

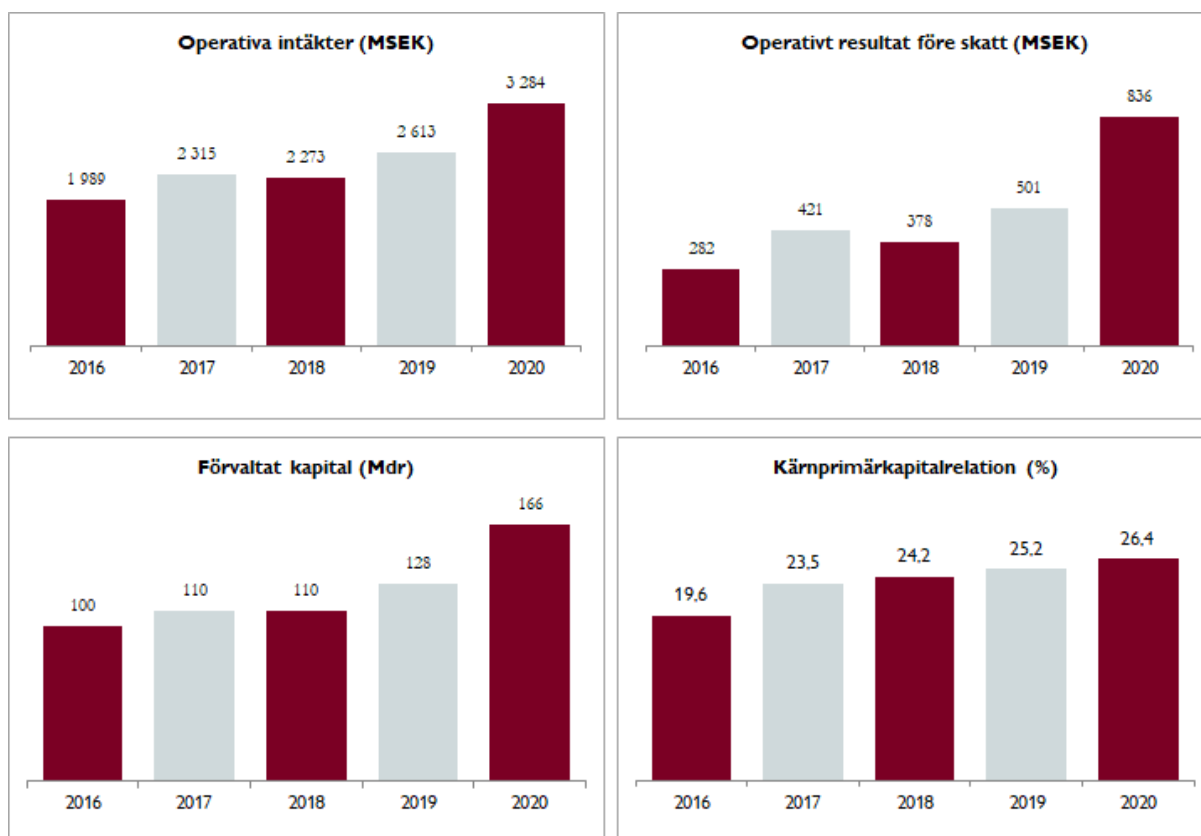
CARNEGIE HOLDING AB

YEAR-END REPORT

1 January–31 December 2020

- Operating income increased by 26 percent to SEK 3,284 million (2,613).
- Operating costs rose by 2 percent to SEK 1,735 million (1,706).
- Operating profit increased by 71 percent to SEK 1,549 million (907).
- Profit before tax rose by 67 percent to SEK 836 million (501, excluding a capital gain of SEK 171 million).
- AuM SEK 166 billion (128).
- The Common Equity Tier 1 capital ratio was 26.4 percent (25.2).
- The board of directors is proposing an ordinary dividend of SEK 300 million equal to 24,4 percent of the net income for 2019 and 2020 .

FINANCIAL KEY DATA



THE PERIOD IN BRIEF

The report refers to the Carnegie Group (“Carnegie”) and its parent company, Carnegie Holding AB.

- Our leading position in the Nordic market combined with high market activity generated an increase in income by 26 percent.
 - Income investment Banking & Securities increased by 30 percent compared to the same period in 2019.
 - Private Banking is reporting a 10 percent increase in income for the full year.

- Carnegie is reporting good results across the entire earnings mix. Growth is strongest in the equity capital market transactions (ECM) market.
 - Carnegie participated in more ECM transactions than any other financial services provider in Europe.
 - Intense collaboration between Investment Banking, Securities and Private Banking during the year, according to the unique business model, contributed to Carnegie’s growth.
 - Assets under management in Private Banking reported 166 billion.
 - Carnegie solidified its position as a market leader in all service segments according to independent client surveys and rankings. (Kantar Sifo Prospera, Euromoney, Mergermarket)

- In terms of geographies, the highest income growth expressed as a percentage occurred in the Swedish, British and Norwegian operations.

- Operating costs are slightly higher than in the preceding year. Proactive IT investments, recruitment and rent expenses were offset by lower costs in other areas.

- The Group’s financial position remains strong, with a capital adequacy ratio of 26.4 percent. The Common Equity Tier 1 capital ratio and the liquidity coverage ratio both exceed legal requirements by a healthy margin.

PRESIDENT AND CEO BJÖRN JANSSON COMMENTS ON THE REPORT

Impact of the pandemic

Activity in the financial markets was good during the year, despite the surging pandemic, although it varied over time and among different segments. The powerful measures taken by governments and central banks around the world were key to keeping the negative consequences on the market from becoming too dramatic.

There was high activity in the equity market during the year and capital raises were important to many companies, while both institutions and private investors demonstrated a substantial need for investment advisory. Following the initial adverse impact, the M&A business recovered towards the end of the year.

Demand for advisory from Carnegie intensified in 2020. When societies went into lockdown in early February, we quickly transitioned to working with our clients digitally, both in private meetings and in connection with large client events. Our earlier investments in expanding our digital operations meant we had all the tools we needed to provide our clients with good interaction with their Carnegie advisers.. I would also like to extend special thanks to our clients for their loyalty and patience during this time.

Employee safety

Protecting our employees was our main priority in 2020. Most have been working from home and total lockdown applied to certain offices. The employee survey conducted in the autumn shows that overall, employees approve of how Carnegie has handled the pandemic and think Carnegie has provided good conditions for working from home with regard to technology, communication and support.

A growing business

Carnegie's business model benefited from the burgeoning interest in unlisted companies and demand for private placements grew during the year. The demand was driven by a continuous inflow of interesting start-ups and mature companies seeking capital. With smooth and efficient cooperation among all business units, Carnegie offers a unique platform that gives capital from private clients and institutions an opportunity to find a home with unlisted companies - opportunities that can otherwise be difficult for many investors to access. This is a growing business that is going to continue to increase in number, mainly due to the interest in fast-moving and innovative tech firms that accelerated this year.

Commitment that encourages new companies

Innovation and partnership are essential strategies for our society to get through the pandemic and its consequences. Maintaining our commitment to the development of new ideas and companies is important to Carnegie. We support **Junior Achievement Sweden** to encourage young people to realise their innovative ideas. We are involved in the **Svenska Dagbladet Business Achievement Award (“Affärsbragden”)**, which was awarded in 2020 to Cellink, a company that has created one of the world's first universal bioinks. In partnership with Svenska Dagbladet Näringsliv, we also celebrate the **Entrepreneurs of Tomorrow** in a competition aimed at supporting new, innovative and sustainable businesses. This year's winner was Boksnok, a subscription service for interactive children's books.

Millions of children all over the world have been unable to attend school as usual due to the pandemic. Through Carnegie Social Initiative (CSI) we have continued to support Door Step School in India and URDT in Uganda to make it possible for the schools to revamp their teaching methods and continue reaching children even though the schools are closed.

Sustainable development

Although the pandemic and its effects were the chief concern in 2020, the market never lost its focus on ESG; to the contrary, a great deal had to do with ESG.

Carnegie signed the UN initiative Principles for Responsible Investment (UNPRI) in 2020. Alignment is also in progress to the new EU Sustainable Finance Taxonomy, which will go into effect in 2021.

This was also the second year running that Carnegie presented the Carnegie Sustainability Award. The 2020 recipients were Neste (Finland), Scatec Solar (Norway) and K2A (Sweden). The Carnegie Sustainability Award is intended to put the spotlight on sustainability metrics that create shareholder value and present good examples to inspire companies and investors. The award is presented within the framework of our equity research and the companies we cover.

Our research operations continued to produce their sought-after sustainability reports based on coverage of 350 companies from a sustainability perspective. As part of the Carnegie ESG research initiative, the research department has carefully studied the EU Green Deal and the EU Taxonomy and analysed how they will affect Nordic listed companies.

A market-leading position

Activity in the equity market was high during the year and advisory from Carnegie was in demand in all segments and once again private customer, institutions and company's ranked us as the number one advisor in independent surveys. This combination is the source of our strong market position and the foundation of the good performance we are pleased to present. We cannot affect the market or what happens in the world, but we can be there as an adviser to our clients when the headwinds are strongest.

Björn Jansson

SIGNIFICANT EVENTS DURING THE PERIOD

Carnegie Sustainability Award

The Carnegie Sustainability Award was presented for the second consecutive year. The award is intended to put the spotlight on sustainability metrics that create shareholder value and present good examples to inspire companies and investors. The award is based on all companies covered by Carnegie in three categories. The 2020 winners were Neste, Scatec Solar and K2A.

Svenska Dagbladet Business Achievement Award

Carnegie and Svenska Dagbladet presented this year's Business Achievement Award (*"Affärsbragden"*) to Cellink. Cellink has created one of the world's first universal bioinks, which is now used by many of the world's most highly regarded research institutions. A bioink can be mixed with living cells to print functional human tissue and, if future research is successful, eventually complete human organs in 3D Bioprinters.

The Entrepreneurs of Tomorrow

Carnegie partnered with Svenska Dagbladet Näringsliv for the seventh straight year to crown the Entrepreneurs of Tomorrow. More than 100 entries were submitted to the competition. The final was a digital event this year, with about 300 participants, who selected Boksnok as the Entrepreneur of Tomorrow. Boksnok is a subscription service for interactive children's books featuring more than 1,000 children's books from established publishers.

Carnegie has received the following client recognition and awards during the period:

- Carnegie was named Financial IPO Adviser of the Year in the Swedish market, in terms of both quality and share price performance for the largest companies on the stock exchange. (Source: Affärsvärlden, May 2020).
- For the fourth year running, Carnegie was again ranked highest among Swedish private banking providers (Source: Euromoney, February 2020).
- In July, Carnegie was named the Best Investment Bank in Sweden for the third year running by the international Euromoney magazine.
- For the fourth consecutive year, Carnegie was ranked first when Swedish Private Banking providers were evaluated by clients (Kantar Sifo Prospera, Oct 2020).
- Institutional clients in the Nordic market assessed Carnegie's Back Office capacity as the highest among all firms in the Nordics (Kantar Sifo Prospera, Oct. 2020).
- Institutional investors ranked Carnegie highest in the Swedish and Nordic markets in equity research, execution and corporate access (Kantar Sifo Prospera, Dec 2020).
- For the fifth year running, Carnegie was the number one adviser in the Nordic corporate transactions market and defended its top ranking in the Swedish market (Kantar Sifo Prospera, Dec 2020).
- Mergermarket named Carnegie Investment Bank the Sweden M&A Financial Adviser of the Year.

THIS IS CARNEGIE

Carnegie is one of the foremost financial advisers 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, business acquisitions, initial public offerings, corporate bonds, research and equity sales work side-by-side at Carnegie with specialists in wealth management advisory 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, brokerage 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 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 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 and Sweden.

OPERATING INCOME STATEMENT and KEY DATA

(SEKm)	2020	2019	%
Continuing operations			
Investment Banking & Securities	2,631	2,018	30
Private Banking	653	595	10
Operating income	3,284	2,613	26
Personnel expenses before variable remuneration	-1,200	-1,114	8
Other expenses	-535	-592	-10
Operating expenses	-1,735	-1,706	2
Operating profit	1,549	907	71
Financing costs, variable remuneration to employees, etc.	-713	-407	75
Profit before tax	836	501	67
Tax	-197	-78	15 2
Profit for the year from continuing operations	639	422	51
Profit from assets held for sale ¹⁾	0	171	
Net profit for the year	639	593	
Financial key data			
Operating C/I ratio, %	53	65	
Operating income per employee, SEKm	5.5	4.6	
Operating expenses per employee, SEKm	2.9	3.0	
Operating profit margin, %	47	35	
Assets under management, SEKbn	166	128	
Return on equity, % ²⁾	33	23	
Total assets	14,322	11,285	
Financial position			
Common Equity Tier 1 capital ratio, %	26.4	25.2	
Equity, SEKm	2,332	1,725	
Employees			
Average number of employees	597	569	
Number of employees at the end of the year	609	585	

¹⁾ Refers to Banque Carnegie Luxembourg (BCL).

²⁾ Profit for 2019 is adjusted for profit from assets held for sale.

See page 24 for definitions and calculations of key data.

MARKET & POSITION

CORPORATE TRANSACTIONS MARKET

Equity capital market transactions (ECM)

After a strong start to the year, the opportunity to close ECM deals was significantly impeded by the global spread of Covid-19 and its effect on the financial markets at the end of the first quarter. Thereafter, the stock market recovered quickly, which created good conditions for ECM deals for the rest of the year.

Carnegie participated in the highest number of ECM transactions, a total of 83, and solidified its market-leading position in the Nordics and in the European ECM market.

In another trend that accelerated in 2020, more companies raised financing through private placements rather than IPOs. Carnegie has achieved a unique position in the market through its full-spectrum distribution capacity, ranging from large institutions to small private investors.

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

The corporate bonds market was adversely affected during the first half but regained strength by the end of the second quarter. In these extraordinary circumstances, Carnegie is reporting higher income in the market compared to the preceding year.

Mergers, acquisitions & sales (M&A)

The M&A market was characterised by a softer business climate during the year. Nevertheless, Carnegie executed the most transactions of any provider and reinforced its position as the market leader.

Investment Banking cemented its position as the leading financial adviser in corporate transactions when Kantar Sifo Prospera published its client survey and ranked Carnegie number one based on client opinion.

At the end of the year, Carnegie was recognised as the *Sweden M&A Financial Adviser of the Year* by Mergermarket. The award was based on the complexity of the transactions and Carnegie's innovative capacity combined with the volume of transactions.

Nordic equity market (Equity Research & Trading)

Carnegie is the Nordic leader in equity sales and trading for institutions and offers the widest research capacity, especially in the small- and medium-cap segments. The position was reinforced in 2020 and volumes in all segments increased due to high client activity.

The research is an important cornerstone for both institutional clients and Private Banking clients. The number of companies covered is continuously growing as a consequence of Carnegie's high market share in IPOs as well as in response to clients' increasing demand for independent, well-informed and insightful analysis.

For the fifth year running, Carnegie took first place in Prospera's annual ranking. Carnegie was ranked as the best adviser overall and in every sub-category, as well as number one in the ESG research category, confirming the merit of Carnegie's long-term initiative in the area.

We were also number one in Nordic equities overall and in several sub-categories in the unified Extel/Institutional Investor Survey Europe in 2020.

THE CAPITAL AND WEALTH MANAGEMENT MARKET

In an unsettled market, capital and wealth management clients had a greater than usual need for information about market developments. Thanks to having already begun its digitalisation journey, the Private Banking team was able to rapidly switch over to digital communications with clients and continue to offer its advisory, despite the pandemic. For the fifth consecutive year, Carnegie topped the Kantar Sifo Prospera ranking for client satisfaction in Private Banking. Carnegie received the highest scores in the client survey in two key categories, sustainable investments and ethical standards. The ranking is particularly important because positioning in ESG matters is becoming increasingly important to clients.

GROUP FINANCIAL PERFORMANCE

INCOME

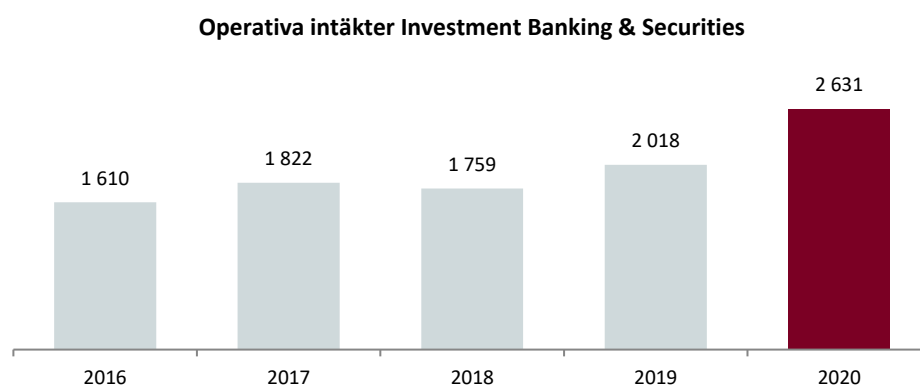
Group operating income amounted to SEK 3,284 million (2,613), an increase of 26 percent year-on-year.



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 and charges related to equity research.

Investment Banking & Securities is reporting income of SEK 2,631 million (2,018) representing a 30 percent increase year-on-year. The highest growth expressed as a percentage occurred in the Swedish, British, American and Norwegian units.



Private Banking

Income in Private Banking is generated mainly from discretionary management, advisory, net interest income and charges related to securities transactions.

Income in Private Banking amounted to SEK 653 million (595), an increase of 10 percent year-on-year. The income growth was driven partially by high client activity in conjunction with investment opportunities in the corporate transactions market. In addition, savings capital is increasing in our advisory and discretionary services.



COSTS

Operating costs amounted to SEK 1,735 million (1,706), an increase of 2 percent year-on-year. Proactive IT investments, recruitment and rent expenses were offset by lower costs in other areas.

The chart below illustrates the relationship between operating costs and operating income for the past five years.



PROFIT

Profit before tax for the period was SEK 836 million (501*), up 67 percent from the same period last year. Operating profit before tax was SEK 1,549 million (907), up 71 percent compared with the same period last year.

Profit after tax for the period amounted to SEK 639 million (422*).

INVESTMENTS

Consolidated investments in non-current assets amounted to SEK 33 million (10) during the period.

*) Excluding profit from the sale of Banque Carnegie Luxembourg.

FINANCIAL POSITION

The Group has a strong financial position with persistently good profitability and low exposure to financial risks. Two thirds of consolidated risk-weighted assets are comprised of operational risk and structural risk arising from ownership of foreign subsidiaries. Risk in the trading book makes up only 1 percent of consolidated risk-weighted assets.

In the light of the Covid-19 pandemic, Carnegie reviewed the IFRS 9 model that is used as the basis for allocating allowances for statistically expected credit losses. Risk parameters in the model were adjusted upwards despite the lack of actual credit losses or defaults. This has had no material impact on the loss allowance due to the strong collateral coverage that characterises the credit exposures.

The Group's liquidity investments continue to have a low risk profile, including low duration, institutional exposure and instruments with low credit risk. As another effect of Covid-19, there was a substantial increase in clients' surplus liquidity during the year. Surplus liquidity is invested primarily in certificates, government and municipal bonds and senior secured notes with a minimum AAA rating. All investments have short maturities.

The Common Equity Tier 1 capital ratio (CET1) and the capital adequacy ratio were both 26.4 percent (25.2). Further information and comparative figures are presented in Note 3. A more detailed description of Carnegie's capital adequacy and liquidity is available online at www.carnegie.se.

The Group's financing comprises equity and deposits from the public. Equity accounts for 16 percent (15), deposits from the public account for 68 percent (71) and other debt accounts for 16 percent (14) of the balance sheet total.

OVERVIEW OF THE PARENT COMPANY

Net sales in the parent company amounted to SEK 0 million (0). Net financial income amounted to SEK 305 million (650) and the net profit for the year was SEK 273 million (677).

There were no investments in fixed assets during the period (-). Liquidity, defined as cash and bank balances, was SEK 2 million (1) as of 31 December 2020. Equity amounted to SEK 2,086 million (1,813) as of 31 December 2020.

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.

No significant events have occurred in 2020.

A more detailed description of risk and risk management at Carnegie is provided in the 2019 annual report and online at www.carnegie.se.

RELATED PARTY TRANSACTIONS

Carnegie's transactions with related parties are reported in Note 25 of the 2019 annual report. No material changes have subsequently occurred.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(SEKm)	2020	2019
Commission income	3,259	2,593
Commission expenses	-13	-10
Net commission income	3,246	2,583
Interest income	75	72
Interest expenses	-27	-43
Net interest income	48	29
Net profit or loss from financial transactions	-5	33
Other operating income	0	186
Total operating income	3,289	2,830
Personnel expenses	-1,901	-1,541
Other administrative expenses	-477	-540
Depreciation and amortisation of assets	-75	-72
Total operating expenses	2,452	2,153
Profit before credit losses	837	677
Credit losses, net	0	-5
Profit before tax	836	672
Tax	-197	-78
Profit for the year	639	593
Other comprehensive		
<i>Items that may subsequently be reclassified to the income statement</i>		
Translation differences relating to foreign operations	-32	9
Total comprehensive income for the year	607	602

The profit is attributable in its entirety to the owners of the parent company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(SEKm)	Note	31 Dec 2020	31 Dec 2019
Assets			
Cash and bank deposits with central banks		14	83
Negotiable government securities	1	3,960	2,290
Loans to credit institutions ¹⁾		3,710	2,226
Loans to the public		3,148	2,663
Bonds and other interest-bearing securities	1	1,827	2,482
Shares and participations	1	535	595
Derivative instruments	1	15	11
Intangible assets		26	0
Tangible fixed assets		256	272
Current tax assets		118	35
Deferred tax assets		148	165
Other assets	2	492	350
Prepaid expenses and accrued income		72	113
Total assets		14,322	11,285
Liabilities and equity			
Liabilities to credit institutions		137	49
Deposits and borrowing from the public ¹⁾		9,749	8,007
Short positions, shares	1	24	70
Derivative instruments	1	33	90
Current tax liabilities		220	32
Deferred tax liabilities		0	4
Other liabilities	2	654	543
Accrued expenses and prepaid income		1,111	732
Other provisions		62	33
Equity		2,332	1,725
Total liabilities and equity		14,322	11,285
Pledged assets and contingent liabilities			
Pledged assets		1,067	1,067
Contingent liabilities		599	454

¹⁾ Whereof client funds, SEK 216m (194).

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(SEKm)	Jan-Dec	Jan-Dec
	2020	2019
Equity - at beginning of year	1,725	2,024
Dividends paid	-	-900
Total comprehensive income for the year	607	602
Equity - at end of year	2,332	1,725

CONSOLIDATED CASH FLOW STATEMENTS

(SEKm)	Jan-Dec	Jan-Dec
	2020	2019
Cash flow from operating activities	3,169	566
Cash flow from investing activities	-33	-10
Cash flow from financing activities	-65	-966
Cash flow for the year	3,071	-410
Cash and cash equivalents at beginning of period ¹⁾	4,117	4,468
Translation differences in cash and cash equivalents	-56	59
Cash and cash equivalents at the end of the period¹⁾	7,132	4,117

¹⁾ Excluding cash and cash equivalents pledged as collateral.

PARENT COMPANY INCOME STATEMENT

(SEKm)	2020	2019
Net sales	-	-
Other external costs	-1	-1
Personnel expenses	-1	-1
Operating loss	-2	-2
Interest expenses and similar expenses	0	0
Profit from participations in subsidiaries	305	650
Profit from financial items	305	650
Profit before tax	303	648
Tax	-30	29
Profit for the year	273	677

PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

(SEKm)	2020	2019
Profit for the year	273	677
Other comprehensive income	-	-
Total comprehensive income for the year	273	677

The profit is attributable in its entirety to the owners of the parent company.

PARENT COMPANY BALANCE SHEET

(SEKm)	31 Dec 2020	31 Dec 2019
Assets		
Shares and participations in group companies	1,780	1,780
Deferred tax assets	0	30
Total financial non-current assets	1,780	1,810
Receivables due from group companies	305	1
Current tax assets	0	1
Other current receivables	0	0
Cash and bank	2	1
Total current assets	307	3
Total assets	2,087	1,814
Equity and liabilities		
Equity	2,086	1,813
Liabilities to group companies	1	0
Trade accounts payable	1	0
Other current liabilities	0	0
Accrued expenses and prepaid income	0	1
Pension provisions	0	0
Total equity and liabilities	2,087	1,814
Pledged assets and contingent liabilities		
Pledged assets	0	0
Contingent liabilities	113	113

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEKm)	Jan-Dec 2020	Jan-Dec 2019
Equity - at beginning of period	1,813	2,035
Dividends paid	-	-900
Total comprehensive income for the period	273	677
Equity - at end of the period	2,086	1,813

ACCOUNTING POLICIES

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 accounts were prepared in accordance with the Swedish Annual Accounts Act (1995:1554, ÅRL) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council.

The accounting policies and calculation methods applied in this report are identical to those applied in the 2019 annual report.

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 2019.

New and amended accounting standards effective 1 January 2020

Amendments to IFRS 9, IAS 39 and IFRS 7 based on the interest rate benchmark reform have had no impact on Carnegie's financial statements.

NOTE 1 ASSETS AND LIABILITIES – MEASUREMENT METHOD

Valuation method, 31 Dec 2020	Fair value through profit and loss			Amortised cost	
	(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					
Cash and bank deposits with central banks	-	-	-	14	14
Negotiable government securities	-	-	-	3,960	3,960
Loans to credit institutions	-	-	-	3,710	3,710
Loans to the general public	-	-	-	3,148	3,148
Bonds and other interest-bearing securities	-	3	-	1,824	1,827
Shares and participations	493	42	-	-	535
Derivative instruments	-	15	-	-	15
Total	493	59	-	12,656	13,208
Liabilities					
Liabilities to credit institutions	-	-	-	137	137
Deposits and borrowing from the general public	-	-	-	9,749	9,749
Short positions, shares	24	-	-	-	24
Derivative instruments	-	33	-	-	33
Total	24	33	-	9,886	9,943

Financial assets for which fair value is stated for purposes of disclosure: Negotiable government securities of SEK 3,960 million (Level 2). Bonds and other interest-bearing securities of SEK 1,825 million (Level 1).

Valuation method, 31 Dec 2019	Fair value through profit and loss			Amortised cost	
	(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					
Cash and bank deposits with central banks	-	-	-	83	83
Negotiable government securities	-	-	-	2,290	2,290
Loans to credit institutions	-	-	-	2,226	2,226
Loans to the general public	-	-	-	2,663	2,663
Bonds and other interest-bearing securities	-	24	-	2,458	2,482
Shares and participations	590	5	-	-	595
Derivative instruments	-	11	-	-	11
Total	590	41	-	9,719	10,349
Liabilities					
Liabilities to credit institutions	-	-	-	49	49
Deposits and borrowing from the general public	-	-	-	8,007	8,007
Short positions, shares	70	-	-	-	70
Derivative instruments	-	90	-	-	90
Total	70	90	-	8,057	8,216

Financial assets for which fair value is stated for purposes of disclosure: Negotiable government securities of SEK 2,289 million (Level 2). Bonds and other interest-bearing securities of SEK 2,456 million (Level 1).

NOTE 2 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The table below presents the financial assets and liabilities that are presented 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.

31 Dec 2020			
Financial assets and liabilities subject to offsetting			
(SEKm)	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables ¹⁾	1,686	-1,465	222
Liabilities			
Trade and client payables ²⁾	1,534	-1,465	69
31 Dec 2019			
Financial assets and liabilities subject to offsetting			
(SEKm)	Gross amounts	Offset	Net amounts in balance sheet
Assets			
Trade and client receivables ¹⁾	1,426	-1,361	65
Liabilities			
Trade and client payables ²⁾	1,398	-1,361	36

¹⁾ Included in the balance sheet item Other assets

²⁾ Included in the balance sheet item Other liabilities

NOTE 3 CAPITAL ADEQUACY

(SEKm)	Carnegie Group	
	31 Dec 2020	31 Dec 2019
Capital base		
Equity instruments and associated premium reserve	922	922
Retained earnings and reserves	1,482	904
Other comprehensive income	-72	-101
Less planned dividend	-300	-
Goodwill and intangible assets	-26	0
Deferred tax asset	-8	-46
Prudent valuation	-1	-1
Common Equity Tier 1 capital	1,998	1,678
Tier 1 capital	1,998	1,678
Capital base for capital adequacy purposes	1,998	1,678
Capital requirement		
Credit risk (standardised method)	195	157
Trading book risk	7	15
Currency risk	41	33
Operational risk (base method)	361	328
Total capital requirement	605	533
Surplus capital	1,393	1,145
Financial position		
Equity, SEKm	2,332	1,725
Common Equity Tier 1 capital, SEKm	1,998	1,678
Capital base, SEKm	1,998	1,678
Risk-weighted assets, SEKm	7,560	6,659
Common Equity Tier 1 capital ratio, %	26.4	25.2
Capital adequacy ratio, %	26.4	25.2

HISTORICAL DATA – GROUP¹⁾

Income statement, SEKm	2020	2019	2018	2017	2016
Continuing operations					
Total income	3,289	2,830	2,448	2,472	2,153
Personnel expenses	-1,901	-1,541	-1,480	-1,473	-1,396
Other expenses	-551	-612	-582	-538	-441
Expenses before credit losses	-2,452	-2,153	-2,062	-2,011	-1,837
Operating profit before credit losses	837	677	386	461	316
Credit losses, net	-0	-5	4	2	26
Profit before tax	836	672	390	463	342
Tax	-197	-78	-90	-124	-76
Profit for the year from continuing operations	639	593	300	339	266
Discontinued operations¹					
Profit for the year from discontinued operations	-	-	-	7	120
Profit for the year	639	593	300	346	386
<i>Whereof profit from assets held for sale</i>	-	171	13	-	-
Profit for the year excluding profit from assets held for sale	639	422	287	346	386
Financial key data, continuing operations					
C/I ratio, %	75	76	84	81	85
Income per employee, SEKm	5.5	5.0	4.1	4.2	3.5
Costs per employee, SEKm	4.1	3.8	3.4	3.4	3.0
Profit margin, %	25	24	16	19	16
Assets under management, SEKbn	166	128	110	110	100
Return on equity, %	33	23	15	22	21
Total assets, SEKm	14,322	11,285	12,611	12,363	11,195
Operating income	3,284	2,613	2,273	2,315	1,989
Operating profit before tax	836	501	378	421	282
Financial position					
Common Equity Tier 1 capital ratio, %	26.4	25.2	24.2	23.5	19.6
Equity, SEKm	2,332	1,725	2,024	1,917	1,677
Employees, continuing operations					
Average number of FTE employees	597	569	600	590	609
Number of FTE employees at end of year	609	585	606	598	610

¹⁾ The historical overview is based on the statutory statements of comprehensive income. Discontinued operations include the fund operations for 2016 and operations within third-party distribution of structured products for 2016-2017.

²⁾ Profit for 2018 and 2019 is adjusted for profit from assets held for sale.

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 costs 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.

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 end of 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.

Bridge between alternative performance measures and the financial statements

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

Return on equity, continuing operations – To calculate average equity adjusted for the effect of deferred tax on loss carryforwards, we have used equity for the past 13 months and loss carryforwards for the past 13 months, divided thereafter 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.

Operating income statement – The differences between the Consolidated statements of comprehensive income on page 15 and the Operating income statement on page 7 are:

- SEK 701 million has been moved from Operating costs to the line item Financing costs, variable remuneration, etc.
- SEK -12 million has been moved from Operating income to the line item Financing costs, variable remuneration, etc.
- SEK 17 million has been moved from Operating income to Operating costs.
- Net credit losses of SEK 0 million are included in the line item Financing costs, variable remuneration, etc.

The net change is SEK 713 million, which comprises variable remuneration of SEK -701 million, a loss of SEK -12 million unrelated to the business areas and a cost of SEK 0 million from a loss allowance adjustment under IFRS 9.

*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.

REVIEW

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

Carnegie Holding AB
Stockholm, 19 February 2021

Björn Jansson
Chief Executive Officer