

# CARNEGIE HOLDING AB

## Interim Report

1 January – 30 June 2021

- Operating income rose by 95 percent to SEK 2,807 million (1,438).
- Profit before tax rose by 237 percent to SEK 1,052 million (312).
- Assets under management amounted to SEK 234 billion (138).
- The common equity Tier 1 capital ratio was 21.4 percent (21.7).

### FINANCIAL KEY DATA



<sup>1</sup>Excluding profit or loss from assets held for sale

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## THE PERIOD IN BRIEF

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

- Carnegie is reporting good performance in all business areas and geographies. Profit after net financial items rose by 237 percent compared to mid-year 2020.
- Carnegie’s leading market position combined with high market activity generated an increase in income by 95 percent.
  - Income within Investment Banking & Securities grew by 108 percent compared to the same period in 2020.
  - Income growth for Private Banking was 53 percent for the half year.
- Carnegie acted as the adviser in more ECM transactions (64) than any other adviser in Europe and broke the record for the number of IPOs in the Nordic market (34). (Source: Bloomberg)
- Client trust in Carnegie remains strong, as evident in the awards we receive:
  - Best Wealth Management Advisor, Sweden (World Finance, January 2021)
  - Best Research House in Sweden (Financial Hearings, June 2021)
- Operating expenses rose by 57 percent, primarily due to high business activity. New recruitments and further investments in the IT-infrastructure also added to the cost increase.
- The Group’s financial position remains strong, with a capital adequacy ratio of 21.4 percent. The common equity Tier 1 capital ratio and the liquidity coverage ratio both exceed legal requirements by a healthy margin.

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## HIGH BUSINESS ACTIVITY AND STRONGER MARKET POSITION

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

**A simmering optimism was evident in the financial markets during the first half of the year. Carnegies advice is highly sought-after and business activity has reached a new peak. We achieved performance in the first half of 2021 on par with performance for the full year of 2020, which was a record year.**

Carnegie has been investing for several years in remaining the leading Nordic investment bank, a position that has been strengthened in recent years. Carnegie acted as the adviser in more ECM transactions than any other bank in the European market in 2020, an achievement followed by a shared first place as we close the books on the half year 2021. Looking at IPOs alone, Carnegie participated in 34 IPOs during the period, more than any other financial institution in Europe. Our success is based on the combination of our top-ranked research team, our placement capacity among institutional investors all over the world, our network of private investors and the strong market position of the Investment Banking team, which together create a unique ecosystem.

We increased the workforce in the first half, primarily in the business organisation, in order to manage the high business flow and further develop our client offering. At mid-year, our staff had grown by about 50 compared to one year ago. We have also made further investments in our IT infrastructure to streamline our processes and enhance our client offering.

We are maintaining our efforts to encourage sustainable business by presenting the Carnegie Sustainability Award, this year to Ørsted, Camurus and Pepix. We also partnered once again with Svenska Dagbladet to present the SvD Business Achievement Award (*Affärsbragd*), which was awarded this year to Klarna and its founder, Sebastian Siemiatkowski. “Restart the Future” is a new initiative we are involved in with several other large Swedish companies that have joined together to support start-ups and help accelerate their journeys.

Our focus at Carnegie is always on our clients and their trust in us, along with our knowledgeable and dedicated employees and a favourable market climate, contributed to a strong profit trend in the first half of the year. Current conditions bode well for good performance in the second half as well. Regardless of what happens in the financial markets in the future, Carnegie will continue investing to further develop and enhance our offering and ensure high and enduring client trust.

Björn Jansson

President and CEO, Carnegie

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## SIGNIFICANT EVENTS DURING THE PERIOD

### ▪ External recognition and client trust

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

- Carnegie Private Banking received the World Finance - Best Wealth Management Advisor 2021 award (Source: World Finance, January 2021)
- Carnegie was named Best Research House in Sweden for the eighth consecutive year when Financial Hearings presented the results of their annual client survey. Kristofer Liljeberg and Erik Hultgård defended Carnegie's first place in the individual rankings and were jointly named the best individual analysts in Sweden. Carnegie analysts achieved top rankings in 13 out of a total of 20 categories. The survey was based on interviews with the largest institutional investors in Sweden. (Source: Financial Hearing, June 2021)

### ▪ Carnegie Sustainability Award

The Carnegie Sustainability Award was presented for the third consecutive year. The award is intended to put the spotlight on companies with sustainable business models that are generating shareholder value and serving as good examples. The award is given in three categories: Large Cap, Small Cap and Best Newcomer.

The winners this year:

- Large Cap - Ørsted, Denmark: Ørsted was once one of the most coal-intensive energy companies in Europe, producing one third of Denmark's national carbon emissions. In only ten years, the company has transformed itself to become the world's most sustainable energy company and a global leader in the transition to green energy. Today, 98 percent of operating profit comes from renewable energy sources.
- Small Cap - Camurus, Sweden: Swedish biopharmaceutical company Camurus develops and commercialises long-acting medicines for the treatment of severe and chronic conditions. Their product *Buvidal* is used to treat opioid dependence, which is an escalating global health problem.
- Best Newcomer - Pexip, Norway: Video conferencing company Pexip offers a user-friendly video conferencing system that offers high-level security. The pandemic made video conferencing systems business-critical all over the world. With its security-first, enterprise-grade system, Pexip was able to help its clients continue running their businesses in spite of lockdowns.

### ▪ Svenska Dagbladet Business Achievement Award

The SvD Affärsbragd Business Achievement Award for 2021 was awarded to Klarna and its founder, Sebastian Siemiatkowski. Klarna and its founder Sebastian Siemiatkowski are among the growing corps of entrepreneurs who have successfully translated the technological advances and shifts in values of our time into a long-term business concept. The award was presented by Prince Daniel of Sweden and Carnegie CEO Björn Jansson at the Swedish Junior Achievement Championship final. The SvD Affärsbragd that Carnegie awards in partnership with Svenska Dagbladet celebrates innovative thinkers who have made outstanding contributions to Swedish business and industry.

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- **Ruling on monetary penalty appealed**

In a ruling on 23 June 2021, the Stockholm District Court ordered Carnegie to pay a monetary penalty of SEK 35 million for having forced the sale of shares due to a client's over-indebtedness. Carnegie, which maintains that its actions were required under its contractual obligations and statutory duties, has appealed against the ruling to the Svea Court of Appeal.

## IMPORTANT EVENTS AFTER THE PERIOD

- **External recognition and client trust**

- The World Finance Banking Awards 2021 recognised Carnegie as the Best Private Bank in Sweden (July 2021).

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## **THIS IS CARNEGIE**

Carnegie is the foremost financial adviser in the Nordics. We bring investors together with entrepreneurs and companies to enable clients, owners and society to grow sustainably. Simply put, Carnegie is where knowledge and capital meet.

### **OUR CLIENTS**

We work with companies, their owners, institutions and high net-worth individuals.

### **OUR MISSION**

We enable companies, capital and communities to grow sustainably.

### **OUR BUSINESS**

#### **Investment Banking**

Carnegie Investment Banking offers professional advisory in mergers and acquisitions (M&A) and equity capital market (ECM) transactions. The Debt Capital Markets (DCM) unit also provides advisory related to capital acquisition via corporate bonds and fixed income instruments. With unique understanding of sectors and capital markets in the Nordic region, Carnegie is a leading Nordic adviser in corporate finance. Operations in Denmark, Finland, Norway and Sweden.

#### **Securities**

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

#### **Private Banking**

Carnegie Private Banking provides comprehensive financial advisory to high net worth individuals, small businesses, institutions and foundations. The staff includes experts in areas including asset allocation, asset management, law, tax management, pensions and trading in securities and fixed-income bonds. Operations in Denmark and Sweden.

## OPERATING INCOME STATEMENT and KEY DATA

(SEKm)	Jan-Jun			Jan-Dec
	2021	2020	%	2020
Investment Banking & Securities	2,304	1,109	108	2,631
Private Banking	503	329	53	653
<b>Operating income</b>	<b>2,807</b>	<b>1,438</b>	<b>95</b>	<b>3,284</b>
Personnel expenses	-1,468	-873	68	-1,901
Other expenses	-285	-242	18	-537
<b>Operating expenses</b>	<b>-1,753</b>	<b>-1,115</b>	<b>57</b>	<b>-2,438</b>
<b>Operating profit</b>	<b>1,054</b>	<b>323</b>	<b>226</b>	<b>847</b>
Financing expenses, etc.	-2	-11	-81	-10
<b>Profit before tax</b>	<b>1,052</b>	<b>312</b>	<b>237</b>	<b>836</b>
Tax	-235	-69	239	-197
<b>Profit for the period</b>	<b>817</b>	<b>243</b>	<b>236</b>	<b>639</b>
<b>Financial key data</b>				
Operating C/I ratio, %	62	78		74
Operating income per employee, SEKm	4.5	2.4		5.5
Operating expenses per employee, SEKm	2.8	1.9		4.1
Operating profit margin, %	38	22		26
Assets under management, SEKbn	234	138		166
Return on equity, %	53	22		33
Total assets	18,493	15,527		14,322
<b>Financial position</b>				
Common equity Tier 1 capital ratio (CET1), %	21.4	21.7		26.4
Equity, SEKm	2,863	1,950		2,332
<b>Employees</b>				
Average number of employees	630	593		597
Number of FTE employees at end of period	644	593		609

See page 29 for definitions and calculations of key data.

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## MARKET & POSITION

### CORPORATE TRANSACTIONS MARKET

#### Equity capital market transactions (ECM)

Carnegie began the year by breaking the record for ECM transaction volume and raising SEK 60 billion in capital for its clients. For the full year 2020, Carnegie was the adviser in more ECM transactions than any other bank in the European market and held that position through the first half of 2021 (Source: Bloomberg). Looking at IPOs alone, Carnegie participated in 34 IPOs during the first half of 2021, more than any other advisor in Europe.

The Swedish stock exchange is one of the best-performing in Europe and Carnegie has raised a total of SEK 41 billion for Swedish companies so far this year, the highest IPO revenues since the first half of 2000. High activity persisted in the Norwegian market and Carnegie raised SEK 26 billion to its clients and participated in 11 IPOs. Carnegie also strengthened its market position in Finland and Denmark.

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

Activity in the M&A market has rebounded to a high level, although the relatively strong stock exchange is attracting numerous companies. Notably, the number of buyouts of listed companies has increased. Carnegie has established a strong position as an adviser in this area, which has benefited the business. Transaction volume rose by 5 percent over H2 2020, thus reaching a record-high level compared to recent years.

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

The credit market was strong across the board in the first half with high activity in the primary market, resulting in large issue volumes. The strong market also welcomed many new first-time issuers via Carnegie, particularly in the second quarter.

#### Nordic equity market (Equity Research & Trading)

High activity in the equity market combined with increased client demand for independent, well-informed and insightful analysis resulted in an intense first half in equity research and trading. The volume of companies covered by Carnegie grew from 360 to 380 as a consequence of the number of IPOs managed by Carnegie.

Carnegie continues to defend its market position in Swedish equity research and was named the best research house in Sweden for the eighth year running by institutional investors in the annual Financial Hearings survey. Carnegie analysts achieved top rankings in 13 out of a total of 20 categories in the 2021 competition among Swedish brokerage houses. Carnegie has topped the rankings for several years in respected independent surveys including Financial Hearings, Prospera, Institutional Investors and Extel.



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## CAPITAL AND WEALTH MANAGEMENT MARKET

A market with a hearty investment appetite led to persistent high activity among capital and wealth management clients. In response to growing interest, Carnegie has offered its clients a variety of investment opportunities. In particular, there was keener interest in unlisted companies and a record-high number of capital raises were executed in the first half. Interest in IPOs flourished. Among other activity, several IPOs were executed for companies that Carnegie helped to raise capital only a few years ago via Carnegie's private clients.

Carnegie strengthened its position in the first half by taking new market shares and continuing to defend top rankings by various institutions including World Finance.

Assets under management grew from SEK 138 billion to 234 billion and the positive new client inflow persisted. The team was further expanded in the first half to bolster the offering in all segments and meet growing client needs.

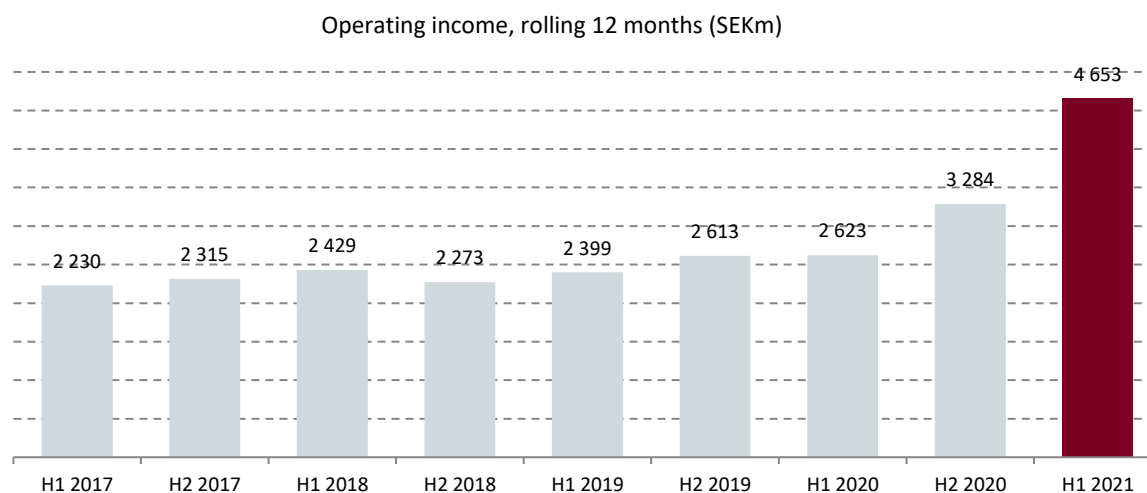
The market is constantly evolving in relation to sustainability in terms of new regulations and client preferences. Efforts to integrate sustainability aspects in investment opportunities are continuing, as is the work to proactively offer clients investment opportunities with various types of sustainability themes.

## GROUP FINANCIAL PERFORMANCE

### INCOME

Group operating income amounted to SEK 2,807 million (1,438), an increase of 95 percent compared to the preceding year. Both business areas contributed to the strong performance, where ECM transactions were the main driver of the positive trend.

The chart below illustrates incomes per six-month period for the last five years, expressed as rolling 12-month figures, and shows an increase of better than 110 percent between H1 2017 and H1 2021.

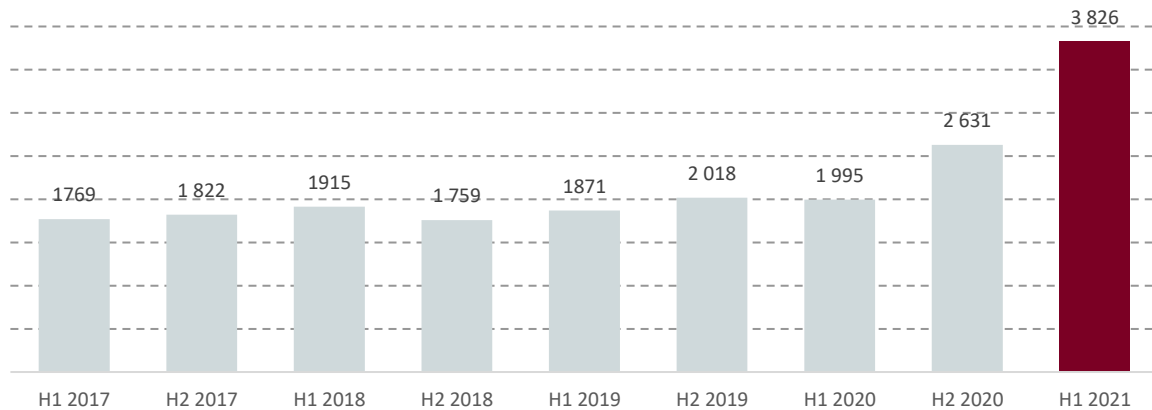


### Investment Banking & Securities

Income in Investment Banking & Securities is generated primarily from advisory fees related to equity capital market transactions and mergers and acquisitions, bond-related advisory income, commissions related to brokerage services and charges related to equity research. The Investment Banking & Securities business area is reporting income of SEK 2,304 million (1,109) representing a 108 percent increase compared to 2020. The high business activity in the ECM transactions market and positive trend in all offices contributed to the strong performance. ECM transactions are the main income driver and generated 34 IPOs in the first half.

The chart below illustrates incomes per six-month period for the last five years, expressed as rolling 12-month figures, and shows an increase of nearly 120 percent between H1 2017 and H1 2021.

Operating income Investment Banking & Securities,  
rolling 12 months (SEKm)



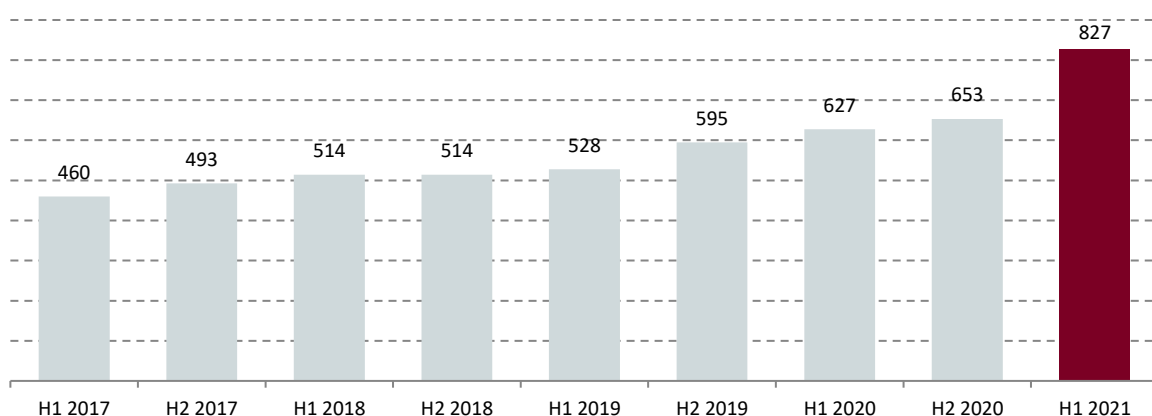
### Private Banking

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 503 million (329), an increase of 53 percent compared to 2020. The income growth was driven by high client activity in conjunction with investment opportunities in the corporate transactions market. Income from discretionary management and advisory services grew by 36 percent (+47) and higher loan volume increased net interest income by 36 percent (+4m). New client inflow remains positive in Sweden and the number of new clients in the first half of 2021 exceeded the figure for the full year 2020. Income rose in Denmark primarily on the strength of income from discretionary services.

The chart below illustrates incomes per six-month period for the past five years, expressed as rolling 12-month figures, and shows an increase of better than 80 percent between H1 2017 and H1 2021.

Operating income Private Banking, rolling 12 months (SEKm)

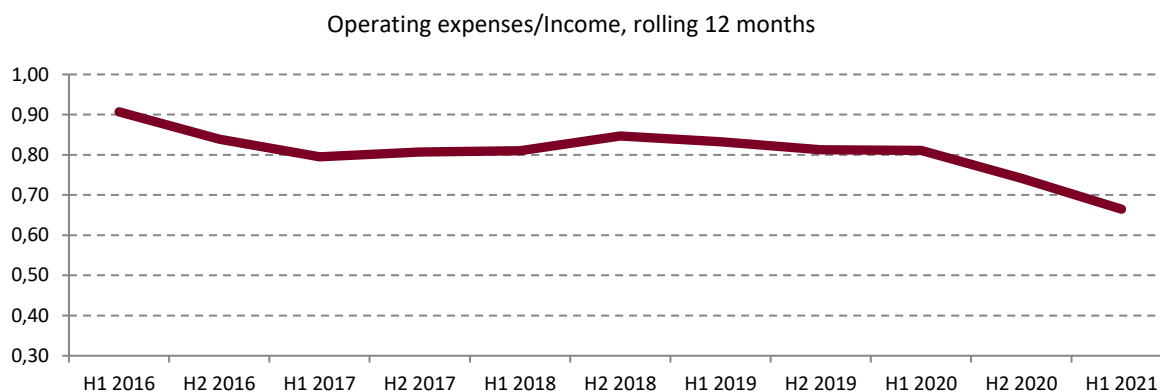


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## COSTS

Operating expenses rose by 57 percent, primarily due to high business activity. New recruitments and further investments in the IT-infrastructure also added to the cost increase.

The chart below illustrates the relationship between operating expenses and operating income for the past six years.



## PROFIT

Profit before tax for the period was SEK 1,052 million (312), up 237 percent from the same period last year. Operating profit before tax was SEK 1,054 million (323), up 226 percent compared with the same period last year. Profit after tax for the period amounted to SEK 817 million (243).

## INVESTMENTS

Consolidated investments in non-current assets amounted to SEK 24 million (16) during the period.

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## FINANCIAL POSITION

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

In the light of the Covid-19 pandemic, Carnegie previously reviewed the IFRS 9 model that is used as the basis for allocating allowances for statistically expected credit losses. No further adjustments were required during the period, which is also justified by the continued absence of actual credit losses.

The Group's liquidity investments continue to have a low risk profile, including low duration, institutional exposure and instruments with low credit risk. Surplus liquidity is invested primarily in certificates, government and municipal bonds and senior secured notes with a minimum AAA rating. All investments have short durations.

The common equity Tier 1 capital ratio (CET1) and the capital adequacy ratio were both 21.4 percent (21.7). 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](http://www.carnegie.se).

The Group's financing comprises equity and deposits from the public. Equity accounts for 15 percent (13), deposits from the public account for 69 percent (69) and other debt accounts for 15 percent (19) 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 0 million (0) and the net loss for the period was SEK -1 million (-1).

There were no investments in fixed assets during the period (-). Liquidity, defined as cash and bank balances, was SEK 5 million (0.4) as of 30 June 2021. Equity amounted to SEK 1,785 million (1,812) as of 30 June 2021.

### 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 2021.

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A more detailed description of risk and risk management at Carnegie is provided in the 2020 annual report and online at [www.carnegie.se](http://www.carnegie.se).

#### RELATED PARTY TRANSACTIONS

Carnegie's transactions with related parties are reported in Note 32 of the 2020 annual report. No material changes have subsequently occurred.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
Commission income	2,790	1,416	3,259
Commission expenses	-8	-5	-13
<b>Net commission income</b>	<b>2,782</b>	<b>1,411</b>	<b>3,246</b>
Interest income	42	38	75
Interest expenses	-16	-13	-27
<b>Net interest income</b>	<b>26</b>	<b>24</b>	<b>48</b>
Net profit from financial transactions	3	0	-5
Other operating income	0	0	0
<b>Total operating income</b>	<b>2,811</b>	<b>1,436</b>	<b>3,289</b>
Personnel expenses	-1,468	-873	-1,901
Other administrative expenses	-247	-214	-479
Depreciation and amortisation of tangible and intangible assets	-42	-36	-75
<b>Total operating expenses</b>	<b>-1,758</b>	<b>-1,123</b>	<b>-2,454</b>
<b>Profit before credit losses</b>	<b>1,054</b>	<b>312</b>	<b>834</b>
Credit losses, net	-2	0	2
<b>Profit before tax</b>	<b>1,052</b>	<b>312</b>	<b>836</b>
Tax	-235	-69	-197
<b>Net profit for the period</b>	<b>817</b>	<b>243</b>	<b>639</b>
<b>Other comprehensive income</b>			
Items that may subsequently be reclassified to the income statement			
Translation of foreign operations	14	-18	-32
<b>Total comprehensive income for the period</b>	<b>831</b>	<b>225</b>	<b>607</b>

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(SEKm)	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Assets</b>				
Cash and bank deposits with central banks		438	29	14
Negotiable government securities	1	3,451	3,301	3,960
Loans to credit institutions <sup>1)</sup>		5,399	3,268	3,710
Loans to the general public		3,682	2,711	3,148
Bonds and other interest-bearing securities	1	2,552	2,384	1,827
Shares and participations	1	1,253	464	535
Derivative instruments	1	80	61	15
Intangible assets		43	14	26
Tangible fixed assets		235	259	256
Current tax assets		117	51	118
Deferred tax assets		131	161	148
Other assets	2	804	2,655	492
Prepaid expenses and accrued income		307	170	72
<b>Total assets</b>		<b>18,493</b>	<b>15,527</b>	<b>14,322</b>
<b>Liabilities and equity</b>				
Liabilities to credit institutions		79	42	137
Deposits and borrowing from the general public <sup>1)</sup>		13,119	10,852	9,749
Short positions, shares	1	19	29	24
Derivative instruments	1	12	17	33
Current tax liabilities		404	94	220
Deferred tax liabilities		0	0	0
Other liabilities	2	474	1,840	654
Accrued expenses and prepaid income		1,462	674	1,111
Other provisions		61	28	62
Equity		2,863	1,950	2,332
<b>Total liabilities and equity</b>		<b>18,493</b>	<b>15,527</b>	<b>14,322</b>
<b>Pledged assets and contingent liabilities</b>				
Pledged assets		1,344	943	1,067
Contingent liabilities and guarantees		451	517	504

1) Whereof client funds 1,011 (H1 2020: 216. Full year 2020: 216).



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
Equity – Opening balance, 1 January 2021	2,332	1,725	1,725
Dividends paid	-300	-	-
Total comprehensive income for the period	831	225	607
<b>Equity – closing balance, 30 June 2021</b>	<b>2,863</b>	<b>1,950</b>	<b>2,332</b>

## CONSOLIDATED CASH FLOW STATEMENTS

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
Cash flow from operating activities	-641	1,587	3,168
Cash flow from investing activities	-24	-16	-33
Cash flow from financing activities	-336	-30	-65
<b>Cash flow for the period</b>	<b>-1,002</b>	<b>1,541</b>	<b>3,070</b>
Cash and cash equivalents at the beginning of the period <sup>1)</sup>	7,132	4,117	4,117
Translation differences in cash and cash equivalents	25	-17	-56
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>6,156</b>	<b>5,641</b>	<b>7,131</b>

<sup>1)</sup> Excluding loans to credit institutions that are not payable on demand, cash and cash equivalents pledged as collateral and client funds.

## PARENT COMPANY INCOME STATEMENT

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
Net sales	-	-	-
Other external costs	0	0	-1
Personnel expenses	-1	-1	-1
<b>Operating loss</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>
Other interest income and similar income	-	-	-
Interest expenses and similar expenses	0	0	0
Profit from participations in subsidiaries	-	-	305
<b>Profit from financial items</b>	<b>0</b>	<b>0</b>	<b>305</b>
<b>Profit before tax</b>	<b>-1</b>	<b>-1</b>	<b>303</b>
Tax	0	0	-30
<b>Profit for the period</b>	<b>-1</b>	<b>-1</b>	<b>273</b>

## PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
<b>Profit for the period</b>	<b>-1</b>	<b>-1</b>	<b>273</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-1</b>	<b>-1</b>	<b>273</b>

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

## PARENT COMPANY BALANCE SHEET

(SEKm)	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Assets</b>			
Shares and participations in group companies	1,780	1,780	1,780
Deferred tax asset	-	30	-
<b>Total financial non-current assets</b>	<b>1,780</b>	<b>1,810</b>	<b>1,780</b>
Receivables from group companies	-	0	305
Current tax assets	-	2	0
Other current receivables	0	-	-
Cash and bank balances	5	0	2
<b>Total current assets</b>	<b>5</b>	<b>2</b>	<b>307</b>
<b>Total assets</b>	<b>1,785</b>	<b>1,813</b>	<b>2,087</b>
<b>Equity and liabilities</b>			
Equity	1,785	1,812	2,086
Liabilities to group companies	-	-	1
Trade accounts payable	0	-	1
Other current liabilities	0	-	0
Accrued expenses and prepaid income	0	1	0
<b>Total equity and liabilities</b>	<b>1,785</b>	<b>1,813</b>	<b>2,087</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	-	-	-
Contingent liabilities	113	113	113

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEKm)	Jan-Jun		Jan-Dec
	2021	2020	2020
Equity – opening balance at 1 January 2021	2,086	1,813	1,813
Dividends paid	-300	-	-
Total comprehensive income for the period	-1	-1	273
<b>Equity – closing balance at 30 June 2021</b>	<b>1,785</b>	<b>1,812</b>	<b>2,086</b>

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## 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 2020 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 2020.

### **New and amended accounting standards effective 1 January 2021**

Amendments to accounting standards have had no impact on Carnegie's financial statements.

## NOTE 1 FINANCIAL ASSETS AND LIABILITIES

### Classification of financial instruments

30 June 2021

(SEKm)	Amortised cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
<b>Assets</b>				
Cash and bank deposits with central banks	438	-	-	438
Negotiable government securities	3,451	-	-	3,451
Loans to credit institutions	5,399	-	-	5,399
Loans to the general public	3,682	-	-	3,682
Bonds and other interest-bearing securities	2,545	7	-	2,552
Shares and participations	-	1,253	-	1,253
Derivative instruments	-	80	-	80
Other assets	688	-	116	804
Prepaid expenses and accrued income	217	-	91	307
<b>Total</b>	<b>16,418</b>	<b>1,341</b>	<b>207</b>	<b>17,966</b>
<b>Liabilities</b>				
Liabilities to credit institutions	79	-	-	79
Deposits and borrowing from the general public	13,119	-	-	13,119
Short positions, shares	-	19	-	19
Derivative instruments	-	12	-	12
Other liabilities	392	-	82	474
Accrued expenses and prepaid income	1,462	-	-	1,462
<b>Total</b>	<b>15,052</b>	<b>31</b>	<b>82</b>	<b>15,165</b>

30 June 2020

(SEKm)	Amortised cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
<b>Assets</b>				
Cash and bank deposits with central banks	29	-	-	29
Negotiable government securities	3,301	-	-	3,301
Loans to credit institutions	3,268	-	-	3,268
Loans to the general public	2,711	-	-	2,711
Bonds and other interest-bearing securities	2,368	17	-	2,384
Shares and participations	-	464	-	464
Derivative instruments	-	61	-	61
Other assets	2,599	-	56	2,655

Prepaid expenses and accrued income	94	-	76	-	170
<b>Total</b>	<b>14,369</b>	<b>542</b>	<b>133</b>		<b>15,043</b>
<b>Liabilities</b>					
Liabilities to credit institutions	42	-	-		42
Deposits and borrowing from the general public	10,852	-	-		10,852
Short positions, shares	-	29	-		29
Derivative instruments	-	17	-		17
Other liabilities	1,699	-	141		1,840
Accrued expenses and prepaid income	674	-	-		674
<b>Total</b>	<b>13,267</b>	<b>47</b>	<b>141</b>		<b>13,455</b>

### 31 December 2020

(SEKm)	Amortised cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
<b>Assets</b>				
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	1,824	3	-	1,827
Shares and participations	-	535	-	535
Derivative instruments	-	15	-	15
Other assets	389	-	104	492
Prepaid expenses and accrued income	16	-	57	72
<b>Total</b>	<b>13,060</b>	<b>553</b>	<b>160</b>	<b>13,773</b>
<b>Liabilities</b>				
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
Other liabilities	625	-	29	654
Accrued expenses and prepaid income	1,111	-	-	1,111
<b>Total</b>	<b>11,621</b>	<b>57</b>	<b>29</b>	<b>11,707</b>

### Determination of the fair value of financial instruments

When the Group determines the fair value of financial instruments, various methods are used depending upon the degree of observability of market data upon measurement and market activity. A regulated or reliable marketplace on which quoted prices are readily available and demonstrate sufficient frequency is considered an active market. Activity is assessed on an ongoing basis by analysing factors such as differences in bid and ask prices

The methods are divided into three different levels:

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Level 1 – Financial assets and financial liabilities valued on the basis of unadjusted quoted prices from an active market for identical assets or liabilities.

Level 2 – Financial assets and financial liabilities valued on the basis of either:

- a) adjusted quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active; or
- b) measurement models based primarily on directly or indirectly observable inputs. Observable inputs are obtained using market data such as public information about actual events or transactions, which reflects the assumptions that market actors would use in pricing the asset or liability.

Level 3 – Financial assets and financial liabilities that are not valued based on observable market data.

The level in the fair value hierarchy at which a financial instrument is classified is determined based on the lowest level of inputs material to the fair value in its entirety.

In cases where there is no active market, fair value is determined using established measurement methods and models. In these cases, assumptions that cannot be derived directly from a market are applied. These assumptions are then based on experience and knowledge about measurement in the financial markets. The goal is always, however, to maximise the use of data from an active market. Where deemed necessary, relevant adjustments are made to reflect a fair value in order to correctly reflect the parameters contained in the financial instrument and which must be reflected in its measurement.

The fair value of financial instruments recognised at fair value through profit or loss is determined primarily based on quoted closing prices for the assets on the reporting date.

Currency forwards are measured at fair value by using the current exchange rate and interest level.

Derivatives linked to equities and equity indices consisting of forward contracts and options listed on Nasdaq are measured primarily at the official market prices. If such are outdated, unavailable or deemed misleading, a theoretical measurement is used based on observable market data. The measurement is conducted according to generally accepted models.

Unlisted derivatives are found to a minor extent. Where possible, these are measured based on the issuer's price. If this is impossible, they are measured based on observable market data and generally accepted models.

For lending and borrowing at a variable rate of interest, including loans secured by financial instruments or residential property, which are recognised at amortised cost, the carrying amount is deemed to coincide with fair value. For financial assets and financial liabilities in the statement of financial position with a remaining maturity of less than six months, the carrying amount is deemed to reflect fair value.

## Fair value - financial instruments

30 June 2021

(SEKm)	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>				
Bonds and other interest-bearing securities	-	7	-	7
Shares and participations	1,212	41	-	1,253
Derivative instruments	-	80	-	80
<b>Total</b>	<b>1,212</b>	<b>129</b>	<b>-</b>	<b>1,341</b>
<b>Financial assets recognised at fair value for disclosure purposes</b>				
Cash and bank deposits with central banks	-	438	-	438
Negotiable government securities	-	3,454	-	3,454
Loans to credit institutions	-	5,399	-	5,399
Loans to the general public	-	3,682	-	3,682
Bonds and other interest-bearing securities	2,524	-	-	2,524
Other assets	-	688	-	688
Accrued income	-	217	-	217
<b>Total</b>	<b>4,948</b>	<b>14,134</b>	<b>-</b>	<b>19,082</b>
<b>Financial liabilities recognised at fair value</b>				
Short positions, shares	-	19	-	19
Derivative instruments	-	12	-	12
<b>Total</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
<b>Financial liabilities recognised at fair value for disclosure purposes</b>				
Liabilities to credit institutions	-	79	-	79
Deposits and borrowing from the general public	-	13,119	-	13,119
Other liabilities	-	392	-	392
Accrued expenses	-	1,462	-	1,462
<b>Total</b>	<b>-</b>	<b>15,052</b>	<b>-</b>	<b>15,052</b>

30 June 2020

(SEKm)	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>				
Bonds and other interest-bearing securities	-	17	-	17
Shares and participations	459	5	-	464
Derivative instruments	-	61	-	61
<b>Total</b>	<b>459</b>	<b>83</b>	<b>-</b>	<b>542</b>



**Financial assets recognised at fair value for disclosure purposes**

Cash and bank deposits with central banks	-	29	-	29
Negotiable government securities	-	3,300	-	3,300
Loans to credit institutions	-	3,268	-	3,268
Loans to the general public	-	2,711	-	2,711
Bonds and other interest-bearing securities	2,368	-	-	2,368
Other assets	-	2,599	-	2,599
Accrued income	-	94	-	94
<b>Total</b>	<b>3,286</b>	<b>12,072</b>	<b>-</b>	<b>15,358</b>

**Financial liabilities recognised at fair value**

Short positions, shares	29	-	-	29
Derivative instruments	-	17	-	17
<b>Total</b>	<b>29</b>	<b>17</b>	<b>-</b>	<b>47</b>

**Financial liabilities recognised at fair value for disclosure purposes**

Liabilities to credit institutions	-	42	-	42
Deposits and borrowing from the general public	-	10,852	-	10,852
Other liabilities	-	1,699	-	1,699
Accrued expenses	-	674	-	674
<b>Total</b>	<b>-</b>	<b>13,267</b>	<b>-</b>	<b>13,267</b>

**31 December 2020**

(SEKm) Level 1    Level 2    Level 3    Total

**Financial assets recognised at fair value**

Bonds and other interest-bearing securities	-	3	-	3
Shares and participations	493	42	-	535
Derivative instruments	-	15	-	15
<b>Total</b>	<b>493</b>	<b>59</b>	<b>-</b>	<b>553</b>

**Financial assets recognised at fair value for disclosure purposes**

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	1,825	-	-	1,825
Other assets	-	389	-	389
Accrued income	-	16	-	16
<b>Total</b>	<b>1,825</b>	<b>11,236</b>	<b>-</b>	<b>13,045</b>

**Financial liabilities recognised at fair value**

Short positions, shares	24	-	-	24
Derivative instruments	-	33	-	33
<b>Total</b>	<b>24</b>	<b>33</b>	<b>-</b>	<b>57</b>

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**Financial liabilities recognised at fair value for disclosure purposes**

Liabilities to credit institutions	-	137	-	137
Deposits and borrowing from the general public	-	9,749	-	9,749
Other liabilities	-	571	-	571
Accrued expenses	-	1,111	-	1,111
<b>Total</b>	-	<b>11,568</b>	-	<b>11,568</b>

**Description of measurement levels**

Level 1 mainly contains shares and municipal bonds for which quoted prices were used in the measurement.

Level 1 mainly contains derivative instruments and interest-bearing securities. Derivatives linked to equities and equity indices are measured using generally accepted models and based on observable market data. In other cases, issuer prices or the last price paid are used.

Level 3 contains other financial instruments where internal assumptions have material impact on the calculation of fair value. The Group holds no assets in this category.

**Transfers between levels**

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

## 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. As the scope of financial assets and liabilities for which gross accounting is applied in the statement of financial position, but which are subject to legally binding master netting agreements or the like, is marginal, these disclosures have been omitted.

<b>30 June 2021</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	3,469	-3,098	371
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	3,185	-3,098	87
<b>30 June 2020</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	4,259	-2,412	1,848
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	3,235	-2,422	814
<b>31 December 2020</b>			
<b>Financial assets and liabilities subject to offsetting</b>			
<b>(SEKm)</b>	<b>Gross amounts</b>	<b>Offset</b>	<b>Net amounts in balance sheet</b>
<b>Assets</b>			
Trade and client receivables <sup>1)</sup>	1,686	-1,465	222
<b>Liabilities</b>			
Trade and client payables <sup>2)</sup>	1,534	-1,465	69

<sup>1)</sup> Included in the balance sheet item Other assets

<sup>2)</sup> Included in the balance sheet item Other liabilities

## NOTE 3 CAPITAL ADEQUACY

(SEKm)	Carnegie Group		
	30 Jun		31 Dec
	2021	2020	2020
<b>Capital base, SEKm</b>			
Equity instruments and associated premium reserve	922	922	922
Retained earnings and reserves	1,986	1,087	1,482
Other comprehensive income	-45	-59	-72
Less unreviewed interim results	-817	-243	-
Less planned dividend	-	-	-300
Goodwill and intangible assets	-43	-14	-26
Deferred tax assets	-8	-45	-8
Further value adjustments	-1	-1	-1
<b>Common equity Tier 1 capital</b>	<b>1,993</b>	<b>1,648</b>	<b>1,998</b>
<b>Tier 1 capital</b>	<b>1,993</b>	<b>1,648</b>	<b>1,998</b>
<b>Capital base for capital adequacy purposes</b>	<b>1,993</b>	<b>1,648</b>	<b>1,998</b>
<b>Capital requirements</b>			
Credit risk (standardised method)	240	188	195
Trading book risk	12	18	7
Currency risk	82	38	41
Operational risk (base method)	411	361	361
<b>Total capital requirement</b>	<b>745</b>	<b>606</b>	<b>605</b>
Surplus capital	1,249	1,041	1,393
<b>Financial position</b>			
Equity, SEKm	2,863	1,950	2,332
Common equity Tier 1 capital, SEKm	1,993	1,648	1,998
Capital base, SEKm	1,993	1,648	1,998
Risk-weighted assets, SEKm	9,306	7,577	7,561
Common equity Tier 1 capital ratio (CET1), %	21.4	21.7	26.4
Capital adequacy ratio, %	21.4	21.7	26.4

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

<b>Statements of comprehensive income, SEKm</b>	<b>H1 2021</b>	<b>H2 2020</b>	<b>H1 2020</b>	<b>H2 2019</b>	<b>H1 2019</b>	<b>H2 2018</b>	<b>H1 2018</b>
<b>Continuing operations</b>							
Total income	2,811	1,853	1,436	1,192	1,638	1,040	1,408
Personnel expenses	-1,468	-1,028	-873	-704	-838	-660	-820
Other expenses	-290	-303	-250	-310	-302	-311	-271
Expenses before credit losses	-1,758	-1,331	-1,123	-1,013	-1,140	-970	-1,091
<b>Profit before credit losses</b>	<b>1,054</b>	<b>522</b>	<b>312</b>	<b>179</b>	<b>498</b>	<b>69</b>	<b>317</b>
Credit losses, net	-2	2	0	-4	-1	1	3
<b>Profit before tax</b>	<b>1,052</b>	<b>524</b>	<b>312</b>	<b>175</b>	<b>496</b>	<b>70</b>	<b>320</b>
Tax	-235	-128	-69	-1	-77	-16	-74
<b>Profit for the period from continuing operations</b>	<b>817</b>	<b>396</b>	<b>243</b>	<b>175</b>	<b>419</b>	<b>54</b>	<b>246</b>
<i>Whereof profit from assets held for sale</i>	-	-	-	18	153	-6	-7
<b>Profit for the period excluding profit from assets held for sale</b>	<b>817</b>	<b>396</b>	<b>243</b>	<b>156</b>	<b>266</b>	<b>60</b>	<b>253</b>
<b>Financial key data, continuing operations</b>							
C/I ratio, %	63	72	78	85	70	93	77
Income per employee, SEKm	4.5	3.1	2.4	2.1	2.9	1.7	2.4
Expenses per employee, SEKm	2.8	2.2	1.9	1.8	2.0	1.6	1.8
Profit margin, %	37	28	22	15	30	7	23
Assets under management, SEKbn	234	166	138	128	113	110	116
Return on equity, % <sup>1)</sup>	53	33	22	23	17	16	21
Total assets, SEKm	18,493	14,322	15,527	11,285	12,148	12,611	13,227
<b>Financial position</b>							
Common equity Tier 1 capital ratio (CET1), %	21.4	26.4	21.7	25.2	21.3	24.2	23.8
Equity, SEKm	2,863	2,332	1,950	1,725	1,854	2,024	1,987
<b>Employees, continuing operations</b>							
Average number of employees	630	600	593	575	563	601	597
Number of FTE employees at end of period	644	609	593	585	556	606	593

<sup>1)</sup> Profit and equity for H1 and H2 2019 are adjusted for profit from assets held for sale.

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## DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES\*

### **Average number of employees**

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

### **Capital adequacy\***

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

### **Capital requirements**

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

### **Common equity Tier 1 capital ratio**

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

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

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

### **Income per employee**

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

### **Number of employees at the end of the period (FTE)**

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

### **Operating C/I ratio\***

Operating expenses as a percentage of operating income.

### **Operating expenses\***

Operating expenses excluding financing costs and credit losses.

### **Operating expenses per employee\***

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

### **Operating income\***

Operating income excluding income not generated by our business areas.

### **Operating income per employee\***

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

### **Operating profit or loss\***

Operating profit or loss excluding financing costs and credit losses.

### **Operating profit margin\***

Operating profit as a percentage of operating 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.

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## Bridge between alternative performance measures and the financial statements

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

**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 -0 million has been moved from Operating income to the line item Financing expenses, variable remuneration, etc.
- SEK 5 million has been moved from Operating income to Operating expenses.
- Net credit losses of SEK -2 million are included in the line item Financing expenses, variable remuneration, etc.

The net change is SEK 2 million, which comprises a income of SEK -0 million unrelated to the business areas and a cost of SEK -2 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.

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## REVIEW

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

Carnegie Holding AB  
Stockholm, 27 August 2021

**Björn Jansson**  
Chief Executive Officer