

# CARNEGIE HOLDING AB

## INTERIM REPORT

1 January – 30 June 2016



*“Carnegie strengthens profit during the first half. The transaction market for corporate transactions and IPOs remains strong, offsetting the negative effects of weaker development in wealth management,” says President and CEO Björn Jansson.*

- Operating income increased by 4 percent to SEK 1,056 million (1,013).
- Operating expenses were SEK 741 million (765), a decrease of 3 percent.
- Profit before tax increased by 45 percent to SEK 152 million (105).
- Assets under Management amounted to SEK 100 billion (98), an increase of 2 percent.
- The common equity Tier 1 capital ratio was 18.4 percent (19.1) and the capital adequacy ratio was 20.7 percent (26.7). The decrease is related to the repayment of preference shares and subordinated debt in the second half of 2015.

### A FINANCIAL BANK OF KNOWLEDGE.

*Carnegie is a leading independent Nordic investment and private bank. Our Corporate Finance and Wealth Management businesses are the market leaders in their respective segments. Combined, the units build a value-generating financial bank of knowledge for our clients. Carnegie has around 620 employees among its offices in seven countries.*

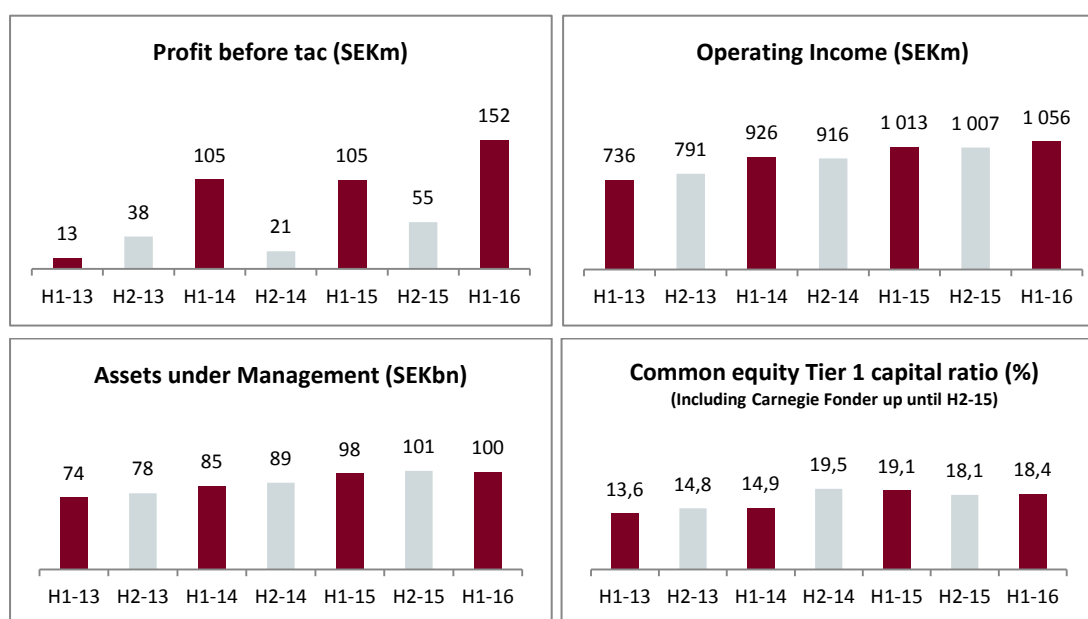
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## 1 JANUARY – 30 JUNE 2016

The report pertains to the Carnegie Group ("Carnegie") and its parent company, Carnegie Holding AB. Unless otherwise stated, comments in the report refer to the Group excluding Carnegie Fonder AB, which is presented as a discontinued operation.

- Carnegie strengthens profit before tax by 45 percent.
- Carnegie is reporting a 4 percent increase in income compared with the first half of 2015. The Investment Banking & Securities business delivered income growth of 18 percent year-on-year. The Wealth Management business area, however, is demonstrating weaker development with a decline in income of 20 percent, primarily due to a weaker market in institutional structured products.
- By means of stringent cost control and lower costs of a non-recurring nature, Carnegie reduced operating expenses by 3 percent in relation to the same period last year.
- Carnegie continues to defend and strengthen its position in Nordic equity market transactions and participated in an impressive 11 out of the 15 Nordic IPOs and all Swedish IPOs during the first half of the year (each valued at more than USD 40 million).
- The positive performance trend was sustained in the focus areas of mergers and acquisitions (M&A) and issues and trading in corporate bonds and fixed income instruments (DCM/Fixed Income).
- The Group's financial position remains strong with a common equity Tier 1 capital ratio of 18.4 percent (19.1), capital adequacy ratio of 20.7 percent (26.7) and a liquidity coverage ratio exceeding five times the legal requirement.

### FINANCIAL KEY DATA



## IMPORTANT EVENTS DURING THE PERIOD

### ■ **Divestment of Carnegie Fonder completed**

The strategic decision taken last year to divest the fund business was executed on 20 April 2016. For further information, see Note 3.

### ■ **Board changes**

Directors Fredrik Strömholm and Mårten Andersson left the board of Carnegie during the period and were replaced by Anders Johnsson and Klas Johansson. Anders Johnsson's background includes a long career with SEB in various managerial positions, most recently as the Global Head of the Life and Wealth Management Division. Klas Johansson is a partner at Altor whose professional history includes his tenure with McKinsey & Company.

### ■ **Management changes**

Jonas Predikaka has taken over as Global Head of Wealth Management and operational head of the Swedish Private Banking unit. He is a member of the group management team.

### ■ **External recognition**

Several market surveys during the period confirmed Carnegie's position as a market leader.

- Carnegie was ranked number one in Nordic equity research in Institutional Investors All-Europe 2016, a global survey based on interviews with major institutions in the US, Europe and the UK. The award was announced in February.
- Global investors named Carnegie the best research house in Nordic equities according to the global Extel 2016 survey. Carnegie also dominated the list of best individual analysts.
- Once again, Carnegie was recognised as the best research house in Sweden according to the annual survey conducted by Financial Hearings, whose results were presented in June. In addition to the first place overall, Carnegie ranked highest in 9 out of 20 sectors and Lena Österberg, head of research at Carnegie defended her top ranking as the best individual analyst in Sweden.
- In February, Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million. Carnegie Private Banking also topped the segment that defines access to Investment Banking services, according to the annual Euromoney survey.

## EVENTS AFTER THE END OF THE PERIOD

### ■ **Best Investment Bank in Sweden**

Carnegie won the title of Best Investment Bank in Sweden in the annual Euromoney survey.

### ■ **Joint venture with Simpson Spence Young**

After the end of the period, Carnegie entered into a joint venture with shipbroker Simpson Spence Young (SSY) aimed at strengthening the offering and taking advantage of business opportunities in the global shipping market.

### ■ **Further developed client offering and adapted organisation in Private Banking**

Carnegie initiated a process during late summer aimed at clarifying the value proposition towards various groups of private individuals. In conjunction, the Private Banking organisation will be adapted to power more efficient response to demand from both new and existing clients.

## ON THE RIGHT TRACK - WITH HIGHER POTENTIAL

### President and CEO Björn Jansson comments on the results

The transaction market for corporate transactions and IPOs remained strong, offsetting the negative effects of weaker development in wealth management and resulting in moderately higher total income than last year. Costs are also down and Carnegie is reporting stronger profit before tax for the first six months of the year.

The Nordic corporate transactions market has been relatively immune to the volatile market trend and Carnegie continued to defend its strong position in the first half. We participated in an impressive 11 out of 15 initial public offerings in the Nordic market, including the listing of the education group AcadeMedia, care provider Humana AB, biotech company Wilson Therapeutics, niche bank Resurs Bank, retail chain Tokmanni and gaming company Leo Vegas.

We are also gratified to report favourable performance in the focus areas of mergers and acquisitions and corporate bonds, where earnings capacity is gradually rising. Notably, Carnegie participated in 15 mergers and acquisitions during the period, including Castellum's acquisition of Norrporten, Sweden's largest property deal of all time. We also participated in more corporate bond issues during the first half year compared with the same period last year.

Nevertheless, the prevailing low interest rate environment, volatile equity market, lower market values and a weaker market for institutional structured products have had adverse impact on income in private banking and wealth management. However, this does not affect our long-term assessment that we have growth potential in the business area and we have appointed a new head of the Wealth Management business area with a clear mandate to grow and develop the business. The process will begin in autumn with the crafting of a more clearly defined value proposition and a streamlined organisation designed to meet demand from both new and existing clients.

We are still gaining attention for our knowledge and expertise and during the first half year, we came out on top in both global and national rankings for the best research house in the market. In two of the largest independent customer surveys in the industry on a global level (Institutional Investor and Extel), Carnegie advanced to number one in Nordic equity research. Corresponding performance was noted in the Swedish market when Carnegie outranked all other contenders for the third consecutive year in the annual Financial Hearings survey of Swedish brokerage houses and individual analysts.

Following the divestment of Carnegie Fonder, executed as planned during the first half, our focus is on developing the advisory services business towards private individuals, corporate and institutional clients and we have already taken a couple of new initiatives. We created a joint venture with SSY, one of the largest independent shipbrokers in the world, to enhance our offering in the shipping sector. We also strengthened our presence in the property sector and carried out a couple of property syndications. Cost-consciousness remains a priority and we expect further benefit from previous efficiency programmes and investments.

We are naturally pleased at having outperformed last year's earnings in a turbulent market and that we are on the right track. Nevertheless, we have more to do in several areas and I am convinced that Carnegie has the potential to deliver even higher earnings.



Björn Jansson

## THIS IS CARNEGIE

Carnegie is one of the foremost financial advisers and asset managers in the Nordics. Separately, all of our business areas are among the leaders in their fields. Together, they build a combination of integrated knowledge that is hard to beat. Experts in capital acquisition, research and equity sales work side-by-side at Carnegie with specialists in wealth management advice towards a single objective: guiding our clients to better business.

### SECURITIES

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

### INVESTMENT BANKING

Carnegie Investment Banking offers professional advisory services in mergers and acquisitions (M&A) and equity capital market (ECM) transactions. The DCM unit offers advice related to capital acquisition via corporate bonds and fixed income instruments. Carnegie has a long-established local presence, with unique understanding and expertise concerning industries and equity markets in the Nordic region. Operations in Denmark, Finland, Norway and Sweden.

### WEALTH MANAGEMENT

Carnegie Wealth Management offers comprehensive financial advisory services to high net worth individuals, small businesses, institutions, foundations, affiliated agents and product brokers. The business unit's staff includes experts in asset allocation, asset management, structured instruments, law, tax management, pensions and trading in securities and fixed-income bonds. Operations in Denmark, Luxembourg and Sweden.

## CLIENT GROUPS AND SERVICES

INSTITUTIONS & FOUNDATIONS	RESEARCH, EQUITY SALES, ALLOCATION STRATEGY AND ASSET MANAGEMENT
CORPORATIONS	CAPITAL ACQUISITION, ADVICE IN RELATION TO IPOs, MERGERS & ACQUISITIONS
HIGH-NETWORTH INDIVIDUALS	ASSET MANAGEMENT SERVICES AND EXPERTISE IN TAX, LAW AND PENSIONS
PENSION AND INSURANCE INTERMEDIARIES	ASSET MANAGEMENT PRODUCTS (FUNDS, STRUCTURED INVESTMENTS)

## OPERATING PROFIT AND LOSS STATEMENT & KEY DATA

		Jan-Jun			Jan-Dec
(SEKm)	Note	2016	2015	%	2015
<b>Continuing operations:</b>					
Investment Banking & Securities		765	648	18	1,341
Wealth Management		291	364	-20	679
<b>Operating income</b>		<b>1,056</b>	<b>1,013</b>	<b>4</b>	<b>2,020</b>
Personnel expenses before variable remuneration		-523	-519	1	-1,049
Other expenses		-217	-246	-12	-501
<b>Operating expenses</b>		<b>-741</b>	<b>-765</b>	<b>-3</b>	<b>-1,550</b>
<b>Operating profit</b>		<b>315</b>	<b>248</b>	<b>27</b>	<b>470</b>
Finance costs, variable remuneration, etc.		-163	-143	14	-310
<b>Profit before tax</b>		<b>152</b>	<b>105</b>	<b>45</b>	<b>160</b>
Taxes		-40	-22	79	-81
<b>Net profit for the period from continuing operations</b>		<b>112</b>	<b>82</b>	<b>36</b>	<b>79</b>
<b>Profit from discontinued operations:</b>					
Profit for the period from discontinued operations	3	178	82		135
<b>Profit for the period</b>		<b>290</b>	<b>164</b>		<b>214</b>
<b>Financial key data, continuing operations</b>					
Operating C/I ratio, %		70	76		77
Operating income per employee, SEKm		1.7	1.7		3.3
Operating costs per employee, SEKm		1.2	1.3		2.6
Operating profit margin, %		29.9	24.5		23.2
Assets under Management (VVM), SEKbn		100	98		101
Return on equity, %		14.9	9.6		4.7
Return on total assets, %		1.8	1.3		0.6
Total assets, SEKm		13,674	12,555		11,436
Equity, SEKm		1,565	1,955		1,520
<b>Financial position, continuing operations</b>					
Common equity Tier 1 capital ratio (CET1), %		18.4	19.1		18.1
<b>Employees, continuing operations</b>					
Average number of employees		620	606		607
Number of employees at the end of the period		621	602		620

## MARKET & POSITION

### EQUITY MARKET

The eyes of the market remained fixed on the macroeconomic climate and actions by central banks during the first half of 2016, while the issue of a potential Brexit and the subsequent outcome of the UK referendum added considerable political uncertainty to the mix. The Nordic equity markets declined during the first half of 2016. The OMX Nordic 40 stood out with a downturn of 9.2 percent in the first six months, while the MSCI All Countries World Index fell by 1.0 percent during the same period.

### CORPORATE TRANSACTIONS MARKET

#### **Equity capital market transactions (ECM)**

At the European level, the first half of 2016 was characterised by significantly lower activity in the ECM markets (*Thomsons Reuters*). The ECM climate was comparatively favorable in the Nordic region and several significant transactions have been announced. Carnegie once again defended its strong position in the Nordic market and acted the adviser in more ECM transactions than any other institution during the first half year, including 11 out of 15 IPOs, each with a transaction value in excess of USD 40 million. These included Carnegie's participation in the IPOs of education group AcadeMedia, care provider Humana AB, banking and insurance group Resurs and Finnish retail chain Tokmanni.

#### **Mergers, acquisitions & sales (M&A)**

Carnegie has maintained its positive performance trend even though both the European and Nordic M&A markets have receded slightly compared to the record-high markets of 2015 (*Thomson Reuters*). Notable transactions include a historically large structural deal in the Swedish property market when Castellum acquired all shares in Norrporten, for which Carnegie was the lead adviser.

### **Awards**

For the second consecutive year, Carnegie was named Best Research House in Sweden in the Financial Hearings survey. In addition to the first place overall, Carnegie ranked highest in 9 out of 20 sectors and received two individual analyst awards (including best individual analyst). In addition, institutional investors at the global level judged Carnegie the best at Nordic equity research according to Institutional Investors All-Europe 2016. In the Extel 2016 survey, Carnegie was ranked number one in the Nordic equity research category, had 8 out of the 16 highest ranking analysts and was recognised as the best in equity sales in the Nordic region.

### THE CAPITAL AND WEALTH MANAGEMENT MARKET

The financial assets of Swedish households as of 31 March amounted to SEK 11,351 billion (11,145) (Statistics Sweden Savings Barometer). Total fund assets in Sweden have grown but in a reprise of last year, the net capital flows went to mixed and bond funds at the expense of equity funds (Swedish Investment Fund Association).

#### **Assets under management (AuM), full and half-year development**

At the end of the first half of 2016, Carnegie's total assets under management amounted to SEK 100 billion (98), an increase of 2 percent compared to the same period in 2015. The negative trend in the financial markets during the period moderated AuM and income growth, which was unfortunately not offset by Carnegie's management results and inflow of new clients.

### **Awards**

Carnegie was named the best Private Banking provider in Sweden in the client net worth category of USD 5-30 million, along with a first place in the segment that defines access to Investment Banking services, according to the 2016 Euromoney survey.

## GROUP FINANCIAL PERFORMANCE

The remarks in this section pertain to Group financial performance for continuing operations. Information about the divested business is presented in Note 3.

Consolidated operating income for the first half of 2016 amounted to SEK 1,056 million (1,013), 4 percent higher than for the first half of 2015. Operating costs were lower compared with the same period last year, at SEK 741 million (765). The Group is reporting operating profit of SEK 315 million (248) and profit before tax of SEK 152 million (105), an increase of 45 percent.

### INCOME

#### Investment Banking & Securities

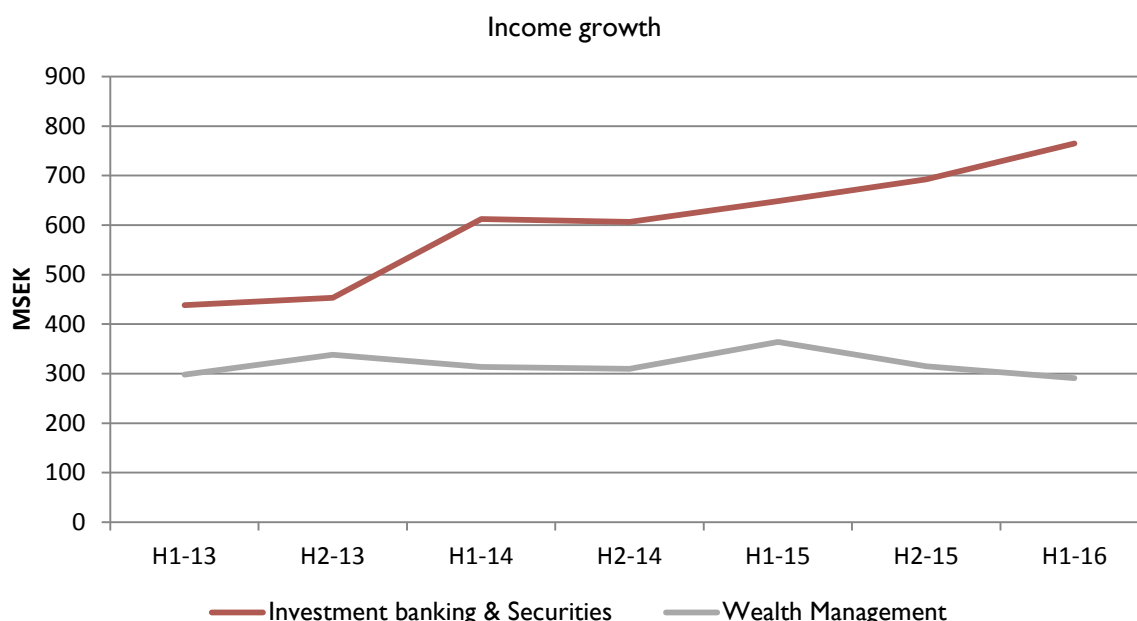
Income within Securities is generated primarily from commissions related to brokerage services, equity capital market and bond-related transactions and fees for research services. Advisory services income arises within Investment Banking in connection with ECM and M&A transactions.

The Investment Banking & Securities business area is reporting income of SEK 765 million (648). The 18 percent increase over the same period in 2015 was driven primarily by increased advisory services fees for ECM and M&A transactions. The strong income growth in the business area should be considered in the light of the high activity level in the Nordic market for ECM transactions, where Carnegie led the majority of Nordic IPOs and entrenched its market-dominating position.

#### Wealth Management

Income in Wealth Management is generated mainly from discretionary management, advisory services, commissions on sales of equity funds, net interest income, fees for legal and insurance-related advice and fees related to sales of structured products.

Income in Wealth Management amounted to SEK 291 million (364) during the first half of 2016. This represents a 20 percent decrease in income compared to the same period last year, mainly due to negative development within structured products and exacerbated by a weaker equity market and the challenging low-rate environment. Total assets under management increased by 2 percent compared with the same period last year, to SEK 100 billion (98).

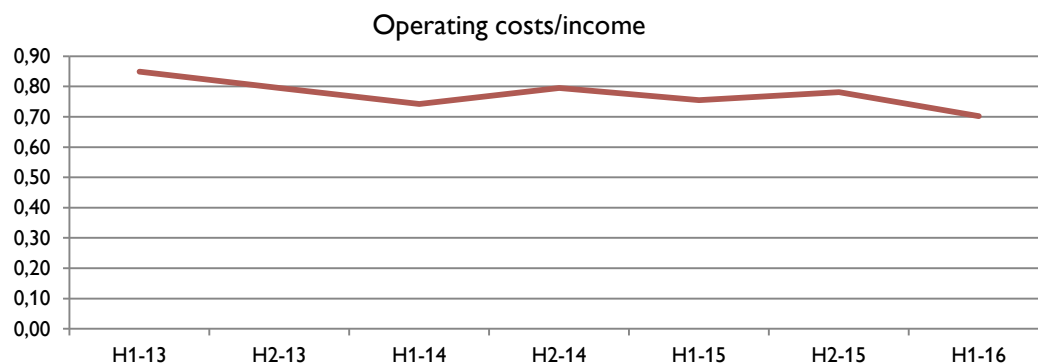




## COSTS

Operating costs amounted to SEK 741 million (765) during the first half of 2016, corresponding to a 3% decrease for the period, year-on-year, of which currency effects accounted for half. Cost improvements during the period were accomplished mainly through sustained efforts to streamline support functions, stringent cost control and lower costs of a non-recurring nature.

The chart below illustrates the relationship between operating costs and operating income by six-month periods for the last three years.



## PROFIT

Operating profit rose to SEK 315 million (248), an increase of 27 percent since 2015. Profit before tax for the period was SEK 152 million (105), an increase of 45 percent compared with the same period last year. Profit after tax for the period amounted to SEK 112 million (82). Currency effects during the period had a net positive effect on profit for the period of SEK 2 million.

## INVESTMENTS

The Group's investments in fixed assets amounted to SEK 12 million (16) during the period.

## FINANCIAL POSITION

The financial position remains strong and resilient due to the Group's low exposure to financial risks combined with good earnings. Two thirds of the Group's risk-weighted assets are comprised of currency risk and operational risk. The currency risk is structural by nature and is attributable to the Group's foreign subsidiaries. Only five percent of risk-weighted assets relate to risks in the trading book.

The Common Equity Tier 1 capital ratio was 18.4 percent (19.1) and the capital adequacy ratio was 20.7 percent (26.7). Capital adequacy information is presented in Note 4 with comparative figures. A more detailed description of Carnegie's capital adequacy is available online at [www.carnegie.se](http://www.carnegie.se).

The Group's financing comprises equity, issued bonds and deposits from the public. Equity and bonds account for 13 percent (22), deposits and borrowing from the public account for 74 percent (66) and other debt accounts for 13 percent (12) of the balance sheet total. The Group's liquidity coverage ratio exceeds five times the legal requirement.

## OVERVIEW OF PARENT COMPANY

Total income in the parent company amounted to SEK 5 million (5). The loss before tax for the period amounted to SEK -11 million (-16). There were no investments in fixed assets during the period (-). Liquidity, defined as cash and lending to credit institutions, was SEK 4 million (1) as of 30 June 2016. Equity amounted to SEK 1,579 million (2,178) as of 30 June 2016.

## 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, among else, the impact of movements in equity prices, interest rates or exchange rates. Credit risk is defined as the risk of loss due to failure of counterparties to fulfil contractual obligations. Credit risk originates mainly from lending to clients with shares as underlying collateral. Liquidity risks are linked to the need for liquidity in day-to-day operations. Operational risk refers to the risk of loss resulting from inadequate and/or failed processes or systems, the human factor, or external events. A more detailed description of risk and risk management at Carnegie is provided in the 2015 annual report and online at [www.carnegie.se](http://www.carnegie.se).

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(SEKm)	Note	Jan-Jun		Jan-Dec
		2016	2015	2015
<b>Continuing operations:</b>				
Commission income		1,014	922	1,868
Commission expenses		-12	-9	-17
<b>Net commission income</b>		<b>1,002</b>	<b>913</b>	<b>1,851</b>
Interest income		44	49	95
Interest expenses		-23	-28	-49
<b>Net interest income</b>		<b>22</b>	<b>21</b>	<b>46</b>
Net profit/loss from financial transactions		33	44	70
<b>Total operating income</b>		<b>1,057</b>	<b>979</b>	<b>1,967</b>
Personnel expenses		-694	-660	-1,341
Other administrative expenses		-215	-211	-448
Amortisation and depreciation of assets		-6	-8	-23
<b>Total operating expenses</b>		<b>-915</b>	<b>-879</b>	<b>-1,812</b>
<b>Profit before credit losses</b>		<b>142</b>	<b>100</b>	<b>155</b>
Credit losses, net		10	4	4
<b>Profit before tax</b>		<b>152</b>	<b>105</b>	<b>160</b>
Taxes		-40	-22	-81
<b>Profit for the period from continuing operations</b>		<b>112</b>	<b>82</b>	<b>79</b>
<b>Discontinued operations:</b>				
Net profit for the period from discontinued operations	3	178	82	135
<b>Profit for the period</b>		<b>290</b>	<b>164</b>	<b>214</b>
Other comprehensive income from continuing operations:				
<i>Items that may subsequently be reclassified to the income statement:</i>				
Translation differences relating to foreign operations		12	-4	-17
<b>Total comprehensive income for the period</b>		<b>302</b>	<b>160</b>	<b>197</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(SEKm)	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
<b>Assets</b>				
Cash and bank deposits with central banks		1,207	951	1,581
Negotiable government securities	1	683	42	694
Loans to credit institutions <sup>1)</sup>		4,133	4,511	2,411
Loans to the general public		2,775	2,756	3,540
Bonds and other interest-bearing securities	1	3,174	2,811	1,899
Shares and participations	1	174	353	264
Derivative instruments	1	86	85	75
Shares in associates		6	9	10
Intangible assets		17	669	11
Tangible fixed assets		65	73	65
Current tax assets		49	49	32
Deferred tax assets		387	481	420
Other assets	2	701	308	336
Prepaid expenses and accrued income		217	241	99
Assets held for sale	3	-	-	798
<b>Total assets</b>		<b>13,674</b>	<b>13,339</b>	<b>12,234</b>
<b>Liabilities and equity</b>				
Liabilities to credit institutions		90	13	3
Deposits and borrowing from the general public <sup>1)</sup>		10,179	8,767	8,651
Short positions, shares	1	133	216	104
Derivative instruments	1	58	64	83
Current tax liabilities		12	23	12
Deferred tax liabilities		10	65	13
Other liabilities	2	915	559	266
Accrued expenses and prepaid income		500	701	556
Other provisions		49	12	66
Subordinated liabilities		162	410	162
Liabilities held for sale	3	-	-	230
Equity		1,565	2,507	2,088
<b>Total liabilities and equity</b>		<b>13,674</b>	<b>13,339</b>	<b>12,234</b>
<b>Pledged assets and contingent liabilities</b>				
Pledged assets		2,374	1,892	1,515
Contingent liabilities		557	509	254

1) Whereof SEKm 406 (H1 2015: 165, Full year 2015: 139) in client funds.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(SEKm)	Jan-Jun		Jan-Dec
	2016	2015	2015
Equity - at beginning of year	2,088	2,369	2,369
Dividends <sup>1)</sup>	-824	-22	-38
Redemption of preferred shares	-	-	-440
Total comprehensive income for the period	302	160	197
<b>Equity - at end of period</b>	<b>1,565</b>	<b>2,507</b>	<b>2,088</b>

1) Dividend during the period refers to dividend of shares in C Asset Management Partners AB. In respect of the comparison periods the paid dividend refers to distribution to preference shares (Öresund/Creades).

## CONSOLIDATED CASH FLOW STATEMENTS<sup>1)</sup>

(SEKm)	Jan-Jun		Jan-Dec
	2016	2015	2015
Cash flow from operating activities	830	1,633	2,436
Cash flow from investing activities	-44	-16	-25
Cash flow from financing activities	-	-22	-1,661
<b>Cash flow for the period</b>	<b>786</b>	<b>1,595</b>	<b>749</b>
Cash and cash equivalents at beginning of year <sup>2)</sup>	3,620	2,947	2,947
Translation differences in cash and cash equivalents	55	-73	-77
<b>Cash and cash equivalents at end of period<sup>2)</sup></b>	<b>4,461</b>	<b>4,470</b>	<b>3,620</b>

1) The consolidated statements of cash flows include discontinuing operations up until date of divestment. Cash flow statements for discontinuing operations are presented in Note 3.

2) Excluding cash and cash equivalents pledged as collateral.

## PARENT COMPANY INCOME STATEMENT

(SEKm)	Jan-Jun		Jan-Dec
	2016	2015	2015
Net income	5	5	10
Other external expenses	-2	-6	-17
Personnel expenses	-7	-6	-28
<b>Operating profit/loss</b>	<b>-4</b>	<b>-7</b>	<b>-34</b>
Other interest income and similar income	0	0	-
Interest expenses and similar expenses	-4	-11	-21
Profit/loss from participations in subsidiaries <sup>1)</sup>	-3	1	732
<b>Profit/loss from financial items</b>	<b>-7</b>	<b>-9</b>	<b>711</b>
<b>Profit/loss before tax</b>	<b>-11</b>	<b>-16</b>	<b>677</b>
Tax	0	0	0
<b>Profit/loss for the period</b>	<b>-11</b>	<b>-16</b>	<b>678</b>

## PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

	Jan-Jun		Jan-Dec
	2016	2015	2015
<b>Profit/loss for the period</b>	<b>-11</b>	<b>-16</b>	<b>678</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-11</b>	<b>-16</b>	<b>678</b>

## PARENT COMPANY BALANCE SHEET

(SEKm)	30 Jun 2016	30 Jun 2015	31 Dec 2015
<b>Assets</b>			
Shares and participations in group companies	1,780	2,604	2,604
Deferred tax assets	2	2	2
<b>Total financial non-current assets</b>	<b>1,782</b>	<b>2,606</b>	<b>2,606</b>
Receivables from group companies	1	12	28
Current tax assets	2	2	1
Other current receivables	8	8	9
Prepaid expenses and accrued income	0	6	0
Cash and bank	4	1	4
<b>Total current assets</b>	<b>16</b>	<b>29</b>	<b>43</b>
<b>Total assets</b>	<b>1,798</b>	<b>2,635</b>	<b>2,648</b>
<b>Equity and liabilities</b>			
Shareholders' Equity	1,579	2,178	2,414
Convertible debentures	162	410	162
Liabilities to group companies	23	-	-
Trade account payables	2	3	4
Other current liabilities	2	1	33
Accrued expenses and prepaid income	20	36	27
Other provisions	2	-	2
Pension provisions	8	7	8
<b>Total equity and liabilities</b>	<b>1,798</b>	<b>2,635</b>	<b>2,648</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	-	-	-
Contingent liabilities	113	121	115

## ACCOUNTING PRINCIPLES

With respect to the Group, this report was prepared in compliance with IAS 34 Interim Reporting, the Swedish Act on Annual Reports of Credit Institutes and Securities Companies (ÅRKL 1995:1559) 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). RFR 1, Supplementary Accounting Regulations for Corporate Groups, issued by the Swedish Financial Accounting Standards Council, was also applied. The parent company's financial statements were prepared in accordance with the Swedish Annual Accounts Act (ÅRL 1995:1554) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council.

The accounting policies and calculation methods applied in the report are identical in all material respects to those applied in the annual report for 2015. As required by IFRS 5, Carnegie Fonder AB is presented as "Discontinued operations" in the Consolidated statement of comprehensive income. Supplementary disclosures concerning the divestment are presented in Note 3.

Please note that rounding in the report may result in amounts in SEK millions not agreeing when summed. Unless otherwise specified, all comparison figures in the report refer to the corresponding period in 2015.



## NOTE 1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

30 Jun 2016				
(SEKm)	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
<b>Assets</b>				
Negotiable government securities	683	-	-	<b>683</b>
Bonds and other interest-bearing securities	3,109	65	-	<b>3,174</b>
Shares and participations	169	5	-	<b>174</b>
Derivative instruments	69	17	-	<b>86</b>
<b>Total</b>	<b>4,030</b>	<b>87</b>	-	<b>4,117</b>
<b>Liabilities</b>				
Short positions, shares	133	-	-	<b>133</b>
Derivative instruments	50	9	-	<b>58</b>
<b>Total</b>	<b>183</b>	<b>9</b>	-	<b>192</b>
30 Jun 2015				
(SEKm)	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
<b>Assets</b>				
Negotiable government securities	42	-	-	<b>42</b>
Bonds and other interest-bearing securities	2,759	52	-	<b>2,811</b>
Shares and participations	324	29	-	<b>353</b>
Derivative instruments	57	28	-	<b>85</b>
<b>Total</b>	<b>3,182</b>	<b>108</b>	-	<b>3,290</b>
<b>Liabilities</b>				
Short positions, shares	216	-	-	<b>216</b>
Derivative instruments	61	4	-	<b>64</b>
<b>Total</b>	<b>277</b>	<b>4</b>	-	<b>281</b>
31 Dec 2015				
(SEKm)	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
<b>Assets</b>				
Negotiable government securities	694	-	-	<b>694</b>
Bonds and other interest-bearing securities	1,863	37	-	<b>1,899</b>
Shares and participations	231	32	-	<b>264</b>
Derivative instruments	74	1	-	<b>75</b>
<b>Total</b>	<b>2,862</b>	<b>70</b>	-	<b>2,932</b>
<b>Liabilities</b>				
Short positions, shares	104	-	-	<b>104</b>
Derivative instruments	81	2	-	<b>83</b>
<b>Total</b>	<b>185</b>	<b>2</b>	-	<b>187</b>

The table on the preceding page presents the Group's financial assets and liabilities measured at fair value as of 30 June 2016, with comparison figures for June and December 2015, respectively. When fair value is determined for financial instruments, various methods are used depending upon the degree of observability of market data in the valuation and market activity. The valuation techniques and the Group's valuation process are described in more detail in the annual report for 2015.

There were no transfers between Level 1 and Level 2 during the presented periods.

The fair value of other financial assets recognised at amortised cost is estimated to be the same as or close to the carrying amounts for these assets.

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING

<b>30 Jun 2016</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance Sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	3,446	-2,955	<b>492</b>
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	3,252	-3,043	<b>209</b>
<b>30 Jun 2015</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance Sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	2,720	-2,596	<b>124</b>
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	2,768	-2,595	<b>172</b>
<b>31 Dec 2015</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance Sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	1,693	-1,485	<b>208</b>
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	1,555	-1,488	<b>67</b>

1) Included in balance sheet item *Other assets*

2) Included in balance sheet item *Other liabilities*

The above table presents the financial assets and liabilities that are recognised net in the balance sheet. Net accounting is applied for financial assets and financial liabilities in the balance sheet where Carnegie is legally entitled to offset transactions and has an intention to offset. At the closing date, these financial instruments comprised trade and client receivables and trade and client payables. Since the scope of financial assets and liabilities for which gross accounting is applied in the balance sheet, but which are subject to legally binding master netting agreements or the like, is marginal, these disclosures have been omitted.

## NOTE 3 DISCONTINUED OPERATIONS – CARNEGIE FONDER AB

In September 2015, the board of directors resolved to divest the subsidiary Carnegie Fonder AB. Profit generated by Carnegie Fonder AB was presented in the 2015 Annual Report as profit from discontinuing operations and its assets and liabilities as held for sale.

The subsidiary was divested on 20 April 2016, effective 30 April 2016. Financial information pertaining to the divested operations for the period up to the date of divestment is presented below.

### NOTE 3 DISCONTINUED OPERATIONS - CARNEGIE FONDER

#### Profit from discontinued operations<sup>1)</sup>

	Jan-Jun 2,016	Jan-Jun 2015	Jan-Dec 2015
<b>(SEKm)</b>			
Operating income	86	165	307
Operating expenses <sup>2)</sup>	-41	-84	-172
<b>Operating profit</b>	<b>45</b>	<b>82</b>	<b>135</b>
Financial items, net	0	0	0
<b>Profit after financial items</b>	<b>44</b>	<b>82</b>	<b>135</b>
Income tax	-10	-	-
<b>Profit from discontinued operations after tax</b>	<b>34</b>	<b>82</b>	<b>135</b>
Capital gain from divestment of Carnegie Fonder AB	143	-	-
<b>Profit from discontinued operations</b>	<b>178</b>	<b>82</b>	<b>135</b>

<sup>1)</sup> Includes profit from Carnegie Fonder AB and group items related to Carnegie Fonder AB.

<sup>2)</sup> Whereof SEK -m (H1 2015: SEK -10m, Full year 2015: SEK -21m) relates to amortisation of intangible assets, net after reversal of deferred tax.

#### Cash flow from discontinuing operations

	30 Jun 2016	30 Jun 2015	31 Dec 2015
<b>(SEKm)</b>			
Cash flow from operating activities	135	-55	-24
Cash flow from investing activities	-1	-	-
Cash flow from financing activities <sup>1)</sup>	-156	-145	-145
<b>Cash flow for the period</b>	<b>-22</b>	<b>-201</b>	<b>-170</b>
Cash at beginning of year	54	223	223
<b>Cash at year end of period</b>	<b>32</b>	<b>23</b>	<b>54</b>

<sup>1)</sup> Paid group contribution

## NOTE 3 DISCONTINUED OPERATIONS - CARNEGIE FONDER (cont.)

### Information about the divestment of Carnegie Fonder AB

(SEKm)	30 Apr 2016
Consideration received:	
Cash	-
Shares in C Asset Management Partners AB	824
Total consideration	824
Carrying value of net assets sold	-681
<b>Profit before tax</b>	<b>143</b>
Income tax	-
<b>Profit from the divestment after tax</b>	<b>143</b>

<sup>1)</sup> Following the divestment of Carnegie Fonder AB, the shares in C Asset Management Partners AB was distributed to the shareholders of Carnegie Holding AB.

### Carrying values of assets and liabilities at date of divestment

(SEKm)	30 Apr 2016
Intangible assets <sup>1)</sup>	648
Tangible fixed assets	3
Short term receivables	222
Cash	32
<b>Total assets</b>	<b>905</b>
Short-term liabilities	174
Deferred tax liabilities <sup>1)</sup>	50
<b>Total liabilities</b>	<b>224</b>
<b>Net assets</b>	<b>681</b>

<sup>1)</sup> Refers to group surplus values.

### Assets and liabilities held for sale

(SEKm)	30 Jun 2016	30 Jun 2015	31 Dec 2015
Intangible assets <sup>1)</sup>	-	662	648
Tangible fixed assets	-	3	2
Short-term receivables	-	96	94
Cash	-	23	54
<b>Total assets</b>	<b>-</b>	<b>784</b>	<b>798</b>
Deposits and borrowing from the public	-	-	-
Short-term liabilities	-	178	180
Deferred tax liabilities <sup>1)</sup>	-	53	50
<b>Total liabilities</b>	<b>-</b>	<b>231</b>	<b>230</b>

<sup>1)</sup> Refers to group surplus values.

## NOTE 4 CAPITAL ADEQUACY

Carnegie Holding Group			
(SEKm)	30 Jun		31 Dec
	2016	2015	2015
<b>Capital base</b>			
Equity instruments and associated premium reserve	922	1,208	922
Retained earnings and reserves	643	1,167	1,166
Anticipated dividend	-	-11	0
Goodwill and intangible assets	-17	-616	-610
Deferred tax assets	-275	-366	-306
<b>Common equity Tier 1 capital</b>	<b>1,274</b>	<b>1,382</b>	<b>1,172</b>
Preference shares	-	132	0
<b>Tier 1 capital</b>	<b>1,274</b>	<b>1,514</b>	<b>1,172</b>
Tier II capital (subordinated debt)	162	410	162
<b>Capital base for capital adequacy purposes</b>	<b>1,436</b>	<b>1,924</b>	<b>1,334</b>
<b>Capital requirement</b>			
Credit risk (standardised method)	199	203	161
Trading book risk	31	46	38
Currency risk	53	62	54
Operational risk (base method)	270	266	266
<b>Total capital requirement</b>	<b>554</b>	<b>577</b>	<b>519</b>
Surplus capital	882	1,346	815
<b>Financial position</b>			
Equity, SEKm	1,565	2,507	2,088
Common Equity Tier 1 Capital, SEKm	1,274	1,382	1,172
Capital base, SEKm	1,436	1,924	1,334
Risk-weighted assets, SEKm	6,922	7,217	6,488
Common equity Tier 1 capital ratio, %	18.4	19.1	18.1
Capital adequacy ratio, %	20.7	26.7	20.6

In compliance with the European Capital Requirements Regulation (CRR), Carnegie is reporting a consolidated situation comprising Carnegie Holding AB and Carnegie Investment Bank AB (publ) and subsidiaries.

## HISTORICAL DATA<sup>1)</sup>

### Carnegie Holding Group

#### Income statement, SEKm

	H1 2016	H2 2015	H1 2015	H2 2014	H1 2014	H2 2013	H1 2013
Total income	1,057	1,164	1,149	1,033	1,025	919	816
Personnel expenses	-694	-735	-711	-656	-619	-577	-521
Other expenses	-221	-323	-259	-288	-249	-242	-246
Expenses before credit provisions	-915	-1,058	-970	-944	-868	-820	-767
Operating profit before credit provisions	142	106	179	90	157	99	49
Net credit provisions	10	-0	4	15	10	17	8
Profit/loss before tax	152	106	183	105	166	116	57
Tax	-40	-56	-19	-23	-13	35	-14
Profit/loss for the period	112	50	164	82	153	151	43

#### Financial key data

C/I ratio, %	87	91	84	90	84	87	93
Income per employee, SEKm	1.7	1.8	1.8	1.6	1.6	1.5	1.3
Profit margin, %	10.6	4.3	14.3	7.9	14.9	16.4	5.3
Return on equity, %	12.4	4.5	13.3	7.1	13.8	15.0	4.4
Return on total assets, %	1.8	0.8	2.4	1.5	2.8	3.0	0.8
Total assets, SEKm	13,674	12,234	13,339	12,443	11,648	10,613	11,629
Equity, SEKm	1,565	2,088	2,507	2,369	2,279	2,136	1,988

#### Capital base, SEKm <sup>2)</sup>

Common Equity Tier 1 capital	1,274	1,172	1,382	1,272	999	969	846
Total capital base	1,436	1,334	1,924	1,770	1,497	1,378	1,256
Common Equity Tier 1 capital ratio (CET1), %	18.4	18.1	19.1	19.5	16.3	14.8	13.6
Capital adequacy ratio, %	20.7	20.6	26.7	27.2	24.4	21.1	20.2

#### Employees

Average number FTE employees	620	643	641	635	630	626	637
Number of FTE employees for the period (FTE)	621	654	636	638	629	622	631

1) The historical data are based on legal income statements and comparison figures have not been adjusted for discontinued operations.

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

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## DEFINITIONS AND GLOSSARY

**Average number of employees**

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

**C/I ratio**

Total costs as a percentage of total income.

**Capital adequacy ratio**

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

**Capital requirement**

A measure of how much capital an institution must have taking into consideration the risks involved in the business.

**Common equity Tier 1 capital ratio**

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

**Income per employee**

Income for the period per the average number of employees.

**Number of employees at the end of the period**

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

**Operating C/I ratio**

Operating costs as a percentage of operating income.

**Operating costs**

Operating costs excluding variable remuneration, Group-wide amortisation of intangible assets and credit losses.

**Operating costs per employee**

Operating costs for the period per the average number of employees.

**Operating income per employee**

Operating income for the period per the average number of employees.

**Operating profit/loss**

Operating profit/loss excluding variable remuneration, Group-wide amortisation of intangible assets and credit losses.

**Operating profit margin**

Operating profit/loss as a percentage of operating income.

**Profit margin**

Profit for the period as a percentage of income.

**Return on equity**

Annualised profit as a percentage of average equity.

**Return on total assets**

Annualised profit as a percentage of average assets.

## REVIEW

This report has not been reviewed by the company's auditors.

## CERTIFICATION

The Board of Directors and the President hereby certify that the report provides a true and fair view of the operations, position and earnings of the parent company and the group and describes the material risks and uncertainties faced by the parent company and the companies included in the group.

Carnegie Holding AB  
Stockholm, 23 August 2016

**Bo Magnusson**  
Chairman of the Board

**Ingrid Bojner**  
Director

**Klas Johansson**  
Director

**Anders Johnsson**  
Director

**Andreas Rosenlew**  
Director

**Harald Mix**  
Director

**Björn Jansson**  
President and Chief  
Executive Officer