

An internally generated 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 cost can be calculated in a reliable manner

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

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

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised at cost less accumulated depreciation and any impairments. Tangible fixed assets consist of capitalised leashold improvement costs, computer equipment and other equipment.

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

IMPAIRMENT OF INTANGIBLE ASSETS AND WRITE-DOWNS OF TANGIBLE FIXED ASSETS WITH FINITE USEFUL LIVES

Impairment is recognised in cases in which the carrying amount of an intangible asset or a tangible fixed asset exceeds its recoverable amount. The carrying amounts for fixed assets are assessed on each closing date to determine if there is a need for impairment. If there is such an indication, the asset's recoverable amount is calculated. The recoverable amount is the higher of the value in use and fair value less cost to sell.

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

SEGMENT REPORTING

The Group's business areas are reported according to the internal organisation.

The Group's business areas are defined as primary segments, meaning that the Group's primary segments consist of business segments. In addition to the income statement, assets, liabilities, provisions and investments attributable to the primary segments are reported. Furthermore, figures are provided for income, assets and liabilities distributed by geographic areas, which are defined as secondary segments.

Reporting by segment is based on directly attributable income, expenses, assets and liabilities. The allocation of joint expenses per business area is based on an estimated degree of usage. Allocations to the profit-sharing system are distributed by business area according to a fixed percentage rate to facilitate analysis by business area. The actual distribution in the profit-sharing system is based on income for the full year and distributed on a discretionary basis.

PROVISIONS

A provision is recognised when there is a formal or constructive commitment arising from an event that has taken place and the occurrence of which will only be confirmed by one or more uncertain future events or when it is probable that an outflow of resources will be required to settle the commitment and it is possible to estimate the amount of the commitment reliably.

CRITICAL ASSESSMENT PARAMETERS

FINANCIAL ASSETS AND LIABILITIES

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

Critical parameters that affect the accounting principles relate to how fair value is determined for these assets and liabilities.

If market prices are available on an established marketplace, they are used for the valuation. When there is no active market or when quoted prices are temporarily unavailable, Carnegie determines the fair value using various valuation techniques. These methods include Black-Scholes-based models. A number of parameters are included in these models, such as assumptions about volatility, interest rates and dividends. Changing the assumptions with regard to these parameters may affect the recognised value of the financial instrument. The assumptions used when observable parameters are unavaible in the market are in accordance with the instructions defined by the Credit and Risk Committee (CRC).

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

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

REPORTING OF DEFERRED TAX ASSETS

Carnegie reported a deferred tax asset of SEK 101,888 thousands attributable to temporary differences and tax loss carryforwards. The largest deferred tax assets are in Sweden and have an unlimited useful life, meaning that there is no expiration date. The ability to utilise deferred tax assets depends on Carnegie's capacity to report taxable profits in the future. Based on Carnegie's future prospects and historically favourable earnings capacity, Carnegie deems that the company will be able to recognise taxable profits within the foreseeable near future and in sufficient extent to be able to utilise the benefits related to the tax loss carryforwards and thus the recognised receivable.

REPORTING OF ENDOWMENT INSURANCE

Certain individual pension commitments are guaranteed through what is called 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 premiums, 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 reports neither assets nor liabilities with the exception of the special employer's contribution related to this endowment insurance.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's annual accounts were prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, recommendation RFR 2.1 Accounting of Legal Entities issued by the Swedish Financial Reporting Board and applicable statements by the Emerging Issues Task Force. RFR 2.1 means that the Parent Company in its annual accounts for the legal entity must apply all IFRS and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Act on Safeguarding of Pension Commitments and with consideration taken to the relationship between accounting and taxation. This means that the Parent Company applies the same accounting principles as the Group with the exceptions noted below.

FINANCIAL FIXED ASSETS

The Parent Company's holdings of shares in foreign subsidiaries are reported according to the cost method.

ANTICIPATED DIVIDEND

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

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

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

DEFERRED TAX IN RELATION TO UNTAXED RESERVES

Due to the relation between accounting and taxation, the Parent Company does not separately report deferred tax liabilities attributable to untaxed reserves. These liabilities are thus reported as gross amounts on the balance sheet, which also applies to appropriations in the income statement. Any amounts allocated to untaxed reserves consist of temporary differences.

FINANCIAL GUARANTEES

The Parent Company applies the exception provision in RFR 2.1 and thus does not apply the rules in IAS 39 with respect to financial guarantees relating to guarantee agreements entered on behalf of subsidiaries and associated companies. In these cases, the rules in IAS 37 are applied, meaning that such guarantee agreements must be recognised as a provision on the balance sheet when the Parent Company has a legal or constructive commitment as a result of a previous event and it is probable that an outflow of resources will be required to settle the commitment and it is possible to reliably estimate the commitment.

RECOGNITION OF ENDOWMENT INSURANCE

The Parent Company's pension commitments, which are guaranteed in the form of company-owned endowment insurance, are recognised in gross amounts in the Parent Company. The asset is recognised under the item Other assets, while the liability is recognised under the item Pension provisions. See Note 31. There is no difference between the Parent Company and the Group, however, with respect to recognition in profit and loss.

NOTES

Note 1 in SEK millions, other notes in SEK thousands.

NOTE 1 SEGMENT REPORTING

PRIMARY SEGMENT – BUSINESS AREAS	Total		Securities		Investment Banking		Asset Management		Private Banking	
GROUP SEKm	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Client-related income	1,530	2,322	1,082	1,741	–	–	–	–	448	581
Income from ECM transactions	127	294	–	–	127	294	–	–	–	–
Income from fund management	497	769	–	–	–	–	497	769	–	–
Income from discretionary management	276	357	–	–	–	–	276	357	–	–
Advisory income	253	388	–	–	253	388	–	–	–	–
Net interest income	80	110	80	110	–	–	–	–	–	–
Net financial items	–41	–317	–42	–317	1	0	–	–	–	–
Other income	20	1	–	–	–	–	20	1	–	–
Total income	**2,742**	**3,924**	**1,120**	**1,533**	**380**	**683**	**794**	**1,126**	**448**	**581**
Personnel expenses	–1,277	–1,040	–577	–472	–206	–166	–235	–199	–259	–203
Other administrative expenses	–1,152	–754	–734	–400	–120	–98	–152	–133	–146	–123
Depreciation and amortisation of tangible and intangible assets	–35	–54	–17	–13	–5	–5	–5	–11	–8	–25
Provisions for credit reserves, net	–1,956	–95	–1,956	–95	0	–	0	–	–1	0
Total expenses excluding profit-share	**–4,421**	**–1,943**	**–3,284**	**–978**	**–331**	**–268**	**–392**	**–343**	**–414**	**–351**
Operating profit/loss before profit sharing	**–1,679**	**1,981**	**–2,164**	**556**	**49**	**415**	**402**	**784**	**34**	**230**
Allocation to profit-share system [1]	–239	–1,160	–	–526	–33	–184	–173	–348	–33	–102
Total expenses	**–4,660**	**–3,103**	**–3,284**	**–1,504**	**–364**	**–452**	**–565**	**–691**	**–447**	**–453**
Profit/loss before tax	**–1,918**	**821**	**–2,164**	**30**	**16**	**231**	**229**	**436**	**1**	**128**
Taxes	–300	–251								
Profit/loss for the year	**–2,218**	**570**								
Number of employees, average	815	804	357	360	133	133	150	138	175	173
Total assets	14,517	43,784	6,829	31,997	340	1,468	1,102	3,137	6,245	7,182
Total liabilities and provisions	12,104	41,478	4,785	30,839	504	1,527	651	2,718	6,165	6,394
Investments per business area	45	39	29	2	5	6	3	16	7	15

SECONDARY SEGMENT – GEOGRAPHIC AREAS	Total		Nordic region		Outside Nordic region		Eliminations	
GROUP SEKm	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Commission income	2,664	4,028	2,226	3,441	450	632	–12	–45
Commission expenses	–291	–292	–291	–296	0	–4	–	8
Interest income	851	962	657	727	219	250	–25	–15
Interest expenses	–778	–1,019	–661	–877	–142	–157	25	15
Other dividend income	1	1	1	1	–	–	–	0
Net financial items at fair value	276	243	223	190	53	42	0	11
Other income	20	–	20	–	–	–	–	–
Total income	**2,742**	**3,924**	**2,174**	**3,186**	**580**	**764**	**–12**	**–26**
Personnel expenses	–1,517	–2,200	–1,282	–1,906	–214	–294	–20	–
Other administration expenses	–1,152	–754	–1,061	–682	–104	–95	12	23
Depreciation and amortisation of tangible and intangible assets	–35	–54	–30	–59	–7	–6	2	11
Net credit reserves	–1,956	–95	–1,956	–95	0	–	–	–
Total operating expenses	**–4,660**	**–3,103**	**–4,330**	**–2,742**	**–324**	**–395**	**–6**	**34**
Operating profit/loss	**–1,918**	**821**	**–2,156**	**444**	**256**	**369**	**–18**	**8**
Taxes	–300	–251	–224	–136	–76	–115	–	–
Profit/loss for the year	**–2,218**	**570**	**–2,379**	**308**	**179**	**254**	**–18**	**8**
Total assets	14,517	43,784	15,446	54,672	4,455	5,278	–5,384	–16,166
Total liabilities and provisions	12,104	41,478	12,340	51,076	3,750	4,559	–3,985	–14,157
Investments	45	39	30	36	15	3	–	–

1) Disputed amount, see page 1.

Note that certain numerical information may not sum due to rounding.

NOTE 2 NET COMMISSION INCOME

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Commission equities	1,523,045	2,293,218	790,914	1,163,495
Other commission income	1,221,112	1,825,205	420,646	549,015
Marketplace fees	–80,442	–90,170	–104,546	–117,208
Total commission income	**2,663,715**	**4,028,253**	**1,107,014**	**1,595,302**
Other commission expenses	–290,826	–291,940	–93,476	–92,566
Total commission expenses	**–290,826**	**–291,940**	**–93,476**	**–92,566**
Total net commission income	**2,372,889**	**3,736,313**	**1,013,537**	**1,502,736**

NOTE 3 NET INTEREST INCOME

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Interest income				
Interest income from lending to credit institutions	436,448	464,336	220,083	254,766
Interest income from lending to general public	379,598	435,117	279,947	304,513
Interest income from interest-bearing securities	24,956	53,596	5,068	16,012
Other interest income	9,548	8,690	18,587	14,237
Total interest income[1) 2)]	**850,550**	**961,740**	**523,686**	**589,529**
Interest expenses				
Interest expenses for liabilities to credit institutions	–473,515	–741,464	–468,145	–672,430
Interest expenses for deposits/ borrowing from general public	–301,121	–248,358	–95,487	–82,024
Other interest expenses	–2,973	–28,723	5,922	–15,879
Total interest expenses[1)]	**–777,608**	**–1,018,546**	**–557,709**	**–770,333**
Total net interest income[3)]	**72,942**	**–56,806**	**–34,023**	**–180,804**
1) of which amounts for balance sheet items not measured at fair value	850,550	961,740	523,686	589,529
	–777,608	–1,018,546	–557,709	–770,333
Total	72,942	–56,806	–34,023	–180,804
2) of which interest on doubtful receivables	156,961	–	156,961	–

3) Net interest income valued at fair value is included in the item Net profit from financial items at fair value

NOTE 4 OTHER DIVIDEND INCOME

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Dividends received on shares and participations of a fixed-asset nature[1)]	871	1,339	–	–
Total other dividend income	**871**	**1,339**	**–**	**–**

1) Dividends from trading operations are included in the item Net profit financial items at fair value.

NOTE 5 NET PROFIT FINANCIAL ITEMS AT FAIR VALUE

GROUP, 2008	Realised changes in value	Unrealised changes in value: Market price	Unrealised changes in value: Observable market data	Unrealised changes in value: Non-observable market data	Effect of exchange-rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	47,566	–7,675	–2,913	–	–	36,979
Shares and participations and attributable derivatives	–1,240,169	891,847	504,537	–	–	156,215
Other financial instruments and attributable derivatives	93,269	8,057	–	–	–	101,325
Exchange-rate changes in branches	–	–	–	–	–187	–187
Other exchange-rate changes	–	–	–	–	–18,726	–18,726
Net profit financial items at fair value	**–1,099,335**	**892,229**	**501,625**	**–**	**–18,914**	**275,605**

GROUP, 2007	Realised changes in value	Unrealised changes in value: Market price	Unrealised changes in value: Observable market data	Unrealised changes in value: Non-observable market data	Effect of exchange-rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	15,942	–2,949	45	–335	–	12,703
Shares and participations and attributable derivatives	329,507	194,519	–336,103	2,667	–	190,590
Other financial instruments and attributable derivatives	56,788	–2,131	3	–213	–	54,446
Exchange-rate changes in branches	–	–	–	–	–8,257	–8,257
Other exchange-rate changes	–	–	–	–	–6,403	–6,403
Net profit financial items at fair value	**402,237**	**189,439**	**–336,055**	**2,119**	**–14,660**	**243,079**

PARENT COMPANY, 2008	Realised changes in value	Unrealised changes in value: Market price	Unrealised changes in value: Observable market data	Unrealised changes in value: Non-observable market data	Effect of exchange-rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	44,343	–	–2,913	–	–	41,431
Shares and participations and attributable derivatives	–1,217,560	903,628	504,537	–	–	190,605
Other financial instruments and attributable derivatives	40,094	–	–	–	–	40,094
Exchange-rate changes in branches	–	–	–	–	–187	–187
Other exchange-rate changes	–	–	–	–	–18,967	–18,967
Net profit financial items at fair value	**–1,133,123**	**903,628**	**501,625**	**–**	**–19,154**	**252,976**

PARENT COMPANY, 2007	Realised changes in value	Unrealised changes in value: Market price	Unrealised changes in value: Observable market data	Unrealised changes in value: Non-observable market data	Effect of exchange-rate changes	Total
Bonds and other interest-bearing securities and attributable derivatives	785	–	45	–335	–	495
Shares and participations and attributable derivatives	205,226	195,255	–339,038	2,667	–	64,110
Other financial instruments and attributable derivatives	322	–	–	–213	–	109
Exchange-rate changes in branches	–	–	2	–	–8,257	–8,255
Net profit financial items at fair value	**206,333**	**195,255**	**–338,991**	**2,119**	**–8,257**	**56,459**

Unrealised gains/losses are attributable to financial items valued at fair value. Fair value is based on one of the following valuation methods:

MARKET PRICE
The value is based on a price listed on an exchange or other marketplace.

OBSERVABLE MARKET DATA
The value is based on a price that was calculated with a valuation technique using assumptions consisting of observable market data.

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

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

NOTE 6 PERSONNEL EXPENSES

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Salaries and compensation	–927,518	–718,163	–505,057	–373,737
Social insurance fees	–165,993	–144,383	–123,539	–106,074
Allocation to profit-share system	–239,361	–1,160,000	–	–490,714
Pension expenses for Board of Directors and CEO	–3,190	–1,526	–797	–315
Pension expenses for other employees	–107,073	–92,090	–88,590	–73,426
Other personnel expenses	–73,415	–83,885	–42,437	–57,866
Total personnel expenses	**–1,516,549**	**–2,200,047**	**–760,420**	**–1,102,132**

Salary and compensation to other employees not included in the Board of Directors or Group Management	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Denmark	–175,492	–164,545	–	–
Finland	–48,342	–44,443	–38,521	–35,838
Luxembourg	–46,256	–28,095	–	–
Norway	–121,058	–90,773	–1,897	–2,080
Switzerland	–9,142	–4,897	–	–
United Kingdom	–52,747	–46,877	–52,747	–46,877
Sweden	–403,562	–293,561	–401,583	–282,775
United States	–35,001	–22,193	–	–
Total	**–891,600**	**–695,384**	**–494,747**	**–367,570**

Allocation to profit-share system	GROUP 2008[1)]	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Denmark	–166,324	–287,436	–	–
Finland	–	–23,047	–	–16,605
Luxembourg	–32,807	–50,228	–	–
Norway[2)]	–40,231	–301,713	–	–10,317
Switzerland	–	–	–	–
United Kingdom	–	–89,793	–	–89,793
Sweden	–	–373,998	–	–373,998
United States	–	–33,785	–	–
Total	**–239,361**	**–1,160,000**	**–**	**–490,714**

1) A number of legal units have made provisions for profit share in their local audited accounts. The Board will apply extensive investigation of locally booked profit sharing, and subsequently make a final decision as to whether profit sharing will take place.

2) Within Carnegie ASA, one of Carnegie Investment Bank AB's subsidiaries, a special agreement previously existed to regulate profit-sharing between Carnegie ASA and Carnegie ASA Indre Selskap. The agreement was terminated as of 30 November 2008.

Salary and compensation to Boards of Directors and Presidents	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Denmark	–5,952	–5,761	–	–
Finland	–8,386	–2,250	–	–
Luxembourg	–1,874	–1,471	–	–
Norway	–6,417	–5,245	–	–
Switzerland	–	–	–	–
United Kingdom	–	–	–	–
Sweden	–12,302	–7,038	–10,310	–6,167
United States	–987	–1,014	–	–
Total	**–35,918**	**–22,779**	**–10,310**	**–6,167**

Average no. of employees (of whom women)	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Denmark	147 (45)	148 (44)	–	–
Finland	67 (24)	69 (27)	49 (20)	50 (21)
Luxembourg	45 (11)	41 (10)	–	–
Norway	105 (24)	101 (25)	2 (1)	3 (2)
Switzerland	4 (–)	4 (–)	–	–
UK	41 (15)	44 (15)	41 (15)	44 (15)
Sweden	388 (122)	382 (131)	385 (117)	366 (112)
US	18 (5)	16 (4)	–	–
Total	**815 (246)**	**804 (256)**	**477 (153)**	**463 (150)**

Compensation to the Board of Directors (1 January 2007–21 November 2007)	GROUP 2008	GROUP 2007
Christer Zetterberg, Chairman	–	133
Hugo Andersen	–	133
Niclas Gabràn	–	133
Mai-Lill Ibsen	0	133
Anders Ljungh	–	133
Dag Sehlin	–	133
Stig Vilhelmson	–	–
Fields Wicker-Miurin	–	133
Total	**0**	**932**

Compensation to the Board of Directors (21 November 2007–7 April 2008)*	GROUP 2008	GROUP 2007
Anders Fällman, Chairman	233	17
Jan Kvarnström, Vice Chairman	233	17
Mai-Lill Ibsen	233	17
Björn C Andersson	233	17
Catharina Lagerstam	233	17
Patrik Tigerschiöld	233	17
John Shakeshaft	0	–
Total	**1,398**	**101**

* The Board of Directors was re-elected at the Annual General Meeting on 7 April 2008 with the exception of Patrik Tigerschiöld who resigned and John Shakeshaft who was elected as a new Board member. The elected Board members served until individual termination dates. No compensation was paid from Carnegie Investment Bank AB for Board work for the period 7 April to 14 November 2008. The Board of Directors was correspondingly re-elected in the former Parent Company D. Carnegie & Co AB, which paid compensation for the period from 7 April until the Board members' individual termination dates.

Compensation to the current Board of Directors (14 November 2008–31 December 2008)	GROUP 2008	GROUP 2007
Peter Norman, Chairman	26	–
Lars Linder-Aronson	20	–
Adine Grate Axén	20	–
Henrik Dagel	20	–
Håkan Erixon	20	–
Total	**105**	**–**

Cont. note 6

Personnel expenses. President, Vice President and other senior executives

GROUP 2008	Gross salary and benefits	Profit share	Pensions and similar benefits	Severance pay
Former President Anders Onarheim[1)]	1,194	*)	30	–
Former President Mikael Ericson[2)]	3,574	–	680	–
Former Vice President Matti Kinnunen[3)]	4,039	–	87	4,746
Other resigning senior executives[4)]	**10,280**	–	**2,001**	**6,147**
Other current senior executives[5)]	**5,173**	*)	**537**	–

*) A number of legal units have made provisions for profit share in their locally audited accounts, which may also mean that a number of senior executives may be receive profit shares for 2008. The Board will apply extensive investigation of locally booked profit sharing and subsequently make a final decision as to whether profit sharing will take place.

1) Anders Onarheim's compensation includes the period up until 25 April 2008 when he resigned as President. The profit share relates to Anders Onarheim's participation in Carnegie ASA Indre Selskap i Carnegie ASA in Norway. The agreement between Carnegie ASA and Carnegie ASA Indre Selskap was terminated as of 30 November 2008.

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

3) Matti Kinnunen's compensation includes the period up until he resigned as Vice President on 25 April 2008. Of gross salary and benefits, SEK 3m pertains to a prepaid bonus for 2008.

4) The amounts are for the period during which they held a position in the category other senior management. Five persons are included in the group. An additional commitment of SEK 7m exists for 2009.

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

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

Personnel expenses. President, Vice President and other senior executives

GROUP 2007	Gross salary and benefits	Profit share	Pensions and similar benefits	Severance pay
Former President Stig Vihelmson[1)]	3,651	–	237	8,113
Former President Anders Onarheim[2)]	855	13,439	14	–
Former Vice President Matti Kinnunen[3)]	628	–	64	
Other resigning senior executives[4)]	**7,862**	**13,439**	**1,321**	**9,367**
Other current senior executives[5)]	**11,670**	**1,247**	**357**	**–**

1) Stig Vilhelmson resigned as President on 27 September 2007. The amounts refer to the total costs in 2007.

2) Anders Onarheim's compensation includes the period from when he became President on 28 September 2007 until 31 December 2007. The profit share is attributable to his participation in Det Indre Sellskapet i Carnegie ASA in Norway.

3) Matti Kinnunen's compensation includes the period from when he became Vice President on 28 September 2007 until 31 December 2007.

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

5) The amounts are for the period during which they held a position in the category other senior management. Of current other senior executives, the persons who held such position in 2006 elected to forego their profit-share in 2007. The group includes three persons (of whom two in the Parent Company).

The table above specifies compensation for resigning other senior executives and includes: Niklas Ekvall (1 Jan. – 31 July), Mats-Olof Ljungkvist (1 Jan. – 28 Feb.), Peter Bäärnhielm (1 Jan. – 30 June), Lars Bjerrek (1 Jan. – 31 July), Matti Kinnunen (1 Jan. – 27 Sept.), Anders Onarheim (1 July – 27 Sept.) and Ulf Fredrixon (1 March – 3 Oct.). The category current other senior executives includes Christoffer Folkebo (1 April – 31 Dec.), Per Axman (13 Aug. – 31 Dec.), Bo Haglund (4 Oct. – 31 Dec.) and Jim Cirenza (1 Jan. – 31 Dec.).

Cont. note 6

ABSENCE DUE TO ILLNESS
During 2008, absence due to illness for employees in Swedish companies was 1.5 percent (1.2) of the total number of employees' ordinary working hours, of which 0.7 percent (0.5) was consecutive absence of 60 days or more. Absence due to illness was 2.4 percent (2.1) for women and 1.0 percent (0.8) for men. The age distribution was 0.7 percent (0.7) 29 years or younger, 1.4 percent (1.2) between 30 and 49 years and 2.4 percent (2.3) 50 years or older.

GENDER DISTRIBUTION
The current Board of Directors consists of 20 percent (33) women and 80 percent (66) men.
The current management group consists of 17 percent (-) women and 83 percent (100) men.

COMPENSATION
The Board of Directors of Carnegie Investment Bank AB reviews the President's salary and benefits in accordance with his contract. The Board also establishes principles and general policy for salaries, benefits and pensions for the firm's senior executives

DECISION TO FOREGO PROFIT SHARE IN 2007
In conjunction with the decision by the Board of Directors on 11 June 2007 regarding the write-off in the profit-sharing system and its effects on Carnegie's profit-sharing system, Carnegie's group management at that time decided to forego their profit share for 2007 to the benefit of the shareholders. The decision involved the following persons: Stig Wilhelmson, Lars Bjerrek, Peter Bäärnhielm, Jim Cirenza, Niklas Ekvall, Ulf Fredrixon and Matti Kinnunen. None of these persons received a profit share during 2007.

PERIOD OF NOTICE AND SEVERANCE PAY
There are no agreements on severance pay for Board members who are not employed by the Group. The notice period for the President is 12 months if terminated by the President. If terminated by Carnegie, the notice period is 24 months. In the event of immediate termination by Carnegie, the President receives 24 months' severance pay and compensation for the loss of other benefits during 24 months.

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

SPECIAL CONDITIONS
Former President Mikael Ericson's employment contract includes the acquisition of shares in D. Carnegie & Co AB for SEK 4m. In conjunction with his employment, Mikael Ericson was guaranteed fixed compensation of SEK 4m to be paid in 2009 on the condition that he remained employed with the company on 31 March 2009 and that he did not sell his shares. This amount will be paid in 2009.

PENSIONS
Carnegie makes salary-based provisions for pension insurance (payments are based on total salary excluding any allocation to profit sharing) in accordance with customary rules in each country. These provisions amounted to the following percentages in relation to the total salary costs: 12 percent (13) for the Group and 18 percent (20) for the Parent Company. All pension commitments consist of defined-contribution pension plans and are reinsured with external parties.

Carnegie has no outstanding pension commitments. Carnegie makes no pension provisions for Board members who are not employed by Carnegie.

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

ENDOWMENT INSURANCE
Individual pension commitments, which are fully guaranteed through endowment insurance and for which Carnegie does not have any further obligation to cover any losses on such insurance or to additional payment obligation above the premiums already paid, are treated according to the rules for defined-contribution plans. The total market value amounts to: In the Group, SEK 323,603 thousands (310,988), of which in the Parent Company, SEK 320,508 thousands (307,913). Premiums paid during the year amounted to: In the Group, SEK 27,334 thousands (65,286) and in the Parent Company, SEK 27,334 thousands (65,286).

NOTE 7 OTHER ADMINISTRATIVE EXPENSES

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Other administrative expenses include:				
Auditing fees				
Deloitte	–11,354	–7,485	–7,157	–4,589
Grant Thornton	–1,233	–3,430	–	–
KPMG	–2,775	–2,920	–956	–789
PricewaterhouseCoopers	–637	–246	–	–
Other auditing firms	–1,849	–1,059	–1,239	–47
Total auditing fees	**–17,848**	**–15,140**	**–9,351**	**–5,425**
Other fees to auditing firms				
Deloitte	–371	–149	–300	–149
Grant Thornton	–401	–	-	–
KPMG	–314	–	–142	–
PricewaterhouseCoopers	–117	–	-	–
Other auditing firms	–1,476	–903	–1,069	–290
Total other fees to auditing firms	**–2,678**	**–1,052**	**–1,512**	**–439**

CLAIM ON D. CARNEGIE & CO AB

D. Carnegie & Co AB granted a capital contribution to Carnegie Investment Bank AB, with the objective of strengthening the capital base, amounting to SEK 474m as per 31 October. The transaction was never settled, and a claim on D. Carnegie & Co AB thus remains. The net claim at year-end amounted to SEK 363m. Given the uncertain financial situation in D. Carnegie & Co AB, Carnegie Investment Bank AB allocated the entire net amount as a reserve in the year-end accounts.

NOTE 8 AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF TANGIBLE FIXED ASSETS

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Computer equipment and other equipment	–25,869	–24,528	–8,813	–5,653
Leasehold improvements	–4,529	–2,313	–4,529	–2,313
Other intangible assets	–4,762	–27,379	–1,407	–1,342
Total amortisation of intangible assets and depreciation of tangible fixed assets	**–35,160**	**–54,219**	**–14,749**	**–9,308**

NOTE 9 NET CREDIT RESERVES AND PROVISIONS FOR DOUBTFUL RECEIVABLES

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Provisions for doubtful receivables on the opening date	**–123,476**	**–30,868**	**–123,476**	**–30,868**
Effect on income of individually valued credits included in the income statement (minus is increased provision):				
Reversals of previous reserves	8	655	8	655
Reserves for the year	–1,956,415	–96,283	–1,955,870	–96,283
Reversals of reserves no longer required	0	1,055	0	1,055
Total net credit reserves	**–1,956,407**	**–94,573**	**–1,955,861**	**–94,573**
Exchange-rate differences	27,284	1,178	27,360	1,178
Total items affecting income	**–1,929,123**	**–93,395**	**–1,928,501**	**–93,395**
Previously reported doubtful receivable now eliminated as actual	24,647	787	24,647	787
Provisions for doubtful receivables on the closing date	**–2,027,952**	**–123,476**	**–2,027,331**	**–123,476**

Provisions for doubtful receivables on the closing date are attributable to the item Lending to the public within the Nordic region. Impairments for the year relating to credit losses, reserves and reversals of impairments are attributable to the item Lending to the public. The balance on the closing date is included as a reduction of assets in the balance-sheet item Lending to the public.

The provisions for credit reserves are primarily attributable to a major credit commitment in Sweden and several small and medium-sized clients whitin the Securities business areas, mainly related to Equity Finance. Several of the commitments contain collateral for which the current values cannot be fully assessed.

NOTE 10 TAXES

	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Current tax expense				
Tax expense for the year	–196,109	–324,213	–36,327	–10,759
Adjustment of tax attributable to prior years	5,427	845	–	872
Total current tax expense	**–190,682**	**–323,368**	**–36,327**	**–9,887**
Deferred tax expense (-) / income (+)				
Deferred tax related to temporary differences	8,787	12,219	–3,740	12,954
Deferred tax income in the tax value of loss carryforwards capitalised during the year	344	60,446	–	63,211
Effect of changed tax rate	–6,172	–	–6,125	–
Deferred tax expense as a result of utilisation of of the tax value in previously capitalised loss carryforwards	–112,211	–	–112,211	–
Total deferred tax expense/income	**–109,252**	**72,665**	**–122,076**	**76,165**
Total recognised tax expense	**–299,934**	**–250,703**	**–158,403**	**66,278**

GROUP Reconciliation of effective tax	2008 Tax rate, %	2008 Amount	2007 Tax rate, %	2007 Amount
Profit/loss before tax		–1,918,064		820,860
Tax according to prevailing tax rate for the Parent Company	28.0	537,058	28.0	–229,841
Effect of changed tax rate[1]	–0.3	–6,172	0.0	–
Effect of tax rates for foreign subsidiaries[2]	0.0	515	0.8	–6,271
Tax effect of non-deductible expenses	–7.3	–140,893	3.5	–28,397
Tax effect of non-taxable income	0.4	6,869	–1.6	12,961
Tax on anticipated dividends	0.0	–	0.0	–
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–28.3	–543,390	0.0	–
Reversal of previously capitalised loss carryforwards/tax assets	–7.2	–137,667	0.0	–
Tax attributable to previous years	0.3	5,427	–0.1	845
Revaluation of tax asset pertaining to branch taxes	–1.2	–22,403	0.0	–
Other	0.0	722	0.0	–
Recognised effective tax	**–15.6**	**–299,934**	**30.5**	**–250,703**

1) On 10 December, the Swedish Parliament decided to reduce corporate tax from 28 to 26.3 percent. The new tax rate will apply starting in the 2009 income year/ 2010 taxation year and affected per 31 December 2008 the value of deferred tax assets and deferred tax liabilities. Deferred tax assets and deferred tax liabilities in the final accounts for the 2008 fiscal year were recalculated according to the new tax rate.

2) Taxable income multiplied by the current tax rate for each subsidiary. In 2007, Denmark reduced corporate tax from 26 to 25 percent, resulting in a reduction of tax expenses by SEK 4,000.

PARENT COMPANY Reconciliation of effective tax	2008 Tax rate, %	2008 Amount	2007 Tax rate, %	2007 Amount
Profit/loss before tax		–2 021 129		421,377
Tax according to prevailing tax rate for the Parent Company	28.0	565,916	28.0	–117,986
Effect of tax rates for foreign subsidiaries[1]	–0.1	–2,214	0.0	–
Tax effect of non-deductible expenses	–5.6	–113,614	4.1	–18,041
Tax effect of non-taxable income	0.1	2,315	–0.2	1,005
Tax on anticipated dividends	4.9	98,218	–46.7	205,829
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–26.9	–542,750	0.0	–
Reversal of previously capitalised loss carryforwards/tax assets	–6.8	–137,667	0.0	–
Tax attributable to previous years	0.2	3,804	–0.2	872
Effect of changed tax rate	–0.3	–6,125	0.0	–
Revaluation of tax asset pertaining to branch taxes	–1.1	–22,403	0.0	–
Other	0.0	–3,883	0.0	–5,401
Recognised effective tax	**–7.8**	**–158,403**	**–15.0**	**66,278**

1) Taxable income multiplied by the current tax rate for each subsidiary.

NOTE 11 EARNINGS PER SHARE AND NUMBER OF SHARES

GROUP	2008	2007
Earnings per share	–5,545	1,425
Number of shares at opening balance	400,000	400,000
Number of shares at closing balance	400,000	400,000
Average number of shares	400,000	400,000
Number of shares with dividend rights	400,000	400,000
Net profit/loss for the year, SEK thousands	–2 217,997	570,157
Dividend per share, proposed, SEK	–	1,318

Quotient value SEK 500 per share. All shares are fully paid
There is only one class of shares that entitles the holder to one vote per share and has equal rights to dividends.

DEFINITIONS

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

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

NOTE 12 MATURITY INFORMATION

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Lending to credit institutions				
Payable on demand	4,295,957	9,056,741	1,302,040	7,405,512
Remaining maturity period less than three months	41,471	3,326,685	112	612,412
Remaining maturity period greater than three months but at most one year	–	4,524	–	–
Total lending to credit institutions	**4 337,429**	**12,387,950**	**1,302,152**	**8,017,925**
of which repo transactions	–	427,322	–	–
of which Group companies	–	–	1,408	11,543
Lending to the public				
Payable on demand	2 391,750	6,766,319	1,601,636	5,173,034
Remaining maturity period less than three months	500,108	753,996	–	–
Remaining maturity period greater than three months but at most one year	510,884	376,755	–	–
Remaining maturity period greater than one year but at most five years	789	347	–	–
Total lending to general public	**3,403,531**	**7,897,418**	**1,601,636**	**5,173,034**
of which repo transactions	–	–	–	–
of which Group companies	–	–	577	19,297
Liabilities to credit institutions				
Payable on demand	1,448,078	11,745,600	1,414,551	11,628,294
Remaining maturity period less than three months	450	801,339	450	507,493
Remaining maturity period greater than three months but at most one year	–	–	–	–
Total liabilities to credit institutions	**1,448,528**	**12,546,939**	**1,415,001**	**12,135,787**
of which repo transactions	–	292,745	–	–
of which Group companies	–	–	176	45,821
Deposits and borrowing from the public				
Payable on demand	5,285,613	7,811,004	2,467,604	4,664,479
Remaining maturity period less than three months	1,360,507	2,311,462	–	–
Remaining maturity period greater than three months but at most one year	4,487	13,979	–	–
Remaining maturity period greater than one year	–	–	–	–
Total deposits and borrowing from general public	**6,650,608**	**10,136,445**	**2,467,604**	**4,664,479**
of which repo transactions	–	–	–	–
of which Group companies	–	–	96,317	342,079

NOTE 13 FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING – INFORMATION ON VALUATION METHOD AND MATURITY PERIOD

GROUP 31 Dec. 2008	Valuation method[1]: Market price	Observable market data	Non-observable market data	Other method	Total	Remaining maturity period: At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Total	Latest due date if more than 2 years
Bonds and other interest-bearing securities	493,719	131,584	–	–	625,304	319,074	46,600	259,629	–	625,304	2038-01-01
Shares and participations	1,212,881	4,206	–	2,684	1,219,771	82,161	–	–	1,137,610	1,219,771	
Derivative instruments	1,226,501	665,437	–	–	1,891,937	1,499,187	392,751	–	–	1,891,938	
Total financial assets	**2,933,101**	**801,228**	**–**	**2,684**	**3,737,013**	**1,900,423**	**439,351**	**259,629**	**1,137,610**	**3,737,013**	
Bonds and other interest-bearing securities	–	–	–	–	–	–	–	–	–	–	
Short positions, financial instruments	959,819	–	–	–	959,819	156,212	–	–	803,607	959,819	
Derivative instruments	753,462	689,854	–	–	1,443,315	870,423	469,846	103,046	–	1,443,315	2012-10-16
Total financial liabilities	**1,713,281**	**689,854**	**–**	**–**	**2,403,134**	**1,026,635**	**469,846**	**103,046**	**803,607**	**2,403,134**	

GROUP 31 Dec. 2007	Valuation method[1]: Market price	Observable market data	Non-observable market data	Other method	Total	Remaining maturity period: At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Total	Latest due date if more than 2 years
Bonds and other interest-bearing securities	982,783	–	–	935	983,718	100,114	240,882	564,884	77,838	983,718	2038-01-01
Shares and participations	10,865,637	3,658	63,683	6,126	10,939,104	614,993	28,757	12,034	10,283,321	10,939,104	2016-01-25
Derivative instruments	1,143,151	940,085	–	–	2,083,236	1,553,290	423,750	106,196	–	2,083,236	2010-12-17
Total financial assets	**12,991,571**	**943,743**	**63,683**	**7,061**	**14,006,058**	**2,268,397**	**693,389**	**683,114**	**10,361,159**	**14,006,058**	
Bonds and other interest-bearing securities	471,520	–	–	–	471,520	–	–	471,520	–	471,520	2038-01-01
Short positions, financial instruments	6,968,408	–	–	–	6,968,408	272,184	–	–	6,696,224	6,968,408	
Derivative instruments	1,276,132	4,640,975	26,528	–	5,943,635	3,914,361	1,159,182	870,092	–	5,943,635	2012-10-16
Total financial liabilities	**8,716,060**	**4,640,975**	**26,528**	**–**	**13,383,563**	**4,186,545**	**1,159,182**	**1,341,612**	**6,696,224**	**13,383,563**	

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

PARENT COMPANY 31 Dec. 2007	Valuation method[1]: Market price	Observable market data	Non-observable market data	Other method	Total	Remaining maturity period: At most 1 year	Between 1 and 2 years	More than 2 years	Not applicable	Total	Latest due date if more than 2 years
Bonds and other interest-bearing securities	–	–	–	935	935	317	618	–	–	935	
Shares and participations	10,270,718	3,658	63,380	1,683	10,339,439	389,604	28,757	12,034	9,909,044	10,339,439	2016-01-25
Derivative instruments	1,136,356	940,085	–	–	2,076,441	1,546,495	423,750	106,196	–	2,076,441	2010-12-17
Total financial assets	**11,407,074**	**943,743**	**63,380**	**2,618**	**12,416,815**	**1,936,416**	**453,125**	**118,230**	**9,909,044**	**12,416,815**	
Short positions, shares	6,474,474	–	–	–	6,474,474	63,912	–	–	6,410,562	6,474,474	
Derivative instruments	1,270,292	4,640,975	26,528	–	5,937,795	3,908,521	1,159,182	870,092	–	5,937,795	2012-10-16
Total financial liabilities	**7,744,766**	**4,640,975**	**26,528**	**–**	**12,412,269**	**3,972,433**	**1,159,182**	**870,092**	**6,410,562**	**12,412,269**	

1) For information on valuation methods, see Note 5 Net profit financial items at fair value.

NOTE 14 INFORMATION ON OTHER FINANCIAL ASSETS

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Bonds				
Bonds, listed	625,304	904,945	174,060	–
Bonds, unlisted	–	78,773	–	935
	625,304	**983,718**	**174,060**	**935**
Swedish government	216,758	217,854	–	–
Other Swedish issuers	113,196	–	113,196	–
Foreign governments	59,445	135,502	43,837	–
Other foreign issuers	235,906	630,362	17,028	935
	625,304	**983,718**	**174,060**	**935**
Shares , listed	1,212,881	10,865,656	1,177,415	10,270,736
Shares, unlisted	6,891	73,448	1,923	68,703
	1,219,771	**10,939,104**	**1,179,338**	**10,339,439**

NOTE 15 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007
Acquisition value on the opening date	1,038,351	1,048,001
Acquisitions during the year	300	400
Shareholder contributions during the year	22,500	–
Impairment loss during the year	–24,977	–
Divestments during the year	–	–10,050
Carrying amount, 31 Dec.	**1,036,174**	**1,038,351**

	Corporate Reg. No.	Registered office	No. of shares	Carrying amount 2008	Shareholders' equity 2008 *
Carnegie, Inc.	13-3392829	Delaware	100	12,712	65,393
Carnegie ASA**	936 310 974	Oslo	20,000	93,608	156,998
Carnegie Ltd	2941 368	London	1	–	295
DNOF Fond AB	556527-9642	Stockholm	110,000	23,610	36,439
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776	Karlstad	1,000	10,400	1,596
Carnegie Properties AB	556680-5288	Stockholm	1,000	100	392
Valot Invest Holding AB	556680-5668	Stockholm	1,000	100	100
Subsidaries to Valot Invest Holding AB					
Valot Invest Sweden AB	556713-4282	Stockholm	1,000	100	100
Valot Invest International AB	556715-5774	Stockholm	1,000	100	100
Carnegie Asset Management Finland Ab	623.606	Helsinki	4,800	48,974	26,334
Subsidaries to Carnegie Asset Management Finland Ab					
Carnegie Fondbolag Ab		Helsinki			
Carnegie Asset Management Holding Danmark A/S	226.229	Copenhagen	25,000	66,678	137,747
Subsidaries to Carnegie Asset Management Danmark Holding A/S					
Carnegie Asset Management Fondmaeglerselskab A/S		Copenhagen			
Carnegie Asset Administration A/S		Copenhagen			
Carnegie Asset Management Holding Norge AS	976 307 852	Oslo	90,000	47,320	40,706
Subsidiary to Carnegie Asset Management Holding Norge AS					
Carnegie Kapitalforvaltning AS		Oslo			
Carnegie Bank A/S**	109.861	Copenhagen	1	144,894	168,158
Banque Carnegie Luxembourg S.A.**	1993-2201863	Luxembourg	349,999	587,578	285,497
Subsidiaries to Banque Luxembourg S.A.					
Carnegie Fund Management Company S.A.		Luxembourg			
Carnegie Asset Management S.A.		Luxembourg			
Total				**1,036,174**	**919,855**

* Shareholders' equity in subsidiaries is reported excluding anticipated dividends to the Parent Company. All of the above shares are unlisted and owned to 100 percent.
** Companies classified as credit institutions. *** Capital C AB was divested as of 31 August 2008.

NOTE 16 INTANGIBLE ASSETS

	GROUP 31 Dec. 2008	31 Dec. 2007	PARENT COMPANY 31 Dec. 2008	31 Dec. 2007
Goodwill				
Aqcusition value on the opening date	9,207	8,809	–	–
Acquisitions during the year	–	397	–	–
Divestments during the year	–	–	–	–
Acquision value on the closing date	**9,207**	**9,207**	**–**	**–**
Amortisation on the opening date	–	–	–	–
Amortisation on the closing date	**–**	**–**	**–**	**–**
Carrying amount[1)]	**9,207**	**9,207**	**–**	**–**

1) An impairment test is performed annually on reported goodwill, regardless of weather or not there is an indication of a need to recognise an imairment loss.

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

During 2007, a supplementary purchase payment of SEK 397 thousands was made.

Impairment assessment of Familjeföretagens Pensionsredovisning i Värmland AB
The calculated value in use of Familjeföretagens Pensionsredovisning i Värmland AB is deemed to exceed the carrying amount, and no reasonable changes in the most important assumptions are deemed to result in the calculated value in use exceeding the carrying amount.

	GROUP 31 Dec. 2008	31 Dec. 2007	PARENT COMPANY 31 Dec. 2008	31 Dec. 2007
Other intangible assets				
Aqcusition value on the opening date	12,625	193,083	33,433	30,730
Exchange-rate changes	11,639	2,804	3,248	774
Acquisitions during the year	7,537	5,906	6,127	1,929
Divestments during the year	–914	–189,168	–	–
Acquision value on the closing date	**30,887**	**12,625**	**42,808**	**33,433**
Amortisation on the opening date	–4,421	–154,268	–30,329	–28,213
Exchange-rate changes	–10,607	–2,804	–2,963	–774
Acc. amortisation for divestment	804	180,031	–	–
Amortisation for the year	–4,762	–27,380	–1,407	–1,342
Amortisation on the closing date	**–18,986**	**–4,421**	**–34,699**	**–30,329**
Carrying amount[1)]	**11,901**	**8,204**	**8,109**	**3,104**
Total carrying amount of intangible assets	**21,107**	**17,411**	**8,109**	**3,104**

1) Other intangible assets consist of internally generated IT systems.

NOTE 17 TANGIBLE FIXED ASSETS

	GROUP 31 Dec. 2008	31 Dec. 2007	PARENT COMPANY 31 Dec. 2008	31 Dec. 2007
Computer equipment and other equipment				
Aqcusition value on the opening date	284,851	255,435	114,737	96,365
Exchange-rate changes	12,133	5,560	709	724
Acquisitions during the year	35,822	39,452	15,047	18,884
Divestments during the year	–15,635	–15,596	–548	–1,236
Acquision value on the closing date	**317,171**	**284,851**	**129,945**	**114,737**
Accumulated depreciation on the opening date	–205,639	–190,630	–81,675	–76,528
Exchange-rate changes	–10,015	–5,559	–755	–724
Accumulated depreciation for divestments during the year	14,076	15,078	342	1,230
Depreciation for the year	–25,869	–24,528	–8,813	–5,653
Accumulated depreciation on the closing date	**–227,447**	**–205,639**	**–90,901**	**–81,675**
Carrying amount	**89,724**	**79,212**	**39,044**	**33,062**
Leashold improvements				
Aqcusition value on the opening date	64,359	64,359	64,359	64,359
Acquisitions during the year	206	–	206	–
Acquision value on the closing date	**64,565**	**64,359**	**64,565**	**64,359**
Accumulated depreciation on the opening date	–56,293	–53,980	–56,293	–53,980
Depreciation for the year	–4,529	–2,313	–4,529	–2,313
Accumulated depreciation on the closing date	**–60,822**	**–56,293**	**–60,822**	**–56,293**
Carrying amount	**3,743**	**8,066**	**3,743**	**8,066**
Total tangible assets carrying amount	**93,467**	**87,278**	**42,787**	**41,128**

NOTE 18 DEFERRED TAX ASSETS/LIABILITIES

	GROUP 31 Dec. 2008	31 Dec. 2007	PARENT COMPANY 31 Dec. 2008	31 Dec. 2007
Deferred tax assets				
Intangible assets	3	3	3	3
Pensions	85,429	87,077	84,294	86,216
Capitalised loss carryforwards	344	121,191	–	112,211
Other	16,112	22,948	12,329	20,415
Total deferred tax assets	**101,888**	**231,219**	**96,626**	**218,845**
Other	–11,380	–20,846	–	–
Total deferred tax liabilities	**–11,380**	**–20,846**	**–**	**–**
Net deferred tax assets/liabilities	**90,508**	**210,373**	**96,626**	**218,845**

Changes for the year in deferred tax assets	GROUP Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rates	Value on the closing date (minus is liability)
Intangible assets	3	–	–	–	3
Pensions	87,077	3,853	1	–5,502	85,429
Capitalised loss carryforwards	121,191	–106,943	–8,980	–4,924	344
Other	22,948	–4,525	–1,635	–676	16,112
Total	**231,219**	**–107,615**	**–10,614**	**–11,102**	**101,888**

Changes for the year in deferred tax liabilities	GROUP Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rates	Value on the closing date (minus is liability)
Other	–20,846	9,465	–	–	–11,380
Total net deferred tax assets/liabilities	**210,373**	**–98,150**	**–10,614**	**–11,102**	**90,508**

Changes for the year in deferred tax assets	PARENT COMPANY Value on the opening date	Deferred tax in income statement (minus is income)	Charged against equity, exchange-rate differences and acquisitions and eliminations	Effect of changed tax rates	Value on the closing date (minus is liability)
Intangible assets	3	–	–	–	3
Pensions	86,216	3,526	–	–5,449	84,293
Capitalised loss carryforwards	112,211	–112,211	–	–	–
Other	20,415	–7,267	–143	–676	12,329
Total net deferred tax assets/liabilities	**218,845**	**–115,952**	**–143**	**–6,125**	**96,626**

At 31 December 2007, Carnegie had unutilised loss carryforwards of SEK 435,292 thousands of which SEK 400,754 thousands were attributable to the Parent Company. Carnegie has recognised a deferred tax asset of SEK 121,191 thousands, of which SEK 112,211 thousands in the Parent Company, relating to these loss carryforwards. A change in ownership took place in November 2008 with the National Debt Office taking of the company's shares through a realisation of collateral. Based on the valuation of Carnegie performed in conjunction with the realisation of collateral, previous years' tax loss carryforwards are essentially deemed to be forfeited according to applicable tax regulations. Accordingly, in the annual accounts as of 31 December 2008 the Parent Company expensed previously recognised deferred tax assets to the extent that they were attributable to tax loss carryforwards.

In conjunction with the realisation of collateral described above, Carnegie received a substantial capital contribution, which can be seen in the changes in the Parent Company's and Group' shareholders' equity. According to applicable tax regulations, capital contributions received are deducted from purchase price when determining tax-deductible loss carryforwards remaining in a change of owners. Due to the probable forthcoming ownership change that current owner, National Debt Office, announced in conjunction with the realisation of collateral in the autumn of 2008 and the fact that a conditional ownership change with an explicit purchase price was announced in February, Carnegie has chosen not to recognise any deferred tax assets on tax loss carryforwards generated in the 2008 income year since it does not seem likely that these loss carryforwards will remain in the company to offset against future tax surplus after a change in ownership.

There are no other unrecognised deferred tax assets or liabilities attributable to temporary differences.

NOTE 19 TRADE AND CLIENT RECEIVABLES

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Settlement balances	1,059,096	7,603,830	1,031,176	4,263,831
Accounts receivable	149,872	251,802	25,746	91,316
Total trade and clients receivables[1]	**1,208,969**	**7,855,632**	**1,056,922**	**4,355,147**

1) Of which the remaining maturity period is less than one year:

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Accrued interest	23,576	47,207	8,257	25,178
Rent	26,431	22,972	19,705	16,939
Fees	88,864	298,954	29,177	9,542
Personnel-related	8,468	–	–	–
Pensions	5,318	13,065	5,073	4,947
Other	165,013	183,356	128,768	136,493
Total prepaid expenses and accrued income[1]	**317,671**	**565,554**	**190,979**	**193,099**

1) Of which the remaining maturity period is less than one year

NOTE 21 SUBORDINATED ASSETS

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

Carnegie Bank AS

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

Banque Carnegie Luxembourg SA

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

Carnegie ASA

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

Income from subordinated assets amounted to SEK 21,103 (9,679).

NOTE 22 TRADE AND CLIENT PAYABLE

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Settlement balances	248,187	3,030,055	239,175	57,936
Accounts payable	159,290	269,561	38,892	71,055
Total trade and clients payable[1]	**407,477**	**3,299,616**	**278,067**	**128,991**

1) Of which the remaining maturity period is less than one year.

NOTE 23 ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Accrued interest	12,310	27,341	13,829	25,983
Rent	4,082	3,169	–	–
Fees	130,382	148,922	12,865	17,957
Personnel-related	384,404	859,398	138,930	427,613
Pensions	5,837	8,147	364	5,801
Other	92,327	321,404	41,851	272 ,116
Total accrued expenses and deferred income[1]	**629,342**	**1,368,381**	**207,839**	**749,470**

1) Of which the remaining maturity period is less than one year.

NOTE 24 OTHER PROVISIONS

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Opening balance, 1 Jan.	8,323	3,780	580	2,030
Utilised amounts	–892	–	–580	–1,450
Additional provisions	147,565	4,543	130,862	–
Closing balance, 31 Dec.	**154,996**	**8,323**	**130,862**	**580**

Other provisions relate primarily to Swedish operations and consist mainly of a restructuring reserve, but also to a certain extent of costs in conjunction with a change of office premises. Most of the provisions are expected to be utilised in 2009.

NOTE 25 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

GROUP, 31 December 2008	Held for trading	Fair value option	Loan and accounts receivable	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			265,413			265,413
Negotiable government securities			477,001			477,001
Lending to credit institutions			4,337,429			4,337,429
Lending to general public			3,403,531			3,403,531
Bonds and other interest-bearing securities	625,304					625,304
Shares and participations	1,212,881	6,891				1,219,771
Derivative instruments	1,891,938					1,891,938
Intangible assets					21,107	21,107
Tangible fixed assets					93,467	93,467
Current tax assets					139,352	139,352
Deferred tax assets					101,888	101,888
Trade and client receivable			1,208,969			1,208,969
Other assets			414,334			414,334
Prepaid expenses and accrued income					317,671	317,671
Total assets	**3,730,122**	**6,891**	**10,106,677**	**0**	**673,486**	**14,517,175**
Liabilities to credit institutions				1,448,528		1,448,528
Deposits and borrowing from general public				6,650,608		6,650,608
Short positions in financial instruments	959,819					959,819
Derivative instruments	1,443,315					1,443,315
Current tax liabilities					116,368	116,368
Deferred tax liabilities					11,380	11,380
Trade and client payable				407,477		407,477
Other liabilities				9,141	273,381	282,522
Accrued expenses and prepaid income					629,342	629,342
Provisions					154,996	154,996
Total liabilities	**2,403,134**			**8,515,754**	**1,185,468**	**12,104,356**
Shareholders' equity					2,412,819	2,412,819
Total liabilities and shareholders' equity	**2,403,134**			**8,515,754**	**3,598,287**	**14,517,175**

Cont. note 25

GROUP, 31 December 2007	Held for trading	Fair value option	Loan and accounts receivable	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			457,203			457,203
Lending to credit institutions			12,387,950			12,387,950
Lending to general public			7,897,418			7,897,418
Bonds and other interest-bearing securities	983,718					983,718
Shares and participations	10,649,170	289,934				10,939,104
Derivative instruments	2,083,236					2,083,236
Intangible assets					17,411	17,411
Tangible fixed assets					87,278	87,278
Current tax assets					171,151	171,151
Deferred tax assets					231,219	231,219
Trade and client receivable			7,855,632			7,855,632
Other assets			107,510			107,510
Prepaid expenses and accrued income					565,554	565,554
Total assets	**13,716,124**	**289,934**	**28,705,712**	**0**	**1,072,612**	**43,784,383**

GROUP, 31 December 2007	Held for trading	Fair value option	Loan and accounts receivable	Other financial liabilities	Non-financial assets/ liabilities	Total
Liabilities to credit institutions				12,546,939		12,546,939
Deposits and borrowing from general public				10,136,445		10,136,445
Bonds and other interest-bearing securities	471,520					471,520
Short positions in financial instruments	6,968,408					6,968,408
Derivative instruments	5,943,635					5,943,635
Current tax liabilities					179,067	179,067
Deferred tax liabilities					20,846	20,846
Trade and client payable				3,299,616		3,299,616
Other liabilities				10,769	523,913	534,683
Accrued expenses and prepaid income					1,368,381	1,368,381
Provisions					8,323	8,323
Total liabilities	**13,383,563**			**25,993,768**	**2,100,531**	**41,477,862**
Shareholders' equity					2,306,521	2,306,521
Total liabilities and shareholders' equity	**13,383,563**			**25,993,768**	**4,407,051**	**43,784,383**

Cont. note 25

PARENT COMPANY, 31 December 2008	Held for trading	Fair value option	Loan and accounts receivable	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			13,139			13,139
Lending to credit institutions			1,302,152			1,302,152
Lending to general public			1,601,636			1,601,636
Bonds and other interest-bearing securities	174,060					174,060
Shares and participations	1,177,415	1,923				1,179,338
Shares and participations in Group companies					1,036,174	1,036,174
Derivative instruments	1,651,305					1,651,305
Intangible assets					8,109	8,109
Tangible fixed assets					42,787	42,787
Current tax assets					83,241	83,241
Deferred tax assets					96,626	96,626
Trade and client receivable			1,056,922			1,056,922
Other assets			734,306		320,508	1,054,813
Prepaid expenses and accrued income					190,979	190,979
Subordinated assets			310,475			310,475
Total assets	**3,002,780**	**1,923**	**5,018,630**		**1,778,424**	**9,801,757**
Liabilities to credit institutions				1,415,001		1,415,001
Deposits and borrowing from general public				2,467,604		2,467,604
Short positions in financial instruments	949,811					949,811
Derivative instruments	1,266,058					1,266,058
Current tax liabilities					22,304	22,304
Trade and client payable				278,067		278,067
Other liabilities					203,507	203,507
Accrued expenses and prepaid income					207,839	207,839
Provisions for pensions					320,508	320,508
Other provisions					130,862	130,862
Total liabilities	**2,215,869**			**4,160,671**	**885,020**	**7,261,560**
Shareholders' equity					2,540,197	2,540,197
Total liabilities and shareholders' equity	**2,215,869**			**4,160,671**	**3,425,217**	**9,801,757**

Cont. note 25

PARENT COMPANY, 31 December 2007	Held for trading	Fair value option	Loan and accounts receivable	Other financial liabilities	Non-financial assets/ liabilities	Total
Cash and balances with central banks			9,444			9,444
Lending to credit institutions			8,017,925			8,017,925
Lending to general public			5,173,034			5,173,034
Bonds and other interest-bearing securities	935					935
Shares and participations	10,339,439					10,339,439
Shares and participations in Group companies					1,038,351	1,038,351
Derivative instruments	2,076,441					2,076,441
Intangible assets					3,104	3,104
Tangible fixed assets					41,128	41,128
Current tax assets					168,361	168,361
Deferred tax assets					218,845	218,845
Trade and client receivable			4,355,147			4,355,147
Other assets			754,396		401,412	1,155,808
Prepaid expenses and accrued income					193,099	193,099
Subordinated assets			291,620			291,620
Total assets	**12,416,815**		**18,601,566**		**2,064,300**	**33,082,681**
Liabilities to credit institutions				12,135,787		12,135,787
Deposits and borrowing from general public				4,664,479		4,664,479
Short positions in financial instruments	6,474,474					6,474,474
Derivative instruments	5,937,795					5,937,795
Current tax liabilities					26,193	26,193
Trade and client payable				128,991		128,991
Other liabilities					501,911	501,911
Accrued expenses and prepaid income					749,470	749,470
Other provisions					580	580
Total liabilities	**12,412,269**			**16,929,258**	**1,278,154**	**30,619,680**
Shareholders' equity					2,463,001	2,463,001
Total liabilities and shareholders' equity	**12,412,269**			**16,929,258**	**3,741,155**	**33,082,681**

NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Assets pledged for own debt				
Own securities	794,225	11,185,681	735,679	10,890,661
Client securities	2,493,829	3,074,713	1,657,842	1,804,783
Other assets	2,408,371	9,768,766	2,141,597	6,832,595
Standardised options				
Blocked assets belonging to clients	65,776	106,770	65,640	106,770
Securities lent	994,471	3,972,411	994,471	3,972,411
Contingent liabilities	5,150	3,919	–	–
Guarantees	182,678	285,888	35,353	152,391
Securities borrowed	2,056,489	3,109,489	2,051,703	2,885,634

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

NOTE 27 OPERATIONAL LEASING AGREEMENTS

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Contracted payments relating to land and buildings				
Within one year	103,154	93,848	85,029	78,283
Later than one year but within five years	209,237	274,760	179,035	234,625
Later than five years	275,997	226,580	242,427	226,580
Other contracted payments				
Within one year	14,583	16,083	10,759	12,352
Later than one year but within five years	23,323	16,962	20,322	12,981
Later than five years	–	–	–	–

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

NOTE 28 RELATED-PARTY TRANSACTIONS

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

	GROUP		PARENT COMPANY	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Related-party transactions with President, Vice President and Board members				
Lending	4,000	3,950	–	3,950
Pledged assets and guarantees	–	–	–	–
Income	132	1	–	1
Related-party transactions with the owner				
Liabilities to credit institutions	123,211	–	123,211	–
Interest expanses	–785	–	–785	–

For transactions with the owner, see Changes in shareholders' equity on pages 12 and 13.

Related-party transactions with others				
Deposits	72,819	62,931	72,819	62,931
Income	1,140	349	1,140	349
Expenses	–3,378	–4,234	–3,378	–4,234

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

NOT 29 IMPORTANT EVENTS AFTER THE END OF THE YEAR

The Annual Report was approved for publication by the Board of Directors of the Parent Company on 14 April 2009. The Annual General Meeting is scheduled to be held on 24 April 2009.

ALTOR AND BURE NEW OWNERS OF CARNEGIE

On 11 February 2009, the Swedish National Debt Office signed an agreement for the sale of the shares in Carnegie Investment Bank AB to Altor Fund III and Bure Equity AB. The purchase of Carnegie is subject to Altor and Bure obtaining the necessary authorisation from the Swedish Financial Supervisory Authority and the appropriate authorities in several countries.

NEW ACTING PRESIDENT OF CARNEGIE

In conjunction with the annoncement by the National Debt Office of the sale of Carnegie on 11 February 2009, President Mikael Ericson put his position at the disposalof the Board of Directors. Accordingly, the Board appointed Niklas Johansson, Head of Carnegie Asset Management Sweden, as new Acting President as of 17 February 2009, At the same time, Niklas Johansson was assigned responsibility for Carnegie's Swedish operations.

ASSUMED OWNERSHIP IN SKRINDAN GROUP

In the agreement reached on 16 March 2009 between Carnegie's wholly owned subsidiary Valot Invest and Maths O. Sundqvist, Valot Invest assumes ownership of the Skrindan group. Work is in progress to clarify the accounting implications of the takeover of the Skrindan Group.

DISPUTE WITH MIDROC REAL ESTATE

Carnegie has a leasing agreement with Midroc pertaining to the premises on Västra Trädgårdsgatan 15 in Stockholm. Carnegie gave notice of termination off leasing agreement on 23 September 2008, well in advance of the expiry of the agreement. Midroc claims that the termination notice did not take place in the correct manner and has therefore initiated a legal process against Carnegie. Carnegie disputes the claim, and its position is supported by statements from two experts.

GUARANTEE APPLICATION

Carnegie has applied for and was granted participation in the government guarantee programme and issued a bond of SEK 935 m in conjunction with the programme.

NOTE 30 RISK AND CAPITAL MANAGEMENT

CARNEGIE'S CREDIT RISK EXPOSURE PER COUNTRY AND EXPOSURE CLASSES

Group, 31 December 2008	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	303,075	693,897	5,844	72,183	10,940	5	1,085,944
Municipalities and comparable public bodies and authorities	–	–	–	–	–	–	–
Institutions	1,824,022	487,152	343,951	2,249,025	232,989	98,953	5,236,092
Corporates	447,669	1,278,489	434,526	118,534	–	82,893	2,362,111
Retail	260,394	–	54,492	1,057,975	20,555	–	1,393,416
Exposure secured by real estate	–	–	–	–	1,351	–	1,351
High-risk exposure	–	–	–	–	–	–	–
Mutual funds	–	–	–	–	–	–	–
Other items	275,428	160,429	159,112	11,702	8,811	28,725	644,207
Total	**3,110,588**	**2,619,967**	**997,925**	**3,509,419**	**274,646**	**210,576**	**10,723,121**

CARNEGIE'S CREDIT RISK EXPOSURE PER COUNTRY AND EXPOSURE CLASSES

Group, 31 December 2007	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	393,984	337,384	–	92,082	9,272	–	832,722
Municipalities and comparable public bodies and authorities	–	–	–	–	–	–	–
Institutions	12,537,946	1,149,143	1,235,979	2,413,442	349,772	382,654	18,068,936
Corporates	7,157,450	835,354	1,623,866	1,887,417	–	130,066	11,634,153
Retail	475,460	12,913	–	–	23,660	–	512,033
Exposure secured by real estate	–	–	–	–	2,434	–	2,434
High-risk exposure	–	–	–	–	–	–	–
Mutual funds	–	–	–	–	–	–	–
Other items	289,123	451,552	16,276	63,320	28,071	22,602	870,944
Total	**20,853,963**	**2,786,346**	**2,876,121**	**4,456,261**	**413,209**	**535,322**	**31,921,222**

CARNEGIE'S CREDIT RISK EXPOSURE PER COUNTRY AND EXPOSURE CLASSES

Parent Company, 31 December 2008	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	301,806	–	1,877	–	10,928	–	314,611
Municipalities and comparable public bodies and authorities	–	–	–	–	–	–	–
Institutions	1,856,554	–	19,097	–	166,595	98,953	2,141,200
Corporates	447,670	–	394,440	–	–	12,794	854,904
Retail	260,394	–	54,492	–	20,555	–	335,441
Exposure secured by real estate	–	–	–	–	1,351	–	1,351
High-risk exposure	–	–	–	–	–	–	–
Mutual funds	–	–	–	–	–	–	–
Other items	276,398	–	1,216	–	3,517	13,373	294,504
Total	**3,142,823**	–	**471,122**	–	**202,946**	**162,251**	**3,942,011**

Cont. note 30

CARNEGIE'S CREDIT RISK EXPOSURE PER COUNTRY AND EXPOSURE CLASSES

Parent Company, 31 December 2007	Sweden	Denmark	Norway	Luxembourg	Finland	Other	Total
Governments and central banks	393,984	–	–	–	9,272	–	403,256
Municipalities and comparable public bodies and authorities	–	–	–	–	–	–	–
Institutions	12,523,913	–	622,868	–	347,575	373,409	13,867,765
Corporates	7,157,450	–	1,575,908	–	–	–	8,733,358
Retail	475,460	–	–	–	23,660	–	499,120
Exposure secured by real estate	–	–	–	–	2,434	–	2,434
High-risk exposure	–	–	–	–	–	–	–
Mutual funds	–	–	–	–	–	–	–
Other items	286,339	–	756	–	12,153	18,362	317,610
Total	**20,837,146**	**0**	**2,199,532**	**0**	**395,094**	**391,771**	**23,823,543**

Parent Company figures are specified in parentheses below.

SHARE PRICE RISK

Definition: The risk of losses due to changes in equity prices.

Carnegie's own exposure to equity and equity-related instruments consists of both assets and liabilities among balance-sheet items. At year-end, the total value of these assets and liabilities amounted to SEK 5,515m (5,047 in the Parent Company), of which SEK 2,180m (2,129) related to equities and SEK 3,335m 2,917) related to derivative instruments. The net exposure was SEK 709m (615). Assets and liabilities are measured at fair value, which thus corresponds to the carrying amount. Equity positions consist of both long and short positions and are primarily shares listed in Sweden and in international marketplaces. A simultaneous price change of negative 3 percent of all equity holdings in the Group's trading portfolio would have had a negative effect of SEK 0.6m (–0.2 in the Parent Company) at year end, while a positive 3 percent price changes at the same date would have had an effect of SEK 0.9m (0.5) on earnings. The derivative positions consisted of holdings and issued forward contracts, call options, put options and warrants.

VOLATILITY RISK

Definition: Volatility risk is the risk that the value of a financial instrument may vary due to changes in the instrument's price variability.

Volatility risk originates from Carnegie's positions in held and issued options and warrants. Exposure to volatility risk is normally measured with Vega, which describes the change in value of the position if the volatility of the position changes by one percentage point. At year-end, Carnegie had a volatility risk of Vega SEK negative 1.1m (negative 1.3 in the Parent Company). The exposure in the Group is the net of positions with a negative or positive Vega exposure (only negative exposure in the Parent Company).

SCENARIO ANALYSIS

The risks in Carnegie's trading departments consist primarily of equity price risk and volatility risk. The effect on earnings of a combined change of equity prices and volatility is therefore simulated. 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 percent, while market volatility changes by +/–10 percent. The greatest potential loss in such a scenario is called Medium Max Loss and was at year-end SEK 6m (5 in the Parent Company). The stress scenario means that prices in the entire equity market change by +/– 10 percent and that volatility changes by +/–30 percent. Such sharp changes in equity prices and volatility on the same day are extremely unusual. The greatest potential loss in such a scenario is called Stress Max Loss and amounted to SEK 19m (19 in the Parent Company) at year-end.

INTEREST RISK IN THE BALANCE SHEET

Definition: The risk that net interest income is negatively affected by changes in market interest rates.

Carnegie regularly performs interest-risk calculations for Carnegie's sensitivity to interest-rate changes in the balance sheet. At year-end, the loss risk for a sudden and sustained shift of the yield curve downward by 1 percent was SEK 1.7m (negative 0.3 in the Parent Company for an upward shift).

INTEREST RISK IN THE TRADING PORTFOLIO

Definition: The risk for a decline in value of financial instruments whose value is affected by changes in interest rates. Carnegie's trading portfolio is affected by interest-rate changes through holdings of bonds and derivative instruments. At year-end, the effect on earnings in the trading portfolio of an increase in interest rates of 1 percent was SEK 0.7m (1.5 in the Parent Company).

CURRENCY RISK

Definition: Currency risk is the risk that the value of assets, liabilities and derivatives may vary due to changes in exchange rates.

Currency risks arise in part when Carnegie holds positions in financial instruments listed in foreign currencies and in part through other operations that are conducted in different currencies, resulting in currency exposure in the balance sheet. This applies to equity investments in foreign subsidiaries, for example, that are not financed in the share capital's currency. The objective of Carnegie's currency exposure is to reduce currency costs for the various departments within the bank, such as the trading department, brokering of foreign equities, treasury and in certain cases regular trading in Carnegie's foreign offices.

LIQUIDITY RISK

Definition: Liquidity risk is defined as the risk for a negative effect on earnings for ensuring the Group is able to meet its payment obligations on time.

The table below provides a due date analysis for contracted payments in the Group

Group, 31 Dec 2008	Payable on demand	Up to 3 months	3–12 months	More than 1 year
Liabilities to credit institutions	1,448,078	450	–	–
Deposits and borrowing from the public	5,285,613	1,360,507	4,487	–
Short positions	–	959,819	–	–
Interest-related derivatives	–	–	–	–

Group, 31 Dec 2007	Payable on demand	Up to 3 months	3–12 months	More than 1 year
Liabilities to credit institutions	11,772,941	805,656	–	–
Deposits and borrowing from the public	7,592,389	2,323,742	14,215	–
Short positions	–	6,968,408	–	474,025
Interest-related derivatives	–	–476	–1,697	17,043

CAPITAL ADEQUACY ANALYSIS

Capital adequacy expresses the view of lawmakers regarding how large a capital base a bank must have in relation to the risks the banks takes. On 1 February 2007, new capital adequacy regulations (Basel II) took effect. According to the Act on Capital Adequacy and Large Exposures (2006:137), the capital base must at least correspond to the sum of capital requirements for credit, market and operational risks. The capital quotient, which is the capital base divided by the capital requirement must therefore be greater than 1. The rules apply for both individual institutions and financial company groups where relevant. Detailed information (Pillar 3) about Carnegie's capital adequacy in 2008 is available at www.carnegie.se. According to Carnegie's policy, the capital quotient must be at least 1.5, according to Basel II or a capital ratio of 12 percent, according to the previous Basel I regulations.

Minimum requirements Pillar I

The legal capital requirement for credit, market and operational risks within Pillar 1.

Credit risks – Carnegie applies the standard method for calculating credit risk with the complete method for financial collateral.

Operational risks – Carnegie applies the base model, which means that the capital requirement is calculated as 15 percent of the average of the past three years' earnings.

Market risks – Carnegie uses the Swedish Financial Supervisory Authority's standardised models.

Capital assessment and risk management – Pillar II

The Tier 2 regulations mean that an institution must have a process for assessing its total capital requirements in relation to its risk profile and a strategy for maintaining the capital level in which the Board of Directors is responsible for determining the institution's risk tolerance. This process is called Internal Capital Adequacy Assessment Process (ICAAP). All significant risks must be identified, measures and reported in the ICAAP. The assessment must be specially focused on the risks not managed under Pillar 1. Certain risks must be covered with capital, meaning that the institution is expected to maintain a larger capital base than the minimum level specified by Pillar 1.

Disclosure of information – Pillar III

Information to be published primarily includes more detailed information regarding credit risks, as well as information on the model and data used to calculate the requirements according to Pillar 1.

LARGE EXPOSURES

A large exposure is an exposure to a client or group of clients with internal associations that amounts to more than 10 percent of the regulatory capital base of SEK 229,295 (243,759). An individual large exposure may never exceed 25 percent of the capital base 573,238 (609,399), and the sum of all large exposures may never exceed 800 percent of the capital base 18,343,622 (19,500,757). Carnegie applied for and was granted permission by the Swedish Financial Supervisory Authority to apply the complete method for financial collateral in calculating large exposures, which means that the calculation of the exposure amount takes place after deduction of the collateral value of approved market-listed securities.

CAPITAL ADEQUACY	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Capital base	2,292,953	1,530,891	2,437,595	1,714,052
Capital requirement	–752,119	–989,863	–301,812	–427,932
Surplus capital	1,540,834	541,028	2,135,783	1,286,120
Capital quotient	3.05	1.55	8.08	4.01
Tier 1 quotient	3.05	1.55	8.08	4.01

CAPITAL BASE	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Share capital	200,000	200,000	200,000	200,000
Other capital contributions statutory reserve	40,000	54,568	40,000	40,000
Reserves	118,699	9,579	–	–
Profit brought forward	2,054,120	2,042,374	2,300,197	2,223,001
Anticipated dividends	–	–527,000	–	–527,000
Deduction items				
Goodwill and intangible assets	–17,978	–17,411	–5,976	–3,104
Deferred tax assets	–101,888	–231,219	–96,626	–218,845
Total Tier 1 capital	**2,292,953**	**1,530,891**	**2,437,595**	**1,714,052**

CREDIT RISKS

Carnegie applies the standard method for calculating credit risks.

Capital requirements from exposure to governments and central banks	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Capital requirements from exposure to:				
Governments and central banks	–	–	–	–
Municipalities and comparable public bodies and authorities	–	–	–	–
Institutions	59,016	100,591	9,660	39,998
Corporates	39,384	47,970	7,044	15,307
Retail	1,919	2,401	1,317	1,850
Exposures exposed by real estate properties	38	68	38	68
High-risk items	–	–	–	–
Mutual funds	–	–	–	–
Other items	49,786	65,856	23,560	25,409
Settlement risk in trading portfolio	1,638	5,742	824	4,144
Total capital requirement for credit risks	**151,781**	**222,628**	**42,443**	**86,776**

CAPITAL REQUIREMENT FOR RISKS IN TRADING PORTFOLIO	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Equity-price risk				
Specific risk	7,760	34,290	6,535	14,990
General risk	4,781	23,477	4,104	12,394
Total capital requirement for equity-price risks	**12,541**	**57,767**	**10,639**	**27,384**
Interest-rate risk				
Specific risk	628	18,276	–	–
General risk	9,531	88,836	9,489	79,414
Total capital requirement for interest-rate risks	**10,159**	**107,112**	**9,489**	**79,414**

CURRENCY RISK	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Total capital requirement for currency risks	32,398	23,514	23,208	8,779

OPERATIONAL RISKS	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Operating income				
2005	–	3,414,331	–	1,423,463
2006	4,238,569	4,238,569	1,709,775	1,709,775
2007	3,923,925	3,923,924	1,378,391	1,378,392
2008	2,742,307	–	1,232,490	–
Income indicator – Average of the last three years' income	**3,634,934**	**3,858,941**	**1,440,219**	**1,503,877**
Capital requirement for operational risks, 15 percent of income indicator	**545,240**	**578,841**	**216,033**	**225,581**

NOTE 31 OTHER ASSETS AND PENSION PROVISIONS

PARENT COMPANY

Pension commitments are treated in accordance with the regulations for defined-contribution pension plans. There are insured in the based of company-owned endowment insurance, the value of which is included in the item Other receivables. The market value recognised at gross amount in the Parent Company is presented below. Amounts are recognised net in the consolidated income statement.

	PARENT COMPANY 31 Dec. 2008	PARENT COMPANY 31 Dec. 2007
Other assets		
Company-owned endowment insurance	320,508	307,913
Pension provisions		
Pension provisions and similar commitment in accordance with the Act on Safeguarding of Pension Commitments	320,508	307,913

CERTIFICATION

The Board of Directors and the President hereby certify that the Annual Report was prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual reporting of credit institutions and securities companies (FFFS 2008:25) and Recommendation RFR 2.1 Accounting for Legal Entities and that it provides a true and fair view of the Parent Company's financial position and earnings and that the Board of Directors' Report provides a true and fair overview of the Company's business, financial position and earnings and that it describes significant risks and uncertainty factors facing the company.

The Board of Directors and the President hereby certify that the consolidated accounts 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, FFFS 2008:25 and RFR 1.1 Supplementary Accounting Rules for Groups, that they provide a true and fair view of the Group's financial position and earnings and that the Board of Directors' Report provides a true and fair view of the Group's business, financial position and earnings and describes significant risks and uncertainty factors facing the companies included in the Group.

Stockholm, 14 April 2009

Peter Norman
Chairman

Henrik Dagel | Adine Grate Axén | Håkan Erixon | Lars Linder-Aronson

Niklas Johansson
Acting President

Our auditor's report deviates from the standard formulation and was submitted on 14 April 2009
Deloitte AB

Jan Palmqvist
Authorized Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of Carnegie Investment Bank AB (publ)
Corporate identity number 516406-0138

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Carnegie Investment Bank AB (publ) for the financial year 2008. These accounts and the administration of the company and the application of the Annual Accounts in Credit Institutions and Securities Companies Act and the Swedish Financial Supervisory Authority's regulations and general guidelines when preparing the annual accounts and the consolidated accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts in Credit Institutions and Securities Companies Act and the Swedish Financial Supervisory Authority's regulations and general guidelines and give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

As stated in the statutory administration report, in a decision of 10 November 2008, the Swedish Financial Supervisory Authority revoked the company's licence to conduct banking business and securities business. According to the Swedish Financial Supervisory Authority's decision, the company was deficient in terms of its internal governance and control. The decision also specifies as a reason for the intervention an infringement of the prohibition on large exposures and accepting management duties in the capacity of a custodian institution. In light of the fact that, as late as in September 2007, a warning had been issued to the company, the Swedish Financial Supervisory Authority found that no measure other than a revocation of the licence could be taken.

As a result of the Swedish Financial Supervisory Authority's decision to revoke the company's licence to conduct banking and securities business, on the same day the Swedish National Debt Office assumed all of the shares in the company through recourse to a security agreement between the company's parent, D. Carnegie & Co AB (publ) and the Swedish National Debt Office. Immediately following the assumption of the shares in the company, the Swedish Financial Supervisory Authority issued a new decision reconsidering its previous decision regarding revocation. The decision entails that the revocation of the company's licence to conduct banking and securities business is set aside and replaced by a warning without the imposition of a fine.

The Swedish Financial Supervisory Authority's decision set forth above raises the question of whether the company's board members and CEO have any liability for damages to the company. In order to be liable for damages, a loss must have arisen and it must be proved that the board members and CEO caused the loss either intentionally or through their negligence. The Swedish Financial Supervisory Authority's decision to revoke the licence to conduct banking and securities business, as stated above, was based on three circumstances: deficiencies in internal governance and control; infringement of the prohibition on large exposures; and accepting management duties in the capacity of a custodian institution. The specified circumstances led to the following considerations with respect to the issue of our recommending or opposing that the company's board members and CEO be discharged from liability.

As a result of the Swedish Financial Supervisory Authority's decision in September 2007, the board of directors implemented a programme to rectify the criticised deficiencies in governance and control. In its supervision, the Swedish Financial Supervisory Authority has monitored this work with the intention of making a final assessment at the end of 2008. However, according to the Swedish Financial Supervisory Authority, the bank's executive management did not sufficiently exercise adequate internal governance or follow up on the work performed. However, the board of directors and the CEO did take measures to rectify the criticised deficiencies. Notwithstanding that, at the time of the Swedish Financial Supervisory Authority's revocation decision, these measures had not yet had their intended effect, in our opinion the board of directors and the CEO cannot in this respect be deemed to have acted passively or otherwise been negligent.

The criticism delivered in the Swedish Financial Supervisory Authority's decision of 10 November 2008 with respect to an infringement of the prohibition on large exposures relates to a prohibited large exposure to an individual client. According to the decision, the prohibited exposure arose for the first time in July 2008 as a result of the deterioration in value of the security taken by the company in respect of the commitment. In the interim accounts as of 30 September 2008, as a result of this a reservation was made for the commitment of SEK 1 billion. The commitment in question arose prior to 2008. The relevant issue from the point of view of liability for the 2008 financial year is therefore whether the board of directors or the CEO were negligent in not taking sufficient measures necessary to reduce the exposure. Among other things, the following has come to light from our audit with respect to this issue. The commitment was substantial and resulted in the company on several occasions from July 2008 having a prohibited large exposure. The Swedish Financial Supervisory Authority has also criticised the company for deficiencies in information provided to the Swedish Financial Supervisory Authority regarding this exposure. However, the Swedish Financial Supervisory Authority's decision states that the prohibited exposure was primarily a consequence of the fact that the security taken by the company in respect of the commitment deteriorated in value. Our audit also found that, in 2008, the board of directors and the CEO continually monitored the commitment and took measures for the purpose of reducing the scope of the commitment. However, the major downturn on the stock market during the year, combined with the fact that a large part of the commitment related to substantial holdings in listed companies, has made it more difficult to reduce the level of lending in relation to the value of the security at a pace equal to the decline in value of the secured property. In an overall assessment of what has come out of our audit, we therefore find that the board of directors and the CEO have not been negligent in this respect.

In breach of Chapter 4, section 6 of the Investment Funds Act (SFS 2004:46), the company's whollyowned subsidiary, DNOF Fond AB, transferred the management of investment funds to the company, which was also the custodian institution for the funds. Responsibility for this lies primarily with the management company. In our opinion, the board of directors and the CEO were not negligent with respect to management duties for the investment funds such that there is cause to suggest liability on this ground.

In addition, the revocation decision was, in principle, immediately reviewed and replaced in its entirety by a decision regarding a warning without the imposition of a fine. The net outcome of both of the Swedish Financial Supervisory Authority's decisions of 10 November 2008 has therefore not per se resulted in the company incurring any compensable loss. As a result, sufficient cause does not exist to recommend that the annual meeting not grant the board members and the CEO discharge from liability for the financial year.

Consequently, we recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm,14 April 2009

Deloitte AB

Jan Palmqvist
Authorized Public Accountant

BOARD OF DIRECTORS

PETER NORMAN
Born 1958.
Board Chairman since November 2008. President of the Seventh AP Fund. Peter Norman has more than 20 years' experience of the financial sector, including as President of Alfred Berg Asset Management and as Director of the Bank of Sweden.

HENRIK DAGEL
Born 1958.
Board member since November 2008. Senior Investment Manager at Swedfund since 2008. Henrik Dagel has more than 20 years' experience in investment banking, primarily within corporate finance, from Handelsbanken Markets, Carnegie and his own business operations.

ADINE GRATE AXÉN
Born 1961.
Board member since November 2008. Member of the Advisory Committee to divest state owned enterprises and former Board member of Investor AB. Adine Grate Axén has some 20 years' experience of the financial sector and investment operations and is a Board member of several listed and unlisted companies. Member of Swedish Securities Council.

LARS LINDER-ARONSON,
Born 1953.
Board member since November 2008. Board member of SBAB and Seventh Swedish Pension Fund. Lars Linder-Aronson has more than 20 years' experience of the financial sector, primarily within investment banking in London, New York and Stockholm.

HÅKAN ERIXON
Born 1961.
Board member since November 2008. Special Adviser at the unit for government ownership in the Ministry of Enterprise, Energy and Communications. Håkan Erixon has worked in the financial sector for about 20 years with such companies as UBS Investment Bank, Merrill Lynch International and Citicorp Investment Bank in London.

Incoming Board of Directors
ARNE LILJEDAHL
HARALD MIX
PATRIK TIGERSCHIÖLD
FREDRIK STRÖMHOLM
BJÖRN BJÖRNSSON

GROUP MANAGEMENT

NIKLAS JOHANSSON
Born 1961.
Acting President and CEO since February 2009. President of Carnegie Asset Management Sweden since 2008. Niklas Johansson previously worked as President of Evli Bank in Sweden. His professional experience includes Head of Private Equity of Skandia Life Asset Management and partner in Cheuvreux Nordic AB.

KRISTINA SCHAUMAN
Born 1965.
CFO since August 2008. Kristina Schauman worked previously at OMX where she was CFO since 2004. Prior to that, she worked in various management positions at Investor AB with in Treasury and Corporate Finance between 1996 and 2004 and has previous experience from ABB Financial Services and Stora Financial Services.

DAG ERNHOLDT
Born 1959.
Acting Group Risk Manager since 2009. Head of Group Operational Risk and Security since 2008. Security manager in the Carnegie Group from 2000 to 2008. Dag Ernholdt worked previously as a career officer within the Swedish armed forces from 1981 to 2000.

PETER BAEKGAARD
Born 1967.
Group Head of Securities since 2008. President of Carnegie Inc. in New York since 2006. Vice President Institutional Sales between 1998 and 2006. Before joining Carnegie in 1998, Peter Baekgaard was IR Director for Novo Nordisk in North America from 1996 to 1998.

PETER BÄÄRNHIELM
Born 1958.
Group Head of Investment Banking since November 2008. Before joining Carnegie in 1997, Peter Bäärnhielm was one of the founders and part owners of the law firm Danowsky & Partners. His previous experience includes positions at SEB Enskilda and the law firm Lagerlöf & Leman Advokatbyrå in Stockholm.

STEINAR LUNDSTRØM
Born 1959.
Group Head of Asset Management since June 2008. President of Carnegie Asset Management in Norway since 2004. Between 2001 and 2004, Steinar Lundstrøm was manager of Carnegie Fondforvaltning in Norway. His previous experience includes manager of Alfred Berg/ABN Amro in Oslo and various positions within equity sales, trading and fund management.

CLAES JOHAN GEIJER
Born 1957.
Group Head of Private Banking since November 2008. President of Banque Carnegie Luxembourg S.A. since 2001. Before joining Carnegie in 2001, Claes Johan Geijer was one of the part owners of IT Provider and has previous experience from various management positions within Swedbank, Lexmar Corporation, STORA and Swedish Match AB.

GLOSSARY

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

AVERAGE NUMBER OF SHARES: The total number of shares, included any new issues, as a weighted average during the period.

CAPITAL ADEQUACY RATIO: Total regulatory capital base as a percentage of risk-weighted assets.

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

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

DISCRETIONARY ASSET MANAGEMENT: Asset management on behalf of an individual client according to specific guidelines and investment strategies.

EARNINGS PER SHARE: Net profit for the period divided by the average number of shares.

INTEREST RISK IN THE BALANCE SHEET: The risk that net interest income is negatively affected by changes in market interest rates.

INTEREST RISK IN THE TRADING PORTFOLIO: The risk of a decline in value of financial instruments whose value is affected by changes in interest rates.

LENDING TO THE PUBLIC: Lending to the public, primarily to private clients, against collateral in the form of equities.

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

NUMBER OF EMPLOYEES ON THE CLOSING DATE: The number of annual employees (full-time equivalent) on the closing date.

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

PROFIT MARGIN: Net profit for the period as a percentage of total income, including income from associated companies and other significant holdings.

PROFIT PER SHARE: Net profit for the period divided by the average number of shares.

REGULATORY CAPITAL BASE: Tier 1 capital plus Tier 2 capital.

RETURN ON SHAREHOLDERS' EQUITY: Net profit for the most recent 12- month period as a percentage of average shareholders' equity.

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

TIER CAPITAL RATIO: Tier 1 capital as a percentage of risk-weighted assets.

EQUITY PRICE RISK: The risk of losses due to changes in equity prices.

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

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

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