

# CARNEGIE HOLDING AB

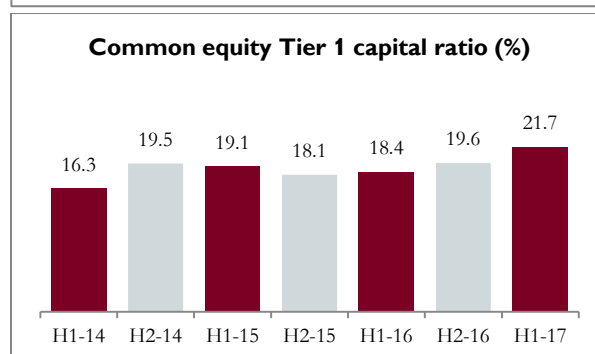
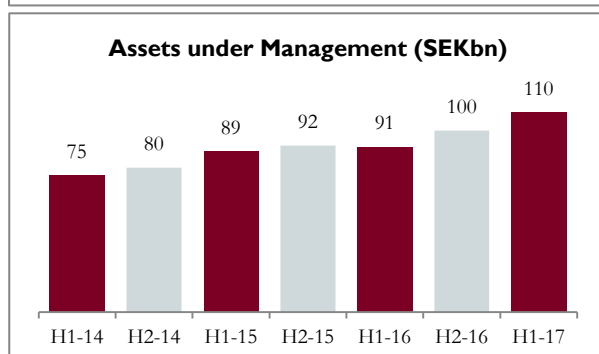
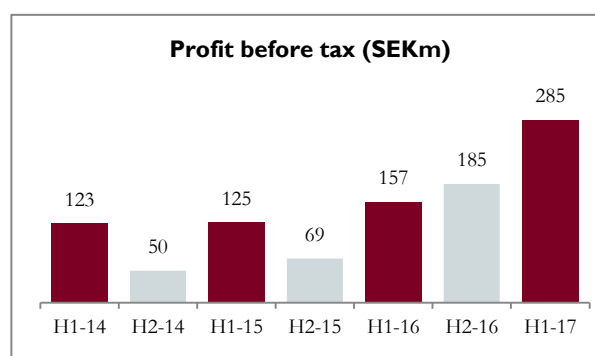
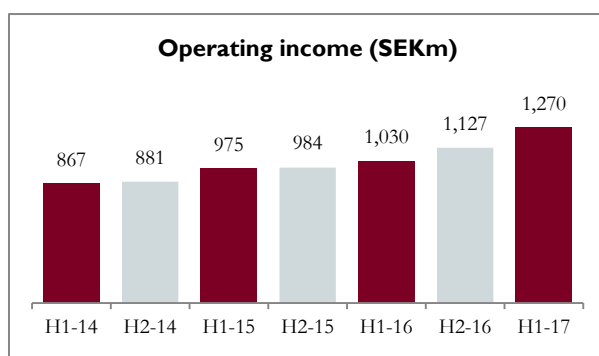
## Interim report

1 January–30 June 2017

*“We are demonstrating strong growth with higher profitability in both individual business segments and geographical markets. Carnegie has successfully managed the business opportunities provided by the market and the trust of our clients,” says President and CEO Björn Jansson.*

- Operating income increased by 23 percent to SEK 1,270 million (1,030).
- Operating expenses increased by 4 percent to SEK 737 million (710).
- Profit before tax increased by 82 percent to SEK 285 million (157).
- Assets under management increased by 21 percent to SEK 110 billion (91).
- The common equity Tier 1 capital ratio was 21.7 (18.4) percent.

### FINANCIAL KEY DATA



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The report refers to the Carnegie Group (“Carnegie”) and its parent company, Carnegie Holding AB. Unless otherwise stated, the report covers Group performance excluding discontinued operations, i.e., Carnegie Fonder AB and operations within third-party distribution of structured products.

## THE PERIOD IN BRIEF

- Carnegie is reporting the strongest half-year profit before tax in eight years.
- Both business areas in the Group are reporting higher income and profitability year-on-year.
  - With a 21 percent increase in income over the same period last year, Investment Banking & Securities sustained the strong development that has persisted for quite some time.
  - Private Banking is reporting income growth of 31 percent for the first half and has definitively reversed last year’s weaker trend to deliver the business area’s strongest half-year profit in several years.
- Operating expenses are marginally higher in relation to the same period last year, primarily due to selective recruitments, regulatory implementations and other costs related to the high business activity. Cost increases are being restrained by efficiency improvements that had effect during the period.
- The growth is occurring in both individual business segments and geographical markets.
  - Carnegie has made favourable gains in a strong transaction market, including a leading role in 11 of the 16 major Nordic IPOs during the first half (each with a value in excess of USD 50 million).
  - Carnegie is demonstrating significant growth in issues and trading in corporate bonds (DCM/Fixed Income) and participated in 15 transactions during the period. Carnegie has also been active in advisory services related to mergers and acquisitions (M&A), with eight corporate transactions executed during the first half of the year.
  - The Private Banking business has shown strong development with good new client acquisition, higher net inflows of assets under management and high client activity.
  - As regards to individual markets, we are demonstrating the strongest growth in the operations in Finland, Norway, Sweden and the UK. In parallel, we have improved the balance among the geographical units in overall Group performance.
- Outstanding debentures of SEK 162 million were repaid during the period.
- The financial position of the Group remains strong, with a liquidity coverage ratio exceeding three times the legal requirement.

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## ROBUST GROWTH AND HIGHER PROFITABILITY

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

In a long-term effort pursued within Carnegie over the past several years, we have strengthened our market position through selective investments, ventures in new areas and ongoing efficiency improvements. The results were clear in the first half of 2017: Income and profitability are rising in both business areas and most geographies, with the fastest growth in some of our new focus areas.

The business climate has remained favourable, with rising share prices and low interest rates, generating an increase in corporate transaction volumes and strong investment appetite across the Nordic market. Carnegie's operations in Finland have delivered strong returns on earlier investments in equity research, equity sales and corporate advisory services and the business is reporting very good growth for the first six months of the year. The Norwegian operations are also demonstrating rising income in both equity sales and corporate advisory services. We have also observed higher interest in the Nordics among international investors, which has resulted in rising income in London and New York.

The positive trend in corporate bonds, a strategic focus area within Carnegie, is particularly gratifying. We have participated as adviser in 15 transactions during the first half, where total issued volume rose by 300 percent in relation to the corresponding period last year. The Nordic corporate bonds market is in a growth phase and Carnegie has taken a favourable position in the high-yield segment.

We are reporting further good news in Private Banking. The Swedish business is showing a clear turnaround as a result of the strategic measures taken last year. A more distinct offering, sharper focus on cultivating new clients and a more efficient organisation are contributing to the business area's higher inflows of assets under management, good new client acquisition and stronger profitability. Combined with robust development in the Danish operations, the business area is showing its strongest profitability in many years.

IPO activity remains very high in the Nordics, and particularly in Sweden. A total of 16 Nordic IPOs were executed during the first half, each with a market value exceeding USD 50 million. Carnegie was involved in eleven of these IPOs, thus solidifying its market-leading position. The activity level also remains high in M&A and Carnegie participated in eight transactions during the first half.

Our institutional equity and research business received widespread client recognition during the first half. Global and national investors ranked our research expertise as the best in the market. The high level of client confidence is also reflected in higher business activity and commission income growth in the first half, compared to the same period last year.

The good development in the period should be regarded in the light of Carnegie's goal-oriented initiatives and investments over the last several years, as well as a stronger market climate. We concede that the market climate is beyond our control. Accordingly, we are focusing on widening and developing our offering, strengthening our market position and being good stewards of the trust our clients have given us.

Björn Jansson

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## IMPORTANT EVENTS DURING THE PERIOD

### ■ Focus on core business

In accordance with earlier decisions and communications, Carnegie has completed the sale of its former interest in the Swedish fund business Optimized Portfolio Management Stockholm AB and has divested third-party distribution of structured products.

### ■ External recognition and client trust

Carnegie received widespread client recognition and several awards during the period.

- ★ Carnegie advanced to first place in relation to the bond market in the High Yield category (Kantar Sifo Prospera, June 2017).
- ★ Swedish institutions ranked Carnegie number one in the market for equity research, with Lena Österberg named best individual analyst (Financial Hearings, June 2017).
- ★ Global investors rated Carnegie the highest among all firms in the market with regard to equity research, equity sales and corporate access. Carnegie also topped the list for individual analysts, taking the six highest placements (Extel, June 2017).
- ★ Once again, global institutions ranked Carnegie first in Nordic equity research (Institutional Investors All-Europe, February 2017).
- ★ Carnegie advanced to first place among Swedish Private Banking providers (Euromoney, February 2017).

### ■ Changes in Group management

Elisabeth Erikson took on the role of CIO and member of Group management in January. In the same month, Jacob Bastholm was appointed Head of Carnegie Denmark. He will in addition retain his current role as Head of Carnegie Investment Banking Denmark. Annika Agri Larsson, former Head of HR, has stepped down from Group management in connection with her departure from Carnegie.

### ■ Carnegie adopts global UN Sustainable Development Goals

During the period, Carnegie became a signatory to the global UN Sustainable Development Goals linked to environmental, social and economic responsibility.

## EVENTS AFTER THE END OF THE PERIOD

### ■ External awards

- ★ In early July, Carnegie was named the best Investment Bank in Norway by Euromoney, an international magazine.
- ★ Nordic portfolio managers named Carnegie the best equity house in the Nordics according to the customer survey presented in July.

### ■ Co-head of Investment Banking in Denmark

Johannes Vasehus Sørensen has been recruited to Carnegie's Danish operations in the role of co-head of Investment Banking along with Jacob Bastholm, and will join the company at the end of year.

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## **THIS IS CARNEGIE**

Carnegie is one of the foremost financial advisers in the Nordics. Separately, all of our business areas business 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 and asset management 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 Debt Capital Markets (DCM) unit provides advisory services in 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.

### **PRIVATE BANKING**

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

## OPERATING PROFIT AND LOSS STATEMENT & KEY DATA

| (SEKm)  | Notes | Jan-Jun      |              | %  | Jan-Dec       |
|---|-------|--------------|--------------|----|---------------|
|   |       | 2017         | 2016         |    | 2016          |
| Continuing operations                                       |       |              |              |    |               |
| Investment Banking & Securities                             |       | 927          | 768          | 21 | 1,610         |
| Private Banking   |       | 343          | 262          | 31 | 547           |
| <b>Operating income</b>                                     |       | <b>1,270</b> | <b>1,030</b> | 23 | <b>2,157</b>  |
| Personnel expenses before variable remuneration             |       | -503         | -501         | 0  | -1,033        |
| Other expenses  |       | -234         | -209         | 12 | -432          |
| <b>Operating expenses</b>                                   |       | <b>-737</b>  | <b>-710</b>  | 4  | <b>-1,465</b> |
| <b>Operating profit</b>                                     |       | <b>533</b>   | <b>320</b>   | 67 | <b>692</b>    |
| Financing costs, variable remuneration, etc.                |       | -248         | -163         | 52 | -350          |
| <b>Profit before tax</b>                                    |       | <b>285</b>   | <b>157</b>   | 82 | <b>342</b>    |
| Taxes   |       | -65          | -40          | 63 | -76           |
| <b>Net profit for the period from continuing operations</b> |       | <b>220</b>   | <b>117</b>   | 88 | <b>266</b>    |
| Discontinued operations                                     |       |              |              |    |               |
| Profit for the period from discontinued operations          | 3     | 11           | 173          |    | 120           |
| <b>Profit for the period</b>                                |       | <b>231</b>   | <b>290</b>   |    | <b>386</b>    |
| <b>Financial key data, continuing operations</b>            |       |              |              |    |               |
| Operating C/I ratio, %                                      |       | 58           | 69           |    | 68            |
| Operating income per employee, SEKm                         |       | 2.1          | 1.7          |    | 3.5           |
| Operating expenses per employee, SEKm                       |       | 1.2          | 1.2          |    | 2.4           |
| Operating profit margin, %                                  |       | 42           | 31           |    | 32            |
| Assets under management , SEKbn                             |       | 110          | 91           |    | 100           |
| Return on equity, %   |       | 26           | 7            |    | 18            |
| Total assets, SEKm  |       | 10,656       | 13,099       |    | 11,194        |
| <b>Financial position</b>                                   |       |              |              |    |               |
| Common Equity Tier 1 capital, SEKm                          |       | 1,463        | 1,273        |    | 1,302         |
| Capital base, SEKm  |       | 1,463        | 1,436        |    | 1,464         |
| Risk-weighted assets, SEKm                                  |       | 6,743        | 6,922        |    | 6,631         |
| Common Equity Tier 1 capital ratio (CET1), %                |       | 21.7         | 18.4         |    | 19.6          |
| Equity, SEKm  |       | 1,798        | 1,565        |    | 1,677         |
| <b>Employees, continuing operations</b>                     |       |              |              |    |               |
| Average number of employees                                 |       | 592          | 610          |    | 609           |
| Number of employees at the end of the period (FTE)          |       | 581          | 611          |    | 610           |

See page 25 for definitions and calculation methods for key data and performance measures

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## MARKET & POSITION

### EQUITY MARKET

The global and Nordic equity markets performed well during the first half, in spite of political uncertainty with parliamentary reshufflings and elections in the Netherlands, France and the United Kingdom. June marked an upturn in global stock markets for the seventh straight month.

### CORPORATE TRANSACTIONS MARKET

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

Persistently favourable market conditions encouraged high activity in equity capital market transactions in the Nordic market during the first half of the year. For example, the Swedish flotation market achieved new record heights, outperforming last year in terms of number (Thomson Reuters).

Carnegie defended its leading position in the Nordic capital market during the first half, both in the role of adviser in ECM transactions and the capacity to execute transactions. This is confirmed by the high proportion of transactions in which we are involved, as well as most customer surveys conducted during the period (Extel, Institutional Investors, Financial Hearing). Carnegie participated in more ECM transactions than any other institution in the Nordic market.

Carnegie was also involved in a majority of all Nordic IPOs. Carnegie was the bookrunner or joint bookrunner in 11 of the 16 major Nordic IPOs during the first half, each valued at more than USD 50 million. The highest activity was recorded in the Swedish market, which accounted for 12 IPOs. Carnegie was involved in 10 of these in the capacity of bookrunner or joint bookrunner (Thomson Reuters). Standouts among the Nordic IPOs in which Carnegie was involved include the pharmaceutical company Oncopeptides (SE), care provider Ambea (SE), road safety company Saferoad (NO) and the online shop Boozt (SE).

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

The Nordic M&A transaction market remained active during the first half of the year, but with a lower number of executed transactions compared to the strong comparison period last year.

Carnegie participated in a total of eight transactions in the Nordic market during the period (Thomson Reuters), including Palamon Capital's acquisition of Happy Socks, a leading international brand of designer socks; as adviser in connection with McDonald's divestment of its Nordic operations; the sale of Finnish PKC Electronics to the Norwegian electronics company Enics AG; and the sale of lift supplier Gibes Lift to Nalka Invest.

#### **Corporate bonds and fixed income instruments (DCM/Fixed Income)**

The Nordic corporate bonds market is in a growth phase and Carnegie has taken a favourable position in the high-yield segment (Prospera). Carnegie grew faster than the market during the first half of the year and acted as adviser in 15 transactions during the period, including bond issues from Caboline, Heimstaden, Collector Bank, European Energy and DDM.

The total issued volume in which Carnegie was involved increased by 300 percent over the same period last year.

### THE CAPITAL AND WEALTH MANAGEMENT MARKET

In line with strong stock market development, Carnegie Private Banking has long had an overweight in equities within the framework of its capital and wealth management. At the end of the first quarter, the strategic assessment of the investment climate was adjusted to a neutral equity weight in client asset allocation, with greater focus on active management. A strong economy with persistently low interest rates must be balanced against exceptionally high company valuations and curtailments in monetary policy stimulus packages.

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The positive stock market performance during the first six months of the year contributed to increased asset values for Swedish households, whose total net wealth was still rising at the end of the first quarter of 2017 (Statistics Sweden), driven mainly by growth in equity and real estate assets.

At the end of the first half, total client assets under management at Carnegie amounted to SEK 110 billion (91), an increase of 10 percent since the first of the year and 21 percent in relation to the first half of 2016.

## **AWARDS IN 2016**

### **Investment Banking & Securities**

Carnegie further strengthened its positions in the Nordic market during the year with top rankings in corporate advisory services, equity research and brokerage services. This is evident in several customer and market surveys conducted during the period.

Carnegie's ventures in corporate bonds DCM/Fixed Income made an impression on clients during the first half of the year and Carnegie tops the high-yield category for the Swedish market (Kantar Sifo Prospera).

Global and national investors alike rate Carnegie's knowledge in the areas of Nordic equity research and brokerage services highest among all institutions active in the market, as shown in two separate customer surveys conducted during the period (Institutional Investor, Extel). Carnegie also dominated the individual rankings of Nordic equity analysts, taking the six highest placements (Extel).

Carnegie as also named best research house in Sweden for the fourth consecutive year according to Financial Hearings' annual survey for 2017, with the most top rankings in various research sectors. As well, Carnegie's Lena Österberg defended her standing as the best individual analyst in Sweden for the third year running.

### **Private Banking**

Carnegie advanced to first place among Swedish Private Banking providers in February 2017 in the annual Euromoney survey.

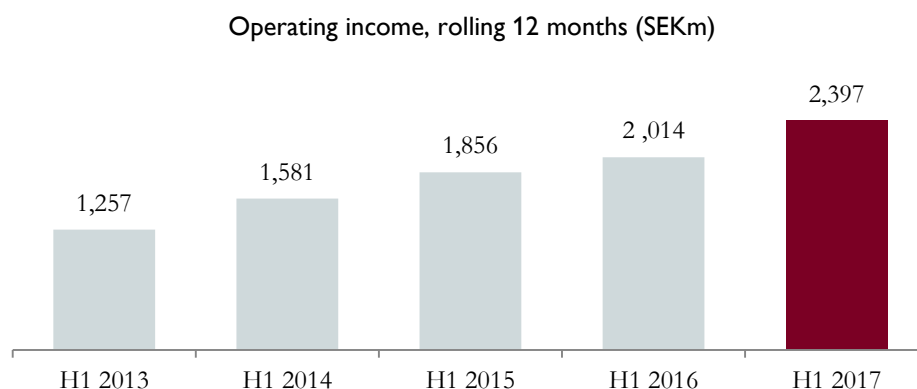


## GROUP FINANCIAL PERFORMANCE

### INCOME

Consolidated operating income amounted to SEK 1,270 million (1,030) for the first half of 2017, an increase of 23 percent year-on-year. Both overall business areas are contributing to positive income growth.

The chart below illustrates incomes at the end of the first half for the past five years, expressed as rolling 12-month figures, and shows growth of better than 90 percent between H1 2013 and H1 2017.



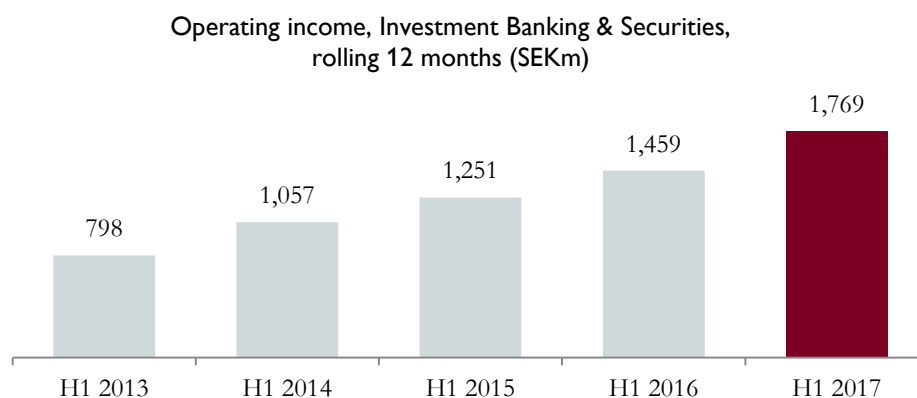
### Investment Banking & Securities

Income within Investment Banking & Securities is generated primarily via the following types of income: advisory fees related to equity capital market transactions and mergers & acquisitions, bond-related advisory income and commissions related to brokerage services and equity capital market transactions.

Investment Banking & Securities is reporting income of SEK 927 million (768) for the first six months of the year, an increase of 21 percent that should be viewed in the light of a persistent strong trend. All income streams are making positive contributions, with higher commission and advisory services income in both corporate bonds and ECM transactions.

Once again, Carnegie executed the highest number of equity capital market transactions in the Nordics, including participation in more than half of all Nordic IPOs valued in excess of USD 50 million. The strong growth in corporate bond trading and issues is making an increasingly clear contribution to the business area's total income.

The chart below illustrates incomes at the end of the first half for the past five years, expressed as rolling 12-month figures, and shows growth of better than 120 percent between H1 2013 and H1 2017.

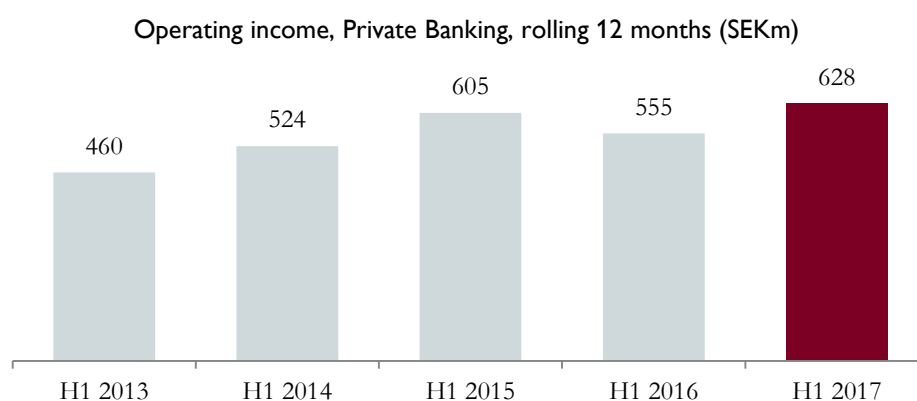


## Private Banking

Income in Private Banking is generated mainly from discretionary management, advisory services, commissions on sales of external equity funds, net interest income and charges related to securities transactions.

Income in Private Banking amounted to SEK 343 million (262) for the first half, a 31 percent increase in relation to the corresponding period last year and the highest income recorded in many years. This strong development is occurring under favourable market conditions, but should be regarded first and foremost as a result of the measures implemented in the Swedish operations last year: more distinct client segmentation, sharpened offerings and a more efficient organisation are contributing to the business area's improved profitability and structural growth. In addition, the Danish operations are contributing with strong new client acquisition and higher income levels.

The chart below illustrates incomes at the end of the first half for the past five years, expressed as rolling 12-month figures, and shows growth of better than 35 percent between H1 2013 and H1 2017.

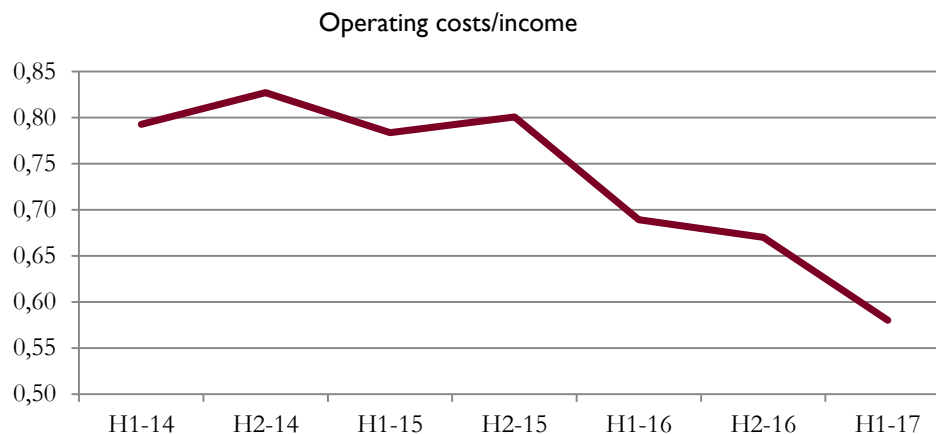


## COSTS

Operating costs for the first half amounted to SEK 737 million (710), a marginal increase of 4 percent in relation to the corresponding period last year. The cost increase is primarily due to selective recruitments, regulatory implementations and other costs related to the high business activity.

In parallel, implemented efficiency improvements had positive impact during the period and shaped a more streamlined cost structure going forward, with a reduction in the total employed workforce. At 30 June, Carnegie had 581 (604) employees.

The chart below illustrates the operating cost/income ratio and the effect of gradually rising incomes and stable costs across the past seven half-year periods.



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## PROFIT

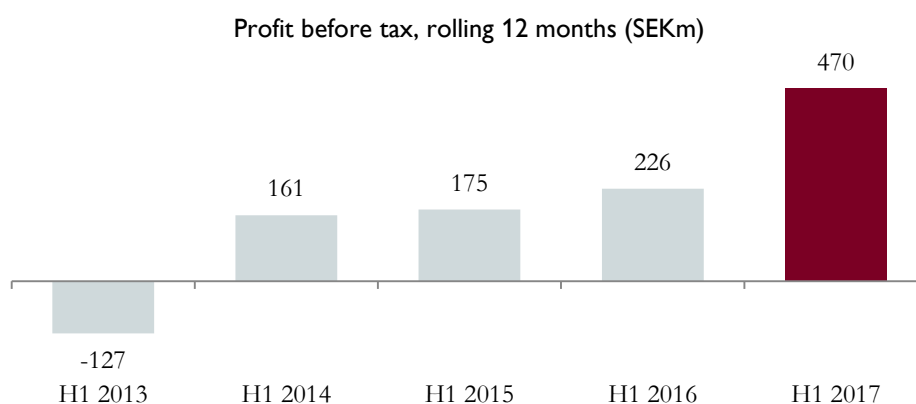
Profit before tax for the period was SEK 285 million (157), an increase of 82 percent compared with the same period last year and the strongest half-year results in eight years. Adjusted for currency fluctuations, profit before tax rose by 76 percent.

The increase in operating profit to SEK 553 million (320) is primarily an effect of strong growth in our business segments and in virtually all geographical markets, accompanied by a marginal increase in costs. Provisions for the costs of variable remuneration increased as a result of the profit improvement.

Profit before tax for the period increased by 88 percent to SEK 220 million (117) in relation to the comparison period last year.

Fluctuations in exchange rates have not exceeded 1% for income, costs and profit, respectively.

The chart below illustrates profit before tax at the end of the first half for the past five years, expressed as rolling 12-month figures, and shows a profit improvement of nearly SEK 600 million between H1 2013 and H1 2017.



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## INVESTMENTS

Consolidated investments in non-current assets amounted to SEK 3 million (12) during the year.

## FINANCIAL POSITION

Owing to strong earnings combined with the Group's low exposure to financial risks, the financial position is stable and resilient. Two thirds of consolidated risk-weighted assets are comprised of operational risk and structural currency risk arising from ownership of foreign subsidiaries. Only three percent of risk-weighted assets relate to risks in the trading book.

The Common Equity Tier 1 capital ratio (CET1) was 21.7 percent (18.4) and the capital adequacy ratio was 21.7 percent (20.7). Further information and comparative figures are presented in Note 4. 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 and deposits from the public. Equity and bonds account for 16 percent (11), deposits from the public account for 68 percent (70) and other debt accounts for 16 percent (19) of the balance sheet total. The Group's outstanding debenture of SEK 162 million was repaid during the period.

## OVERVIEW OF THE PARENT COMPANY

Total income in the parent company amounted to SEK 0 million (5). The CEO's employment was transferred to Carnegie Investment Bank AB in July 2016, which accounts for the reduction in personnel expenses. Operating profit for the comparison year was also charged with costs for strategic projects and severance pay for the former CEO. Net financial expenses amounted to SEK -4 million (-7) and the net loss for the period was SEK -5 million (-11)

There were no investments in non-current assets during the period (-). Liquidity, defined as cash and lending to credit institutions, was SEK 1 million (4) as of 30 June 2017. Equity amounted to SEK 1,778 million (1,579) as of 30 June 2017.

## RISKS AND UNCERTAINTIES

By nature of its business activities, the Carnegie Group is exposed to market, credit, liquidity and operational risks.

- Market risk is defined as the risk of loss due to, among else, the impact of movements in equity prices, interest rates or exchange rates.
- Credit risk is defined as the risk of loss due to failure of counterparties to fulfil contractual obligations. Credit risk originates mainly from lending to clients with shares as underlying collateral.
- Liquidity risks are linked to the need for, and access to, liquidity in operations.
- Operational risk refers to the risk of loss resulting from inadequate and/or failed processes or systems, the human factor, or external events.

A more detailed description of risk and risk management at Carnegie is provided in the 2016 annual report and online at [www.carnegie.se](http://www.carnegie.se).

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (SEKm)  | Notes | Jan-Jun      |              | Jan-Dec       |
|---|-------|--------------|--------------|---------------|
|   |       | 2017         | 2016         | 2016          |
| Continuing operations:  |       |              |              |               |
| Commission income   |       | 1,238        | 987          | 2,066         |
| Commission expenses   |       | -10          | -12          | -25           |
| <b>Net commission income</b>  |       | <b>1,228</b> | <b>975</b>   | <b>2,041</b>  |
| Interest income   |       | 43           | 44           | 87            |
| Interest expenses   |       | -21          | -23          | -42           |
| <b>Net interest income</b>  |       | <b>22</b>    | <b>21</b>    | <b>45</b>     |
| Net profit from financial transactions                                      |       | 18           | 28           | 67            |
| <b>Total operating income</b>   |       | <b>1,268</b> | <b>1,024</b> | <b>2,153</b>  |
| Personnel expenses  |       | -750         | -672         | -1,396        |
| Other administrative expenses   |       | -224         | -200         | -413          |
| Amortisation and depreciation of assets                                     |       | -11          | -11          | -28           |
| <b>Total operating expenses</b>   |       | <b>-985</b>  | <b>-883</b>  | <b>-1,837</b> |
| <b>Profit before credit losses</b>  |       | <b>283</b>   | <b>141</b>   | <b>316</b>    |
| Credit losses, net  |       | 2            | 16           | 26            |
| <b>Profit before tax</b>  |       | <b>285</b>   | <b>157</b>   | <b>342</b>    |
| Taxes   |       | -65          | -40          | -76           |
| <b>Profit for the period from continuing operations</b>                     |       | <b>220</b>   | <b>117</b>   | <b>266</b>    |
| Discontinued operations   |       |              |              |               |
| Profit for the period from discontinued operations                          | 3     | 11           | 173          | 120           |
| <b>Profit for the period</b>  |       | <b>231</b>   | <b>290</b>   | <b>386</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                      |       | -10          | 12           | 27            |
| <b>Total comprehensive income for the period</b>                            |       | <b>221</b>   | <b>302</b>   | <b>413</b>    |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| (SEKm)   | Note | 30 Jun 2017   | 30 Jun 2016   | 31 Dec 2016   |
|--|------|---------------|---------------|---------------|
| <b>Assets</b>  |      |               |               |               |
| Cash and bank deposits with central banks            |      | 885           | 1,207         | 1,245         |
| Negotiable government securities                     | 1    | 789           | 683           | 523           |
| Loans to credit institutions <sup>1)</sup>           |      | 2,064         | 3,569         | 2,830         |
| Loans to the public                                  |      | 3,037         | 2,764         | 2,901         |
| Bonds and other interest-bearing securities          | 1    | 2,496         | 3,174         | 2,080         |
| Shares and participations                            | 1    | 353           | 174           | 310           |
| Derivative instruments                               | 1    | 119           | 86            | 130           |
| Shares in associates                                 |      | -             | 6             | -             |
| Intangible assets                                    |      | 11            | 17            | 14            |
| Tangible fixed assets                                |      | 60            | 65            | 65            |
| Current tax assets                                   |      | 53            | 49            | 34            |
| Deferred tax assets                                  |      | 348           | 387           | 384           |
| Other assets   | 2    | 291           | 701           | 579           |
| Prepaid expenses and accrued income                  |      | 150           | 217           | 99            |
| Assets held for sale                                 | 3    | 371           | 575           | 525           |
| <b>Total assets</b>                                  |      | <b>11,027</b> | <b>13,674</b> | <b>11,720</b> |
| <b>Liabilities and equity</b>                        |      |               |               |               |
| Liabilities to credit institutions                   |      | 44            | 90            | 28            |
| Deposits and borrowing from the public <sup>1)</sup> |      | 7,509         | 9,604         | 7,873         |
| Short positions, shares                              | 1    | 21            | 133           | 145           |
| Derivative instruments                               | 1    | 109           | 58            | 77            |
| Current tax liabilities                              |      | 40            | 12            | 24            |
| Deferred tax liabilities                             |      | 12            | 10            | 12            |
| Other liabilities                                    | 2    | 410           | 915           | 444           |
| Accrued expenses and prepaid income                  |      | 646           | 500           | 663           |
| Other provisions                                     |      | 67            | 49            | 90            |
| Subordinated liabilities                             |      | -             | 162           | 162           |
| Liabilities held for sale                            | 3    | 371           | 575           | 525           |
| Equity   |      | 1,798         | 1,565         | 1,677         |
| <b>Total liabilities and equity</b>                  |      | <b>11,027</b> | <b>13,674</b> | <b>11,720</b> |
| <b>Pledged assets and contingent liabilities</b>     |      |               |               |               |
| Pledged assets                                       |      | 1,750         | 2,374         | 1,992         |
| Contingent liabilities                               |      | 495           | 557           | 540           |

1) Whereof SEKm 125 in client funds (H1 2016: 406 Full year: 136).

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| (SEKm)                                    | Jan-Jun      |              | Jan-Dec      |
|---|--------------|--------------|--------------|
|   | 2017         | 2016         | 2016         |
| Equity - at beginning of period           | 1,677        | 2,088        | 2,088        |
| Dividends paid <sup>1)</sup>              | -100         | -824         | -824         |
| Total comprehensive income for the period | 221          | 302          | 413          |
| <b>Equity - at end of period</b>          | <b>1,798</b> | <b>1,565</b> | <b>1,677</b> |

1) For the period, this refers to dividends to shareholders. For the comparison period, this refers to the distribution of shares in CARAM AB in connection with the divestment of Carnegie Fonder AB (see Note 3).

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

| (SEKm)   | Jan-Jun      |              | Jan-Dec      |
|--|--------------|--------------|--------------|
|  | 2017         | 2016         | 2016         |
| Cash flow from operating activities                            | -610         | 830          | 465          |
| Cash flow from investing activities                            | -3           | -44          | -56          |
| Cash flow from financing activities                            | -162         | -            | -            |
| <b>Cash flow for the period</b>                                | <b>-775</b>  | <b>786</b>   | <b>409</b>   |
| Cash and cash equivalents at beginning of period <sup>2)</sup> | 4,129        | 3,620        | 3,620        |
| Translation differences in cash and cash equivalents           | 1            | 55           | 100          |
| <b>Cash and cash equivalents at end of period<sup>2)</sup></b> | <b>3,355</b> | <b>4,461</b> | <b>4,129</b> |

1) The statements of cash flows include discontinued operations up to and including the date of divestment. Cash flow statements for discontinued operations are presented in Note 3.

2) Excluding cash and cash equivalents pledged as collateral.

## PARENT COMPANY INCOME STATEMENT

| (SEKm)  | Jan-Jun   |            | Jan-Dec    |
|---|-----------|------------|------------|
|   | 2017      | 2016       | 2016       |
| Net sales                                       | -         | 5          | 5          |
| Other external expenses                         | -1        | -2         | -1         |
| Personnel expenses                              | 0         | -7         | -9         |
| <b>Operating profit/loss</b>                    | <b>-1</b> | <b>-4</b>  | <b>-5</b>  |
| Other interest income and similar income        | -         | -          | 0          |
| Interest expenses and similar expenses          | -4        | -4         | -8         |
| Profit/loss from participations in subsidiaries | -         | -3         | 307        |
| <b>Profit/loss from financial items</b>         | <b>-4</b> | <b>-7</b>  | <b>299</b> |
| <b>Profit/loss before tax</b>                   | <b>-5</b> | <b>-11</b> | <b>294</b> |
| Tax   | 0         | -          | 0          |
| <b>Profit/loss for the period</b>               | <b>-5</b> | <b>-11</b> | <b>294</b> |

## PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

| (SEKm)   | Jan-Jun   |            | Jan-Dec    |
|--|-----------|------------|------------|
|  | 2017      | 2016       | 2016       |
| <b>Profit/loss for the period</b>                | <b>-5</b> | <b>-11</b> | <b>294</b> |
| Other comprehensive income:                      | -         | -          | -          |
| <b>Total comprehensive income for the period</b> | <b>-5</b> | <b>-11</b> | <b>294</b> |



## PARENT COMPANY BALANCE SHEET

| (SEKm)   | 30 Jun 2017  | 30 Jun 2016  | 31 Dec 2016  |
|--|--------------|--------------|--------------|
| <b>Assets</b>                                    |              |              |              |
| Shares and participations in group companies     | 1,780        | 1,780        | 1,780        |
| Deferred tax assets                              | 2            | 2            | 2            |
| <b>Total financial non-current assets</b>        | <b>1 782</b> | <b>1 782</b> | <b>1 782</b> |
| Receivables from group companies                 | 0            | 1            | 310          |
| Current tax assets                               | 2            | 2            | 2            |
| Other current receivables                        | 8            | 9            | 8            |
| Cash and bank                                    | 1            | 4            | 1            |
| <b>Total current assets</b>                      | <b>11</b>    | <b>16</b>    | <b>321</b>   |
| <b>Total assets</b>                              | <b>1,793</b> | <b>1,798</b> | <b>2,103</b> |
| <b>Equity and liabilities</b>                    |              |              |              |
| Shareholders' Equity                             | 1,778        | 1,579        | 1,884        |
| Convertible debentures                           | 0            | 162          | 162          |
| Liabilities to group companies                   | 6            |              | 38           |
| Trade account payables                           | 0            | 2            | 0            |
| Other current liabilities                        | 1            | 2            | 0            |
| Accrued expenses and prepaid income              | 0            | 20           | 9            |
| Other provisions                                 | 0            | 2            | 2            |
| Pension provisions                               | 8            | 8            | 8            |
| <b>Total equity and liabilities</b>              | <b>1,793</b> | <b>1,798</b> | <b>2,103</b> |
| <b>Pledged assets and contingent liabilities</b> |              |              |              |
| Pledged assets                                   | -            | 0            | 0            |
| Contingent liabilities                           | 113          | 113          | 113          |

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## 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 2016. Carnegie Fonder AB and the part of operations within Structured Products in the process of being sold are presented as discontinued operations in the Consolidated statements of comprehensive income and Consolidated statements of financial position, in accordance with IFRS 5. Supplementary disclosures concerning discontinued operations 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 2016.

## NOTE 1 FINANCIAL ASSETS AND LIABILITIES – MEASUREMENT METHOD

| Valuation method, 30 Jun 2017               |   | Held for trading                                      |   |     | Investments held to maturity |  |
|---|---|---|---|-----|------------------------------|--|
| (SEKm)                                      | Quoted prices in active markets (Level 1) | Valuation technique using observable inputs (Level 2) | Valuation technique using non-observable inputs (Level 3) |     | Total                        |  |
| Assets                                      |   |   |   |     |                              |  |
| Negotiable government securities            | 148                                       | -   | -   | 641 | 789                          |  |
| Bonds and other interest-bearing securities | 2,444                                     | 13  | -   | 39  | 2,496                        |  |
| Shares and participations                   | 348                                       | 5   | -   | -   | 353                          |  |
| Derivative instruments                      | 116                                       | 3   | -   | -   | 119                          |  |
| Total                                       | 3,056                                     | 21  | -   | 680 | 3,757                        |  |
| Liabilities                                 |   |   |   |     |                              |  |
| Short positions, shares                     | 21  | -   | -   | -   | 21                           |  |
| Derivative instruments                      | 107                                       | 2   | -   | -   | 109                          |  |
| Total                                       | 128                                       | 2   | -   | -   | 130                          |  |

| Valuation method, 30 Jun 2016               |   | Held for trading                                      |   |     | Investments held to maturity |  |
|---|---|---|---|-----|------------------------------|--|
| (SEKm)                                      | Quoted prices in active markets (Level 1) | Valuation technique using observable inputs (Level 2) | Valuation technique using non-observable inputs (Level 3) |     | Total                        |  |
| Assets                                      |   |   |   |     |                              |  |
| Negotiable government securities            | 483                                       | -   | -   | 200 | 683                          |  |
| Bonds and other interest-bearing securities | 2,485                                     | 65  | -   | 624 | 3,174                        |  |
| Shares and participations                   | 169                                       | 5   | -   | -   | 174                          |  |
| Derivative instruments                      | 69  | 17  | -   | -   | 86                           |  |
| Total                                       | 3,206                                     | 87  | -   | 824 | 4,117                        |  |
| Liabilities                                 |   |   |   |     |                              |  |
| Short positions, shares                     | 133                                       | -   | -   | -   | 133                          |  |
| Derivative instruments                      | 50  | 9   | -   | -   | 58                           |  |
| Total                                       | 183                                       | 9   | -   | -   | 192                          |  |

| Valuation method, 31 Dec 2016               |   | Held for trading                                      |   |       | Investments held to maturity |  |
|---|---|---|---|-------|------------------------------|--|
| (SEKm)                                      | Quoted prices in active markets (Level 1) | Valuation technique using observable inputs (Level 2) | Valuation technique using non-observable inputs (Level 3) |       | Total                        |  |
| Assets                                      |   |   |   |       |                              |  |
| Negotiable government securities            | 50  | -   | -   | 473   | 523                          |  |
| Bonds and other interest-bearing securities | 1,085                                     | 105   | -   | 890   | 2,080                        |  |
| Shares and participations                   | 298                                       | 12  | -   | -     | 310                          |  |
| Derivative instruments                      | 122                                       | 8   | -   | -     | 130                          |  |
| Total                                       | 1,555                                     | 125   | -   | 1 363 | 3,043                        |  |
| Liabilities                                 |   |   |   |       |                              |  |
| Short positions, shares                     | 145                                       | -   | -   | -     | 145                          |  |
| Derivative instruments                      | 75  | 2   | -   | -     | 77                           |  |
| Total                                       | 220                                       | 2   | -   | -     | 222                          |  |

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING

| 30 Jun 2017                                |  |        |                              |
|--|--|--------|------------------------------|
| (SEKm)                                     | Financial assets and liabilities subject to offsetting |        |                              |
|  | Gross amounts  | Offset | Net amounts in balance Sheet |
| <b>Assets</b>                              |  |        |                              |
| Trade and client receivables <sup>1)</sup> | 2,177  | -2,100 | <b>77</b>                    |
| <b>Liabilities</b>                         |  |        |                              |
| Trade and client payables <sup>2)</sup>    | 2,173  | -2,115 | <b>58</b>                    |
|  |  |        |                              |
| 30 Jun 2016                                |  |        |                              |
| (SEKm)                                     | Financial assets and liabilities subject to offsetting |        |                              |
|  | Gross amounts  | Offset | Net amounts in balance Sheet |
| <b>Assets</b>                              |  |        |                              |
| Trade and client receivables <sup>1)</sup> | 3,447  | -2,955 | <b>492</b>                   |
| <b>Liabilities</b>                         |  |        |                              |
| Trade and client payables <sup>2)</sup>    | 3,252  | -3,043 | <b>209</b>                   |
|  |  |        |                              |
| 31 Dec 2016                                |  |        |                              |
| (SEKm)                                     | Financial assets and liabilities subject to offsetting |        |                              |
|  | Gross amounts  | Offset | Net amounts in balance Sheet |
| <b>Assets</b>                              |  |        |                              |
| Trade and client receivables <sup>1)</sup> | 1,368  | -1,106 | <b>262</b>                   |
| <b>Liabilities</b>                         |  |        |                              |
| Trade and client payables <sup>2)</sup>    | 1,228  | -1,104 | <b>124</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. 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

The sale of Carnegie Fonder AB was executed in late April 2016 as decided by the Board of Directors in September 2015. In December 2016 the Board of Directors decided that operations within third party distribution of structured products (below: Structured Products) will be sold in 2017. Financial information concerning discontinued operations is presented below in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*.

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

|   | Jan-Jun   |            | Jan-Dec    |
|---|-----------|------------|------------|
| (SEKm)  | 2017      | 2016       | 2016       |
| Operating income  | 41        | 118        | 152        |
| Operating expenses  | -29       | -78        | -166       |
| <b>Operating profit/loss</b>                              | <b>12</b> | <b>40</b>  | <b>-14</b> |
| Financial items, net                                      | -1        | 0          | -1         |
| <b>Profit before tax</b>                                  | <b>11</b> | <b>40</b>  | <b>-15</b> |
| Income tax  | -         | -10        | -9         |
| <b>Profit/loss from discontinued operations after tax</b> | <b>11</b> | <b>30</b>  | <b>-24</b> |
| Profit from sale of subsidiary                            | -         | 143        | 143        |
| <b>Profit from discontinued operations</b>                | <b>11</b> | <b>173</b> | <b>120</b> |

1) Includes profit/loss, group items and capital gain upon sale with regard to Carnegie Fonder AB (2016) and profit/loss with regard to the parts of Structured Products that are to be sold (2016 and 2017).

### Assets and liabilities held for sale<sup>1)</sup>

| (SEKm)   | 30 Jun 2017 | 30 Jun 2016 | 31 Dec 2016 |
|--|-------------|-------------|-------------|
| Loans to the general public                    | 3           | 10          | 4           |
| Cash   | 368         | 565         | 521         |
| <b>Total assets</b>                            | <b>371</b>  | <b>575</b>  | <b>525</b>  |
| Deposits and borrowing from the general public | 371         | 575         | 525         |
| <b>Total liabilities</b>                       | <b>371</b>  | <b>575</b>  | <b>525</b>  |

1) Assets and liabilities held for sale refers to the parts of Structured Products that are to be sold.

### Cash flow from discontinued operations

| (SEKm)  | 30 Jun 2017 | 30 Jun 2016 | 31 Dec 2016 |
|---|-------------|-------------|-------------|
| Cash flow from operating activities               | -153        | 140         | 96          |
| Cash flow from investing activities               | -           | -1          | -1          |
| Cash flow from financing activities <sup>1)</sup> | -           | -156        | -156        |
| <b>Cash flow for the period</b>                   | <b>-153</b> | <b>-17</b>  | <b>-61</b>  |
| Cash at beginning of year                         | 521         | 582         | 582         |
| <b>Cash at end of period</b>                      | <b>368</b>  | <b>565</b>  | <b>521</b>  |

1) Group contribution paid.

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**Disclosures on the divestment of Carnegie Fonder AB****(SEKm)****30 April 2016**

|                                     |            |
|-------------------------------------|------------|
| Consideration received              |            |
| Cash                                | -          |
| Shares in CARAM AB <sup>1)</sup>    | 824        |
| <b>Total consideration</b>          | <b>824</b> |
| Carrying amount of sold net assets  | -681       |
| <b>Profit before tax</b>            | <b>143</b> |
| Income tax                          | -          |
| <b>Proceeds from sale after tax</b> | <b>143</b> |

1) After the divestment of Carnegie Fonder AB, the shares in CARAM AB (formerly C Asset Management Partners AB) were distributed to the owners of Carnegie Holding AB.

**Carrying amounts of assets and liabilities at time of sale - Carnegie Fonder AB****(SEKm)****30 April 2016**

|  |            |
|--|------------|
| Intangible assets <sup>1)</sup>        | 648        |
| Tangible fixed assets                  | 3          |
| Current receivables                    | 222        |
| Cash                                   | 32         |
| <b>Total assets</b>                    | <b>905</b> |
| Current 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 consolidated surplus values.

## NOTE 4 CAPITAL ADEQUACY

| (SEKm)  | Carnegie Holding Group |              |              |
|---|------------------------|--------------|--------------|
|   | 30 June                |              | 31 Dec       |
|   | 2017                   | 2016         | 2016         |
| <b>Capital base</b>                               |                        |              |              |
| Equity instruments and associated premium reserve | 922                    | 922          | 922          |
| Retained earnings and reserves                    | 876                    | 643          | 755          |
| Less predictable costs                            | -100                   | -            | -100         |
| Goodwill and intangible assets                    | -11                    | -17          | -14          |
| Deferred tax assets                               | -220                   | -275         | -260         |
| Prudent valuation                                 | -4                     | 0            | -2           |
| <b>Common Equity Tier 1 capital</b>               | <b>1,463</b>           | <b>1,273</b> | <b>1,302</b> |
| <b>Tier 1 capital</b>                             | <b>1,463</b>           | <b>1,273</b> | <b>1,302</b> |
| Perpetual convertible debentures                  | -                      | 162          | 162          |
| <b>Capital base for capital adequacy purposes</b> | <b>1,463</b>           | <b>1,436</b> | <b>1,464</b> |
| <b>Capital requirement</b>                        |                        |              |              |
| Credit risk (standardised method)                 | 162                    | 199          | 175          |
| Trading book risk                                 | 18                     | 31           | 17           |
| Currency risk                                     | 56                     | 53           | 68           |
| Operational risk (base method)                    | 303                    | 270          | 270          |
| <b>Total capital requirement</b>                  | <b>539</b>             | <b>553</b>   | <b>531</b>   |
| Surplus capital                                   | 924                    | 882          | 933          |
| <b>Financial position</b>                         |                        |              |              |
| Equity, SEKm                                      | 1,798                  | 1,565        | 1,677        |
| Common Equity Tier 1 capital, SEKm                | 1,463                  | 1,273        | 1,302        |
| Capital base, SEKm                                | 1,463                  | 1,436        | 1,464        |
| Risk-weighted assets, SEKm                        | 6,743                  | 6,922        | 6,631        |
| Common Equity Tier 1 capital ratio, %             | 21.7                   | 18.4         | 19.6         |
| Capital adequacy ratio, %                         | 21.7                   | 20.7         | 22.1         |

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

| <u>Income statement, SEKm</u>                               | H1 2017    | H2 2016    | H1 2016    | H2 2015   | H1 2015    | H2 2014   | H1 2014    |
|---|------------|------------|------------|-----------|------------|-----------|------------|
| Continuing operations                                       |            |            |            |           |            |           |            |
| Total income  | 1 268      | 1 129      | 1 024      | 963       | 945        | 863       | 869        |
| Personnel expenses  | -750       | -724       | -672       | -656      | -621       | -592      | -555       |
| Other expenses  | -235       | -230       | -211       | -238      | -203       | -237      | -200       |
| Expenses before credit losses                               | -985       | -954       | -883       | -894      | -824       | -829      | -755       |
| <b>Operating profit/loss before credit losses</b>           | <b>283</b> | <b>175</b> | <b>141</b> | <b>69</b> | <b>121</b> | <b>35</b> | <b>113</b> |
| Credit losses, net  | 2          | 10         | 16         | 0         | 4          | 15        | 10         |
| <b>Profit/loss before tax</b>                               | <b>285</b> | <b>185</b> | <b>157</b> | <b>69</b> | <b>125</b> | <b>50</b> | <b>123</b> |
| Tax   | -65        | -36        | -40        | -61       | -27        | -32       | -17        |
| <b>Net profit for the period from continuing operations</b> | <b>220</b> | <b>149</b> | <b>117</b> | <b>8</b>  | <b>98</b>  | <b>18</b> | <b>106</b> |
| Discontinued operations                                     |            |            |            |           |            |           |            |
| Profit from discontinued operations                         | 11         | -53        | 173        | 42        | 66         | 63        | 48         |
| <b>Profit for the period</b>                                | <b>231</b> | <b>96</b>  | <b>290</b> | <b>50</b> | <b>164</b> | <b>81</b> | <b>153</b> |
| <u>Financial key data</u>                                   |            |            |            |           |            |           |            |
| C/I ratio, %  | 78         | 85         | 86         | 93        | 87         | 96        | 87         |
| Income per employee, SEKm                                   | 2,1        | 1,9        | 1,7        | 1,6       | 1,6        | 1,5       | 1,5        |
| Costs per employee, SEKm                                    | 1,7        | 1,6        | 1,4        | 1,5       | 1,4        | 1,4       | 1,3        |
| Profit margin, %  | 22         | 16         | 15         | 7         | 13         | 6         | 14         |
| Assets under Management, SEKbn                              | 110        | 100        | 91         | 92        | 89         | 80        | 75         |
| Return on equity, %   | 26         | 18         | 7          | 5         | 6          | 7         | 10         |
| Total assets, SEKm  | 10 656     | 11 194     | 13 099     | 10 896    | 12 023     | 11 007    | 10 312     |
| <u>Capital base, SEKm<sup>1)</sup></u>                      |            |            |            |           |            |           |            |
| Tier I capital ratio, %                                     | 21,7       | 19,6       | 18,4       | 18,1      | 19,1       | 19,5      | 16,3       |
| Equity, SEKm  | 1 798      | 1 677      | 1 565      | 2 088     | 2 507      | 2 369     | 2 279      |
| <u>Employees</u>  |            |            |            |           |            |           |            |
| Average number FTE employees                                | 592        | 609        | 610        | 595       | 588        | 582       | 579        |
| Number of FTE employees for the period                      | 581        | 610        | 611        | 607       | 586        | 584       | 578        |

1) The historical data are based on the statutory statements of comprehensive income. Discontinued operations include the fund operations for 2014–2016, and operations in third-party distribution of structured products for 2014–2017.



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## DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES\*

### Operating income\*

Operating income excluding income not generated by our business areas.

### Operating costs\*

Operating costs excluding variable remuneration, financing costs and credit losses.

### Operating profit or loss\*

Operating profit or loss excluding variable remuneration, financing costs and credit losses.

### Operating C/I ratio\*

Operating expenses as a percentage of operative income.

### Operating income per employee\*

Operating income for the period divided by the average number of employees in continuing operations.

### Operating expenses per employee\*

Operating expenses for the period divided by the average number of employees in continuing operations.

### Operating profit margin\*

Operating profit as a percentage of operating income.

### Income per employee

Total income for the period divided by the average number of employees.

### Return on equity, continuing operations\*

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

### Capital requirement

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

### Common equity Tier 1 capital ratio

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

### Capital adequacy\*

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

### Number of employees at the end of the period

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

### Average number of employees

The number of employees at the end of each month divided by number of months.

### Cost/income (C/I) ratio\*

Total costs before credit losses as a percentage of total income.

### Profit margin

Profit or loss before tax as a percentage of total income.

### Return on equity\*

Twelve months' rolling profit or loss divided by average equity, adjusted for the effect of deferred tax on loss carryforwards. For 2014 and earlier years, profit or loss for the period is adjusted for the effect of remeasurement of deferred tax on loss carryforwards.

## Bridge between alternative performance measures and the financial statements

A more detailed description of the calculation method is required for some of the APMs above.

**Return on equity, continuing operations** – To calculate average equity adjusted for the effect of deferred tax on loss carryforwards, we have used the sum of equity and loss carryforwards for the most recent 13 months, divided by the number of months ( $\sum \text{equity} - \text{loss carryforwards} / 13$ )

**Return on equity** – To calculate average equity adjusted for the effect of deferred tax on loss carryforwards, see above.

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

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## 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, 30 August 2017

**Bo Magnusson**  
Chairman of the Board

**Ingrid Bojner**  
Director

**Klas Johansson**  
Director

**Anders Johnsson**  
Director

**Harald Mix**  
Director

**Andreas Rosenlew**  
Director

**Björn Jansson**  
President and Chief Executive Officer