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Carnegie in brief

Carnegie is an independent Nordic investment bank operating in Securities, Investment Banking, Asset Management and Private Banking. Carnegie provides a wide array of financial products and services to Nordic and international clients from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxembourg, Switzerland, the UK and the US.

Carnegie Group

Total income:	SEK 4,475 (3,514) million
Profit before taxes:	SEK 1,427 (931) million

Securities

Research and brokerage services for institutional investors with Nordic securities in their portfolios

Total income:	SEK 2,136 (1,503) million
Profit before taxes:	SEK 709 (391) million

Investment Banking

Specialist advice and support in mergers & acquisitions, equity capital markets transactions, as well as structured financial products

Total income:	SEK 885 (733) million
Profit before taxes:	SEK 312 (236) million

Asset Management

Top class actively managed asset management products based on a research-driven, structured and focused investment strategy

Total income:	SEK 891 (791) million
Profit before taxes:	SEK 293 (235) million

Private Banking

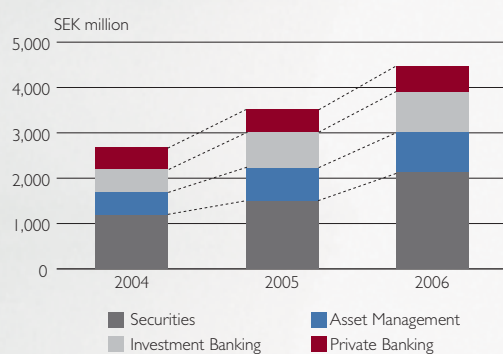
Personal and dedicated service to high-net-worth individuals, foundations and family-owned businesses based on a comprehensive service offering, including internally as well as externally managed products

Total income:	SEK 563 (486) million
Profit before taxes:	SEK 112 (69) million

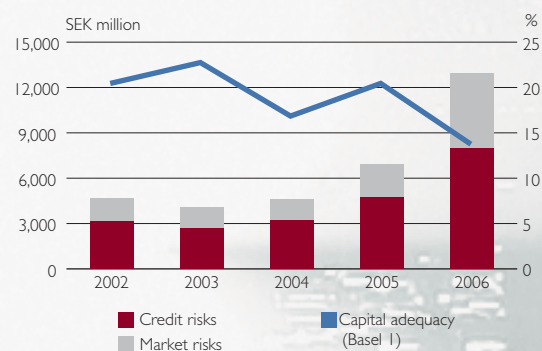
2006

- Carnegie's position as the leading independent Nordic investment bank was reaffirmed
- Total income increased by 27 per cent to SEK 4,475 million
- Net profit increased by 52 per cent to SEK 1,013 million
- The Board of Directors has proposed a dividend corresponding to SEK 10.50 per share outstanding at the record date

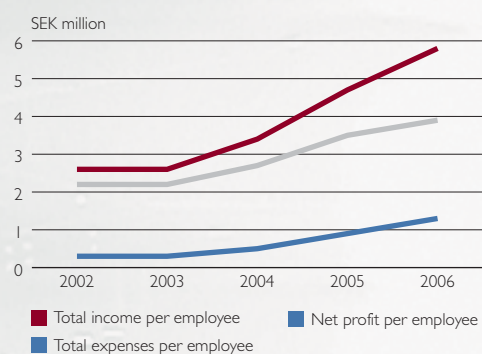
INCOME BY BUSINESS AREA 2004–2006



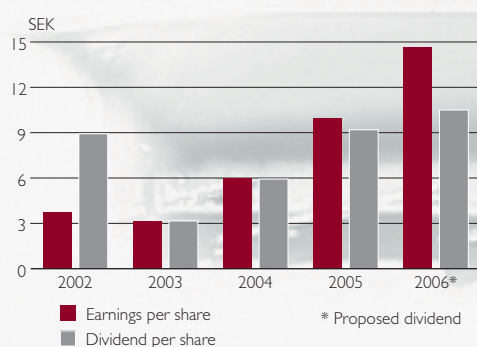
CAPITAL STRUCTURE 2002–2006



LEVERAGE EFFECT 2002–2006



EARNINGS PER SHARE AND DIVIDEND 2002–2006





“We will leverage further on our market position and our leading expertise”

The year 2006 was another vigorous year for the world's capital markets – and yet another in a row of successful years for Carnegie. With costs at a level below our estimated range and good growth in all our business areas, we achieved a net profit of SEK 1,013 million (SEK 667 million). Income increased by 27 per cent to SEK 4,475 million (SEK 3,514 million).

The result for the year once again confirms the strength of our business model and the substantial leverage effect of our earnings in a favourable market.

Our corporate culture is crucial to success

Viewed in a slightly longer perspective, there are a number of important reasons behind our success. One of the most significant is Carnegie's strategic market position, with its strong focus on the Nordic equities market.

During the year we have seen some of our competitors attempting to build a position similar to ours, and 2006 has been characterised by aggressive recruitment and expansion into new markets. It remains to be seen, however, whether any of them will succeed in taking a solid Nordic position. Setting such a strategy is not hard; implementing it is much tougher. One has to respect the fact that our type of business is about people and it takes a long time to create strong teams and an efficient way of working. Many result-oriented people with strong driving force work for us. People who all have the capacity to achieve a lot and for whom freedom coupled with responsibility is a major spur. As I see it, our strong corporate culture is crucial to the quality of what we deliver to our clients.

The CEO's comment



Carnegie's challenges 2007

The future capital markets will be characterised by increasing complexity, with even higher requirements from our clients. From our leading position, therefore, our focus will be on improving every detail in order to face the challenges that the future brings.

In Securities it is a matter of ensuring that our clients have the confidence to give us an ever greater share of their business. With increased competitiveness from the major international investment banks and with further regulatory changes expected in the sector, the quality of the products and services that we offer will be more important than ever. For example, a changed, more transparent pricing structure will make the differences in quality between different players, services and products clearer than at present. With the quality that we deliver

and with our client relations, Carnegie is well equipped for the future.

In Investment Banking it is largely about exploiting our good market position. As we move into 2007 the market conditions suggest a continued high level of activity within corporate transactions, involving public and non-public companies as well as cross-border transactions. The increased activity level will also mean that there will be no end to the fierce competition from international players for such business. To ensure it is executed successfully, however, knowledge and experience of Nordic transactions will still be crucial, which gives Carnegie a competitive advantage.

Looking ahead, we can also see that the underlying driving force in the capital market – savings – will increase further. The demand for increased savings is



“...freedom coupled with responsibility is an important part of our corporate culture”

driven by the demographic trend, life style changes and underfinancing of national pension systems. This will lead to even greater demands on individual financial planning. Naturally, this development is very positive for Carnegie. Our leading expertise within financial advice will become even more valuable as the market for long-term savings becomes increasingly complex.

The focus in Asset Management and Private Banking will therefore be on continually developing our offering such that we are able to take full advantage of the market's growth potential. In Asset Management we have in 2006 been able to continue to show a very good performance in our products and we are seeing continued demand for active asset management. One of our greatest challenges is to improve net inflows through increased sales and marketing efforts. In Private Banking the stable foundation has for long been our international

business and more recently our operations in Denmark and Sweden have become well established. Our premium offering is based on individual advice in an open architecture and our continued focus is now on expanding the depth and breadth of our client relations. The investments in Asset Management and Private Banking have in themselves created a very strong platform for continued growth as well as an exciting opportunity to develop additional businesses within Carnegie.

The acquisition of Max Matthiessen

As a logical consequence of this we are now taking an important step forward in the Swedish market with the acquisition of Max Matthiessen, Sweden's leading independent pension adviser. This acquisition is in line with our vision: to be world champions at what we do. This means that we operate only within areas in which



we are – or have the potential to be – a leading player. The acquisition of Max Matthiessen is a fast track to a leading position in the Swedish market for pensions and long-term savings.

Carnegie and Max Matthiessen have for some years had a successful co-operation which has shown great possibilities for continued development of our operations. We have a common view on client relations; the recipe for success is always to provide private clients with access to independent advice and the best products in the market, which can only be done in what is known as an open architecture. Together, with Max Matthiessen's strong market organisation and comprehensive knowledge of pension solutions and with Carnegie's sound expertise in financial advice, we will be able to offer a highly competitive concept in the Swedish market. We will be the obvious choice for

Swedish companies and their employees when it comes to pensions and long-term savings.

I am encouraged that our result 2006 and our solid financial position enables the Board to propose a dividend to our shareholders of SEK 10.50.

In 2007 we will do our utmost to continue to add value for our clients and for our shareholders. I am looking forward to leading Carnegie towards new successes.

Stockholm, February 2007

Stig Vilhelmson
CEO





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Our strategy

Careful choices have made us the world leader for the Nordic region

Daring to be selective – and to turn down certain options – is a fundamental part of Carnegie's strategy. We believe that a significant factor in our success is the fact that we have never compromised on our basic conviction that we must always be a leader in the areas in which we operate. It is our careful choices that have made us what we are today: the natural partner in the Nordic region for clients all over the world. This can also be summarised in our vision – to be world champions at what we do.

Our clients' first choice

If we are to achieve the leading position we desire, we must always be our clients' first choice. We can only achieve this by offering high-quality products and services to selected clients. Our brand is synonymous with quality and continuity and creates expectations of performance beyond the ordinary.

A culture with a pronounced business focus

In order to be able to live up to our clients' high requirements, one of our most important tasks is to tend and develop a corporate culture that attracts the

very best individuals. Our employees have chosen Carnegie just as much as we have chosen them. By offering freedom coupled with responsibility and a well designed incentive system, we attract individuals with a pronounced business focus who want to be part of a winning team.

Nordic orientation a strength in itself

What really makes Carnegie stand out from the crowd is our Nordic focus. In the mid-1990s, when many others chose to shift to a pan-European concept, we decided instead to strengthen our focus on the Nordic region. This decision was crucial in achieving the position we are in today: few have knowledge of the equities market and of commerce and industry in the Nordic region that can compare with Carnegie's.

Today, our Nordic focus has a different face in each of our business areas. In Securities it means that we market Nordic equities and provide research to institutional clients all over the world. In Investment Banking we are the market leader in corporate transactions involving at least one Nordic party and where IPOs and other capital market transactions are concerned

Carnegie's Nordic focus

Securities	Investment Banking	Asset Management	Private Banking
Nordic equities and research to institutional clients all over the world	At least one Nordic party primarily to Nordic clients	Global products primarily to Nordic clients	Comprehensive service in wealth management to Nordic clients around the world



we work exclusively with Nordic companies. In Asset Management we provide primarily Nordic clients with mainly global products. However, we also see that the proportion of international clients is increasing. In Private Banking we offer a comprehensive service in wealth management to Nordic private individuals irrespective of whereabouts in the world they live.

Independence is a cornerstone of our offering

Carnegie's position as the only independent investment bank with a Nordic orientation is important in our relations with banks, ownership coalitions and other stakeholders, and means we can guarantee impartial analysis and advice. It also makes our offering unique. This combination of knowledge and independence gives us the freedom to focus on the solutions that are optimal for our clients.

Profitability confirms we are on the right track

Carnegie has a history of high profitability and we are currently one of the most profitable investment banks in the Nordic region. Over the past year we have succeeded in benefiting from the leverage in our business model – we have increased income, while our cost base, excluding profit share, has remained relatively unchanged. The strong trend in profitability is a clear indication that our strategy and our choice of direction are correct.

OUR BUSINESS IDEA

Carnegie's business idea is to create added value for our clients through being the leading independent investment bank with a Nordic focus.

Securities aims to be number one in all of the Nordic markets through high-quality service to local and international investors with exposure to Nordic securities.

Investment Banking aims to maintain and develop its leading position as a specialist adviser in business transactions with a Nordic connection through close relationships with clients, expertise in advice and execution, and a thorough understanding of Nordic business and capital markets.

Asset Management aims to be the leading independent active asset manager in the Nordic region through a targeted and structured investment process and a product offering with high service content that is in line with our clients' needs.

Private Banking aims to achieve a leading position by offering dedicated personal service combined with the best product mix to prioritised private clients.

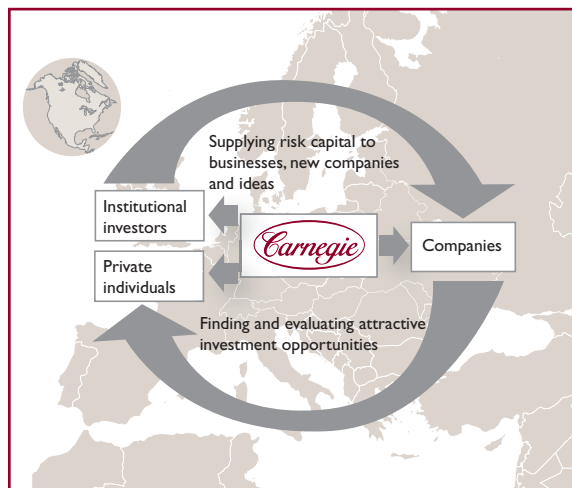
Our concept

We add value for our clients

The long-term trends and conditions in the financial sector are affected primarily by two driving forces: globalisation and demographic change. **Globalisation** is creating new business opportunities and challenges; it means that capital gravitates towards the best investment prospects regardless of geography. This is one of the driving forces behind corporate acquisitions and mergers across national borders. Globalisation is providing opportunities for diversified savings and has helped increase demand for savings products with a global orientation. **Demographic change** consists primarily of the fact that the proportion of older people in the western world's population is increasing, which combined with a lack of confidence in national pension systems is forcing individuals to take greater responsibility for their long-term savings. These trends indicate that the financial sector will continue to grow in the foreseeable future.

Securities and Investment Banking bring companies and investors together

The role of investment banks in an increasingly globalised capital market is to be a catalyst for the redistribution of risk capital. Carnegie's assignments extend



across a number of areas here. In **Securities** we offer qualified stock market research and brokerage services to institutional investors with Nordic equities in their portfolios and facilitate trading by creating liquidity. Our task is always to seek out the unique business proposition – the one which adds the most value for our client. Securities brings together Nordic companies and high quality investors all around the world.

In **Investment Banking** one of our tasks is to help Nordic organisations to efficiently acquire risk capital for continued expansion. By providing the management and boards of Nordic corporations with expert advice we contribute to the execution of successful capital market transactions such as IPOs and new share issues. Carnegie also offers specialist advice on mergers and acquisitions with a Nordic element, based on extensive experience of transactions and in-depth knowledge of Nordic commerce and industry as well as Nordic equities markets.

Asset Management and Private Banking create investment opportunities

Our Asset Management and Private Banking business areas develop products and services to meet the increas-



ing need for savings products and personal financial advice. In the **Asset Management** business area Carnegie has a clear, well-established investment style that makes us stand out from the crowd, we offer active management with focused portfolios and highly niched products. In the **Private Banking** business area we have one of the most advanced offerings on the market. Our decision to focus on high-networth individuals requires comprehensive and personal advice, based on an open architecture.

Our clients can expect a little more

The pressure of change in business and the global economy is continuing to intensify and our clients' investment decisions will become even more significant. Although our clients already have high expectations of us, we can see that their expectations will increase even more in the future. Our promise to our clients is that they can expect a little more. Carnegie will always provide them with the best-informed advice, the most sophisticated services and the products with the highest added value. Our knowledge combined with our independence gives us the freedom to always find the solutions that are optimal for our clients. And our Nordic specialisation strengthens us further in this ambition.

Corporate culture that focuses on results

Carnegie is a knowledge company in its most pronounced form, and we need to fully utilise our employees' talents and knowledge in order to perform at the level that our clients expect. Like our clients, we realise that the highest level of performance demands space for fresh ideas. Our flat, decentralised organisation with its guiding principle of freedom coupled with responsibility creates the best conditions for building close, long-term relationships with our clients.

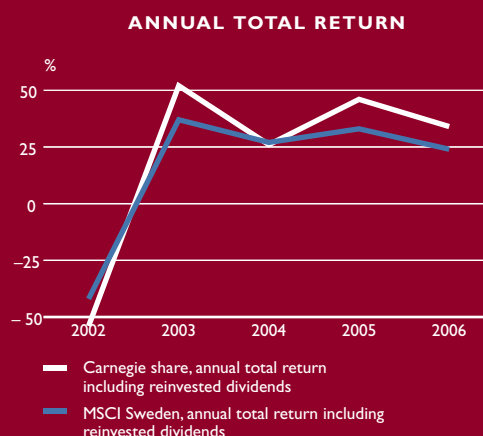
Our culture is characterised by goal-oriented employees with an entrepreneurial spirit and business focus. For them, the fact that their own work can affect our results is an important driving force. A competitive incentive system is therefore crucial to attracting and retaining the best individuals. It also provides opportunity to reward ideas, creativity and drive, and results in increased productivity and performance – which adds value for both clients and shareholders.

Our performance

Double-digit growth figures and a good return

Total return on the Carnegie share

Carnegie's dividend policy, combined with a positive share price development, have resulted in a good total return. The total return on the Carnegie share (i.e. share price development including reinvested dividends) for the last five years is 71 per cent, to be compared with 67 per cent for the MSCI Sweden Index including reinvested dividends for the same period.



As an investment, Carnegie involves exposure to the stock market with the opportunity for a good leverage effect. Together with an attractive dividend policy, this has meant a total return to shareholders far in excess of the average.

Double-digit growth

Carnegie's long-term growth potential is determined by the underlying forces driving increased savings and demand for more developed savings products. In a shorter perspective, Carnegie's growth is dependent on the development of turnover on the Nordic stock exchange, the activity in Nordic corporate transactions, inflows to equity-related fund products as well as demand for new investment products.

Our strong market positions and high quality products enabled us to benefit from the favourable market conditions in 2006 and total income increased by 27

per cent. The greatest increases in income were seen in Securities and Investment Banking, as a result of the strong equity markets and good trading conditions. Carnegie also demonstrated very good performance in Asset Management in 2006, which also was reflected in performance fees. In Private Banking we have continued to strengthen our client relations and broadened the offering.

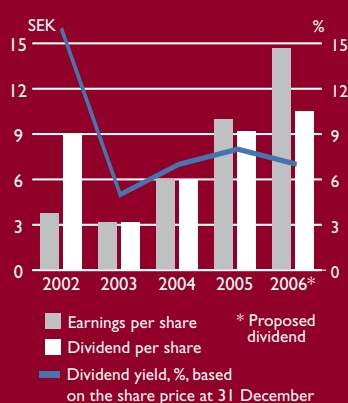
Continued strong profitability

Our result for 2006 was our best ever. While income increased by 27 per cent, profit after tax increased by more than 50 per cent to over SEK 1 billion. The strength of Carnegie's business model lies in the opportunity for leverage - in a growing market Carnegie can take on considerably more business volume without sharp increases in the cost base. For 2007 the management estimates that expenses before profit-share will



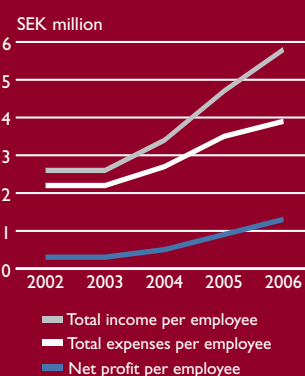
Earnings per share and dividend yield

Carnegie's dividend policy is based on distributing all capital that is not needed by the business to the shareholders. In recent years the dividend yield has ranged from 5 to 16 per cent.



Clear leverage effect

Over the last five years income per employee has more than doubled to SEK 5.8 million, while expenses per employee, including profit-share, have increased from SEK 2.2 million to SEK 3.9 million. The net profit has increased by over 400 per cent to SEK 1.3 million per employee in 2006.



be in the range SEK 2.0 to 2.1 billion, including the acquisition of Max Matthiessen.

As the profit-share system is based on a fixed formula of 50 per cent of the operating profit before profit-share, the leverage effect is significant also including total expenses. Over the last five years, net profit has increased by over 400 per cent to SEK 1.3 million per employee. The excellent return on equity for 2006 of 58 per cent reflects the good result, and the fact that the main part of Carnegie's income is generated from advisory fees and commissions.

We deliver dividends to our shareholders

Carnegie's dividend policy is based on distributing all capital that is not needed for future growth of the business. Five years ago, the markets were characterised by declining stock market turnover and corporate activity. During a period this meant that Carnegie distributed

more than 100 per cent of the net profit. Today we are experiencing growth in the market and new business opportunities. The dividend proposal from the Board of Directors is based on an assessment of the need for risk capital in the operations. The current business volume, including the acquisition of Max Matthiessen, requires a risk capital of around SEK 1.9 billion. The Board of Directors has also decided that the minimum level for capital adequacy should be 12 per cent in Basel II (minimum level in Basel II is 8 per cent). The Board's proposal to distribute SEK 10.50 per share leaves us well equipped for 2007 while at the same time delivering a dividend yield to our shareholders that exceeds the average for companies listed at the Nordic Exchange by a good margin.

Our challenges

Gathering strength within our growth areas

Carnegie is able to report very good profitability and we are stronger than ever. In Securities and Investment Banking, which are our two most mature business areas, in which we already have good market positions, our goal for 2007 is first and foremost to fine-tune operations to further strengthen our business. In Asset Management and Private Banking, which today account for 32 per cent of our income, there is substantially greater potential to increase the volume of business. The acquisition of Max Matthiessen is an additional way to benefit from the expertise that has been built up within Carnegie and to create growth.

In our assessment, therefore, the greatest growth in relative terms in the coming years will take place in Asset Management and Private Banking, as well as – where the Swedish business is concerned – in our new business area Max Matthiessen.

Carnegie's goals for 2007

In the **Securities** business area our ambition is to continue to strengthen existing client relations and thereby win a greater share of our clients' business. There remains relatively great potential in the international client segment, where we have grown substantially in recent years. Our ventures in Equity Finance and securities trading will be developed further in 2007.

In **Investment Banking** we will maintain and develop our leading position as a financial adviser in transactions with a Nordic connection. This position is based on close relationships with clients, industry and execution expertise, and a thorough understanding of Nordic business and capital markets.

In **Asset Management** our first priority is to maintain our strong focus on good value development

through active management and on continuing to supply top-ranked asset management products. For some time we have concentrated more on distribution, both in the Nordic region and internationally, and in 2006 we saw good results from these efforts. The aim is to further intensify this work in 2007 and thus broaden our institutional client base further. We also intend to continue to improve our distribution capacity by developing our collaboration with external suppliers.

Our product and service offering in the **Private Banking** business area is to be further developed and refined. By continuing to develop close client relations and attract new clients to Carnegie we will improve client volumes and the margin. Our aim is to be big enough to be able to provide the best service and the best products, but still small enough to allow personal and dedicated advice.

Through the acquisition of **Max Matthiessen** Carnegie will rapidly achieve a leading position within the growing market for personal pensions and long-term savings. The increasing need for savings will further drive demand for expert impartial advice, which together with an open architecture will be the key to success in the savings market of the future. Our aim is for Max Matthiessen to be the obvious choice for Swedish companies and their employees when it comes to pensions and long-term savings.

Development of other business opportunities

Around two years ago **Carnegie Fastigheter Sverige** was established, offering institutional investors exposure to real estate via indirect ownership. Here we provide a qualified investment product with a high annual direct yield reflecting the Swedish real estate market.

The acquisition capacity of around SEK 3 billion is expected to be fully utilised in the beginning of 2007. The aim going forward is to further increase our real estate exposure by establishing more investment products offered to different client and market segments.

Requirements for achieving our aims

One of the most important challenges that Carnegie faces is to recruit and retain the best individuals. This requires us to continue to build a corporate culture characterised by entrepreneurial spirit, business focus and good leadership which provides the best oppor-

tunities for personal and professional development. This also requires a competitive remuneration model in which profit-sharing is an important component. In order to further attract and retain the very best, the Board will also propose a long-term share programme to the AGM 2007.

We will relentlessly continue to develop Carnegie in accordance with the strategy on which our work has been based in recent years. Our overall aim is always to be the client's first choice and thus to be the leading player within the areas in which we operate.





Financial overview

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5-year financial overview

Income statement¹⁾

Group (SEK million)	2002	2003	2004	2005	2006
Securities	1,106	915	1,202	1,503	2,136
Investment Banking	467	368	511	733	885
Asset Management ²⁾	819	798	492	791	891
Private Banking	—	—	467	486	563
Total income³⁾	2,392	2,081	2,672	3,514	4,475
Personnel expenses	–902	–779	–883	–870	–952
Redundancy expenses	–92	–61	—	—	—
Other expenses	–789	–634	–705	–799	–708
Net provisions for credit losses	–3	1	1	–5	0
Total operating expenses excluding profit-share	–1,786	–1,472	–1,586	–1,674	–1,659
Operating profit before result from principal investments and profit-share	606	608	1,086	1,840	2,817
Result from principal investments ³⁾	9	–6	–21	0	—
Operating profit before profit-share	616	603	1,064	1,840	2,817
Allocation to profit-share system	–277	–287	–524	–909	–1,390
Total expenses	–2,063	–1,760	–2,111	–2,583	–3,048
Profit before taxes	339	315	540	931	1,427
Taxes	–89	–104	–139	–264	–414
Net profit	250	211	401	667	1,013

¹⁾ Key ratios have been restated for 2004 according to IFRS. Key ratios for 2002–2003 have not been restated due to the transition to IFRS. Should they have been restated, the impact would have been immaterial.

²⁾ Asset Management income includes income from business area Private Banking 2002–2003.

³⁾ Result from principal investments includes the result from from Carnegie's holding in Orc Software (2002–2003) and the result from other shares and participations. Total income as reported in the statutory income statement may thus differ from the information presented above.

Definitions

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

Earnings per share, fully diluted: Net profit for the period divided by the average number of shares, fully diluted, including the effect of issued warrants (see page 39). The net profit is divided by the total number of shares including the number of shares to be issued corresponding to the calculated value (at average share price) of issued warrants.

Book value per share: Shareholders' equity at period-end divided by total number of shares.

Share price: Share price (closing price) at year-end.

Pay-out ratio: Dividend per share as a percentage of earnings per share.

Total return: Share price at year-end plus paid dividend per share, compared to the share price at 1 January.

Dividend yield: Dividend per share as a percentage of the share price at year-end.

Price/earnings multiple: Share price divided by earnings per share.

Average number of shares: Total number of shares, including any new share issues, as a weighted average over the period.

Total number of shares, including the effect of issued warrants: Total number of shares including the number of shares to be issued corresponding to the calculated value (at average share price) of issued warrants.

Cost/income ratio: Total expenses, including allocation to profit-share, as a percentage of total income including principal investments.

Profit margin: Net profit as a percentage of total income including principal investments.

Return on equity: Net profit as a percentage of average shareholders' equity.

Total regulatory capital base: Tier 1 capital + Tier 2 capital.

Tier 1 capital: Shareholders' equity plus equity portion of untaxed reserves, minus goodwill, any proposed dividend, deferred tax assets, intangible fixed assets and any repurchased shares.

Tier 2 capital: Subordinated indebtedness, eligible up to 50% of Tier 1 capital.

Risk-weighted assets: Book value of assets valued in accordance with the capital adequacy rules of the Swedish FSA (Finansinspektionen).

Tier 1 ratio: Tier 1 capital as a percentage of riskweighted assets.

Capital adequacy ratio: Total regulatory capital base (Tier 1 + Tier 2 capital) as a percentage of riskweighted assets.

Number of employees, average: Aggregate number of paid working hours for all employees divided by a pre-defined number of working hours per employee for the entire period.

Number of employees, at period-end: Aggregate number of paid working hours for all employees divided by a pre-defined number of working hours per employee at period-end.

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

Operating data and key ratios

	2002	2003	2004	2005	2006
Earnings per share (SEK)	3.75	3.17	6.01	9.98	14.66
Earnings per share, fully diluted (SEK)	3.75	3.14	5.94	9.94	14.54
Book value per share (SEK)	24	17	20	25	31
Dividend per share (SEK)	8.93	3.16	5.93	9.19	10.50 ¹⁾
Share price (SEK)	56	71	86	117	148
Pay-out ratio, %	238	100	99	95	72
Total return incl. reinvested dividend, %	-54	52	26	46	34
Dividend yield, %	16	4	7	8	7
Price/earnings multiple	14.9	22.4	14.3	11.7	10.1
Average number of shares (000')	66,702	66,702	66,702	66,800	69,075
Number of shares at period-end (000')	66,702	66,702	66,702	67,730	69,525
Number of shares entitled to dividend (pro forma) (000')	66,702	66,702	66,702	69,040	71,361
Number of shares related to outstanding warrants (000')	2,400	4,800	7,200	3,772	1,977
Total number of shares, incl effect of issued warrants (000')	66,702	67,243	67,471	67,083	69,645
New shares issued in January 2007 (000')					1,836
New shares from proposed acquisition of MaxMatthiessen (000')					6,071
Total no of shares eligible for dividend at AGM 2007 (000')					77,433
Cost/income ratio, %	86	85	80	74	68
Income per employee, average (SEKm)	2.6	2.6	3.4	4.7	5.8
Profit margin, %	10	10	15	19	23
Return on equity, %	16	17	34	49	58
Total assets (SEKm)	12,444	14,618	22,839	30,859	41,588
Margin lending (SEKm)	2,820	3,120	6,612	4,428	8,403
Deposits and borrowing from general public (SEKm)	5,016	5,145	5,424	6,893	8,092
Total regulatory capital base (SEKm)	956	918	774	1,408	1,752
-Shareholders' equity	1,568	1,145	1,330	1,721	2,168
-Goodwill	-17	-17	-17	-8	-9
-Intangible fixed assets	-	-	-28	-20	-10
-Deferred tax assets	-	-	-115	-119	-124
-Dividends	-596	-211	-396	-634	-749 ¹⁾
Tier I capital	956	918	774	939	1,276
Tier II capital					
-Eligible part of subordinated loan (max 50% of Tier I capital)	-	-	-	469	476
Total risk-weighted asset (SEKm)	4,690	4,037	4,601	6,888	12,925
Risk-weighted assets (Credit risks)	3,214	2,710	3,274	4,745	7,970
Risk-weighted assets (Market risks)	1,476	1,327	1,327	2,143	4,955
Tier I Ratio, %	20.4	22.7	16.8 ²⁾	13.6	9.9
Capital adequacy, %	20.4	22.7	16.8 ²⁾	20.4	13.6
Number of employees, average	924	793	791	747	775
Number of employees, period-end	835	774	779	741	798
Period-end assets under management (SEK billion)	47	55	62	89	114

¹⁾ Proposed dividend excluding new shares from proposed acquisition of Max Matthiessen (including the acquisition the dividend amounts to SEK 813 million).

²⁾ New definition of regulatory capital from 2004.

The Carnegie Group 2006

Market

The Nordic equity markets finished on a high note, after the downturn in May, and Carnegie Nordic index was up 25 per cent in 2006, outperforming both Europe and the US. In the fourth quarter, Carnegie Nordic index rose as much as 14 per cent. The key drivers for the strong performance were better than expected earnings, continued low bond yields and increased M&A activity amid strong underlying local and global economic growth. Aggregate turnover on the Nordic stock exchanges in 2006 increased by 44 per cent compared to last year, mainly reflecting the strong activity especially in the Norwegian and Swedish stock markets.

Turnover development in the Nordic stock markets, 2006

Stockholm	48%
Helsinki	29%
Copenhagen	18%
Oslo	69%
Aggregate Nordic	44%

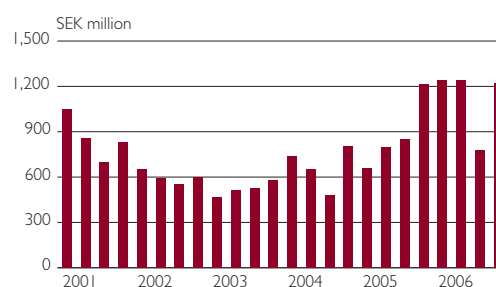
Nordic Mergers & Acquisitions, M&A, activity continued to break records, achieving a volume of USD 128 billion, an increase of some 19 per cent over 2005, the previous record year. The number of M&A transactions announced during the year was slightly more than 500. Transaction volumes in the Nordic Equity Capital Markets, ECM, showed a marginal increase from 2005, at USD 16.6 billion, the third successive year of relatively stable volumes. As with 2005, the Norwegian market was the most active, accounting for half of the 15 largest Nordic ECM transactions. The overall number of transactions, however, was down some 20 per cent, at just below 100. In 2006, according to statistics maintained by Thomson Financial Securities Data, 35 initial public offerings were completed in the Nordic region, with an aggregate value approaching USD 6 billion; again the Norwegian market was the most active, accounting for half of all transactions by volume and more than half by number.

Strengthened market position

Carnegie has during the year strengthened its market position as the leading independent investment bank in the Nordic region. Carnegie achieved the most pres-

tigious research ranking in Europe, 2007 All-Europe research award – Nordic category, conducted annually by Institutional Investor. In Prospera's ranking 2006 of Nordic equity houses, Carnegie was ranked number 1 in the targeted Tier 1 segment both on an overall Nordic basis as well as locally in Denmark and Sweden. Carnegie's market share of the Nordic commission pool was around 11 per cent in the Tier 1 segment for 2006 and 15 per cent in the Tier 2 segment. Adjusted for "Direct Market Access" trading, Carnegie's total Nordic institutional market share would be higher. Looking at Carnegie's total share of turnover in the Nordic stock market Carnegie was placed as number two with a total share of 6.6 per cent (7.1 per cent). In the Nordic M&A league table, Carnegie Investment Banking was ranked No. 7 (No. 10) by volume and No. 2 (No. 2) by number of transactions. In the Nordic ECM market, Carnegie achieved the No. 1 placing by volume for the second successive year and was ranked No.2 (No.1) by number of transactions. In the Nordic IPO market Carnegie was ranked No.2 (No.1) by volume and No.3 (No.2) by number of transactions. During the year Carnegie was awarded the Euromoney 2006 Awards for Excellence in 3 categories: Best Equity House, Nordic and Baltic Region, Best Equity House Norway and Best Equity House Sweden. In Asset Management, 95 per cent of Carnegie's total assets under management in rated equity funds held 4- or 5-star ratings. In addition to this, Carnegie Asset Management was also awarded a number of prizes for fund management. The fund European Equity was awarded best European fund manager by Fondmarknaden.se and Carnegie World Wide received, for the second consecutive year, the

TOTAL QUARTERLY INCOME



silver medal in its category by Morningstar and Dagens Industri. In the annual ranking by the business magazine Euromoney in January 2007, Carnegie was voted Best Overall Private Banking firm in Sweden.

Income – three record quarters in 2006

Total income in 2006 was SEK 4,475 million (SEK 3,514 million), an increase of 27 per cent from last year, due to strong income generation across the board. Three of four quarters in 2006 showed income better than ever. Business area Securities income in 2006 was SEK 2,136 million, up 42 per cent. After a very strong year, especially in Norway, Investment Banking generated income of SEK 885 million for the full year, which was 21 per cent higher than in 2005. Income in Asset Management increased by 13 per cent and amounted to SEK 891 million, of which performance fees accounted for SEK 221 million. Assets under management rose by 28 per cent to SEK 114 billion. Business area Private Banking's income was SEK 563 million, 16 per cent up compared to 2005.

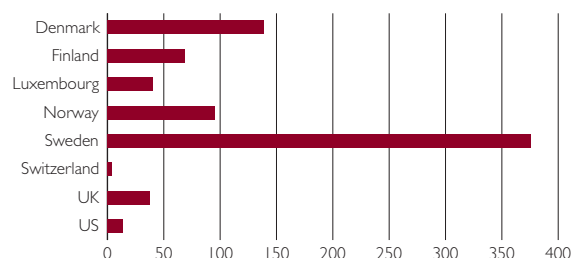
Total expenses and estimated cost base

Carnegie's cost base is mainly related to the number of employees. Total expenses before profit-share in 2006 were SEK 1,659 million (SEK 1,674 million), up 3 per cent from last year, excluding one-off expenses of SEK 64 million in 2005. Consequently, total expenses were below management's estimated cost range of SEK 1.7 to 1.8 billion. Personnel expenses increased by 9 per cent to SEK 952 million, while other expenses were down by 11 per cent to SEK 708 million. This reflects a general increase in personnel expenses and increased number of employees, and the effects of the consolidation of Capital C AB on 31 December 2005. Based on current market conditions, total expenses before profit-share (including the acquisition of Max Matthiessen) are expected to be in the range of SEK 2.0 to 2.1 billion in 2007.

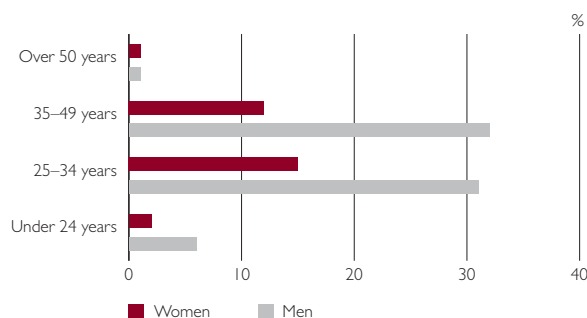
Profit-share allocation

Total compensation to employees is composed of a fixed part and a variable part. The fixed part consists of salaries and salary-based premium payments for pension insurance. The variable part is the profit-share

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY



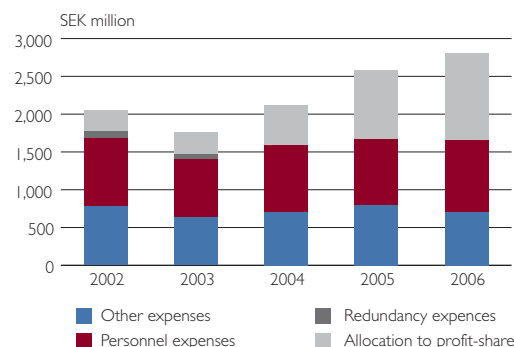
EMPLOYEES AGE STRUCTURE



YEARS OF EMPLOYMENT



COST STRUCTURE



allocation, following a fixed formula of 50 per cent of the Group's operating profit before profit-share after deduction of capital cost. The profit-share system is a key component for fast adjustment of the total expenses. Allocation to profit-share in 2006 was SEK 1,390 million (SEK 909 million).

Net profit and return on equity

Profit before taxes was SEK 1,427 million for 2006 and the net profit was SEK 1,013 million (SEK 667 million). Three of the four quarters in 2006 showed a record net profit for Carnegie as a listed company. Return on equity for the last 12-month-period was 58 per cent (49 per cent).

Carnegie and Max Matthiessen create the leading player in the market for pension and long-term savings in Sweden

On 12 January 2007 Carnegie announced the proposed acquisition of Max Matthiessen, Sweden's leading adviser in pension solutions. The acquisition is to be financed through a new share issue to be directed to the shareholders in Max Matthiessen maximised to 6,071,427 shares in Carnegie. The issue corresponds to a transaction value of SEK 856 million, based on the share price as of 10 January 2007. The maximum dilution will be 7.8 per cent of the total number of shares outstanding of 77,432,827. The new shares issued are eligible to receive dividends for the 2006 financial year and are also subject to a lock-in programme of 3 years.

Given approval by relevant authorities, the closing of the acquisition of Max Matthiessen is aimed at 20 March 2007.

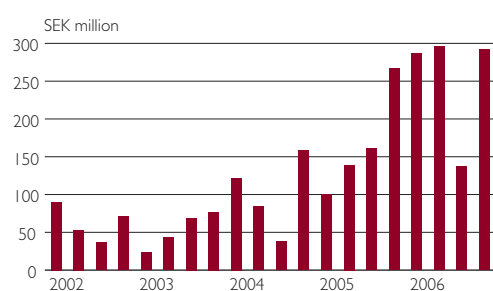
Carnegie's overall goal is to create longterm profitability by being the clients' first choice. The strategy is to operate in areas where Carnegie is, or has the potential to become, market leader. Carnegie's acquisition of Max Matthiessen is a fast track to a leading position in the growing pension and long-term savings market in Sweden. During the last ten years, the compound annual growth rate in the Swedish savings market (excluding real estate) has been 9 per cent, while the compound annual growth rate for pension-related savings has been 15 per cent¹⁾. The market is expected to demonstrate good long-term growth, due in part to the demographic changes and the structure of the national pension system. Max Matthiessen has a leading market position, in-depth knowledge of pensions, a high-quality client base and a powerful distribution organisation.

Together Carnegie and Max Matthiessen will create a unique offering for private clients and thereby become Sweden's leading independent advisor within pension insurance and long-term savings. The offering is based on Carnegie's knowledge of financial advisory and savings products and Max Matthiessen's expertise in pension advice, and includes tailored solutions based on asset allocation, mutual fund products, structured products and online services. The aim is to further strengthen the relations with Max Matthiessen's 148,000 existing clients (high-wage earners) and to take advantage of the growth potential which exists in the form of the additional 460,000 employees at Max Matthiessen's client companies.

The operations will be conducted under the Max Matthiessen brand and become a separate business area in Carnegie. Max Matthiessen will be consolidated into Carnegie's accounts with effect from 31 March 2007, which means that Max Matthiessen will be included in Carnegie's result for the last three quarters 2007.

Max Matthiessen's income for 2006 pro forma was SEK 516 million. Based on pro forma consolidation, the acquisition would have added SEK 91 million to Carnegie's profit before taxes 2006. The effect on earnings per share is expected to be neutral in 2007 and

QUARTERLY NET PROFIT



¹⁾ SEB Sparbarometern, Q3 2006.

Capital adequacy regulation according to Basel II

The new regulatory system for capital adequacy, Basel II, will be applied from 1 February 2007. There are several new elements included in the new regulatory framework, Basel II. The main structure in the new system consists of three so-called "pillars". Pillar 1 can be said to be the updated version of the previous system; this calculates the minimum capital requirements for credit and market risks and (something new) also for operating risks based upon explicit calculation rules. In pillar 2, risks are identified and risk management is met in a broader perspective and complements the capital requirements which are calculated within the framework of pillar 1. Pillar 3 deals with improved openness and transparency; how companies are to report (in a broad sense) their operations to the market and the general public.

Swedish securities firms must satisfy the legal requirements on capital adequacy and large exposures. The capital adequacy is monitored in relation to the risk of the businesses, i.e. the risk-weighted assets. Capital is divided into two main categories: primary capital (Tier 1) and supplementary capital (Tier 2). Tier 1 consists primarily of shareholders' equity, and Tier 2 capital also includes subordinated loans and preference shares, if any. The Tier 1 ratio measures the Tier 1 capital as a percentage of risk-weighted assets. The regulatory capital adequacy also includes the Tier 2 capital and the minimum regulatory requirement is 8.0 per cent. According to existing regulation, dated subordinated debt can be included in the total regulatory capital up to a maximum of 50 per cent of the Tier 1 capital.

2008, and positive in 2009, due to income synergies estimated to add another SEK 80 million to the profit before taxes.

Risk-weighted assets and capital adequacy at year-end according to Basel I

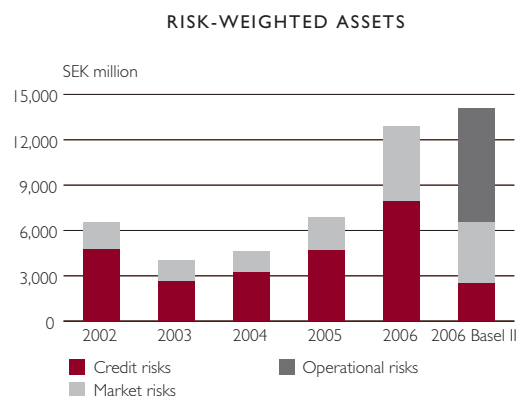
Risk-weighted assets, as defined by the financial authorities in Basel I, increased substantially during 2006 and more than doubled from the beginning of the year to SEK 12.9 billion. Both credit and market risks showed large increases in the fourth quarter. Credit risks increased by 67 per cent from the beginning of the year to SEK 8 billion, mainly due to increased lending in Private Banking. Market risks have increased by 131 per cent from the beginning of the year to SEK 4.9 billion, following the increased trading activity, both in foreign and domestic markets.

The total regulatory capital base at 31 December 2006 amounted to SEK 1,752 million, including Tier 1 capital of SEK 1,276 million and Tier 2 capital of SEK 476 million. The corresponding Tier 1 ratio was 9.9 per cent, and the capital adequacy ratio was 13.6 per cent.

Risk-weighted assets according to Basel II

In the new regulatory system for capital adequacy, which is applied from 1 February 2007, the definition of risk-weighted assets will change. The major effect for

Carnegie is that risk-weighted assets referring to credit risks decrease substantially, and that a new classification of risk-weighted assets regarding operational risk is included to the total risk-weighted assets. Carnegie estimates that, pro forma 31 December 2006, the credit risks would be reduced to SEK 2.5 billion, market risks would be SEK 4.1 billion and an additional SEK 6.7 billion for operational risks would be added, in total corresponding to risk-weighted assets according to Basel II of around SEK 13.2 billion. Including the effects from the acquisition of Max Matthiessen, risk-weighted assets would amount to SEK 14.1 billion.



Dividend policy and dividend proposal for 2006

Carnegie's dividend policy, established in connection with the listing 2001, stated that Carnegie shall distribute as dividend all excess capital exceeding a desired and appropriate capital adequacy. The Board of Directors takes into consideration factors as distributable funds, market conditions and other relevant capital requirements. The Board of Directors has discussed the dividend policy in light of the new rules for capital adequacy, effective from 1 February 2007. The overall policy remains, all excess capital not necessary for the development of the business shall be distributed to Carnegie's shareholders. Business requirements on risk capital are assessed through Carnegie's internal business planning process. According to pillar 2 of the Basel II regulation it is also a formal requirement to present to the local financial authorities an internal assessment of risk capital requirements. According to Carnegie's capital policy, the aim is to optimize the capital structure in terms of Tier 1 and Tier 2 capital. It is the Board's assessment that a CAD ratio of 12 per cent in the new regulatory environment is a minimum level (8 per cent is the regulatory requirement).

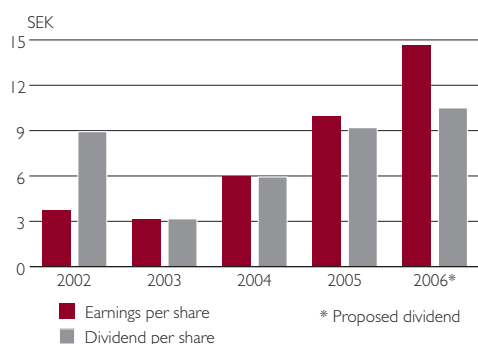
Carnegie's current business volume, including the effects from the acquisition of Max Matthiessen, is estimated to require a risk capital corre-

sponding to a regulatory capital base of approximately SEK 1.9 billion. Carnegie's Board of Directors proposes a dividend of SEK 10.50 per share, corresponding to a maximum dividend amount of SEK 813 million¹⁾ including the new share issue to Max Matthiessen's shareholders. Following the acquisition, the number of shares eligible for dividend at the AGM would amount to 77,432,827. The dividend proposal would imply a regulatory capital base of SEK 1.9 billion. The capital adequacy ratio at year-end, pro forma, according to Basel II²⁾ is estimated to 13.7 per cent, above the minimum level of 12 per cent decided by the Board.

Liquidity, financing and investments

Carnegie's principal need for liquidity is to support day-to-day operations, through secured and unsecured short-term funding. The majority of Carnegie's assets are marketable securities inventories (marked-to-market daily), margin lending and short-time deposits. As a consequence of this, Carnegie's working capital fluctuates significantly between the financial statement dates. In 2006, the change in working capital was SEK -1,484 million (SEK 5,253 million). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 1,098 million in 2006 (SEK 675 million). Capital expenditure in 2006 amounted to SEK 40 million (SEK 85 million).

EARNINGS PER SHARE AND DIVIDEND 2002–2006



¹⁾ The maximum dividend amount is SEK 813 million, of which SEK 64 million refers to the proposed new share issue of 6,071,427 shares in connection with the acquisition of Max Matthiessen.

²⁾ Based on the risk-weighted assets at year-end according to Basel II and including the effects of the acquisition of Max Matthiessen as well as the new share issue from exercised warrants, in total corresponding to risk-weighted assets of SEK 14.1 billion.



Securities

Continues to excel

- Record high Nordic stock market turnover
- Nordic No. 1 in Tier 1 segment
- Profit before taxes increased by 81 per cent

Business

The Securities business area offers research, brokerage, trading, equity capital markets and equity finance services to institutional investors. With strong positions in all Nordic markets, Carnegie is able to offer a comprehensive Nordic product to both domestic and international investors. Carnegie is also engaged in trading activities mainly in Nordic equities.

Products and services

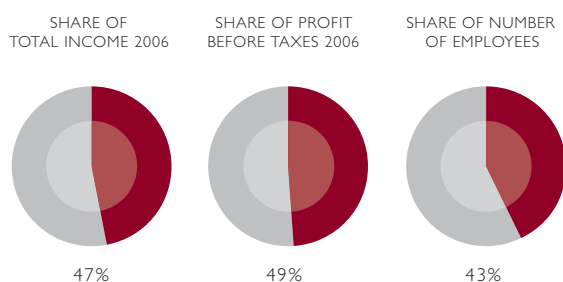
Equity research, new issue placements, corporate access, equity and equity derivatives brokerage (including warrants and freight derivatives) equity trading, fixed income sales and trading.

Clients

Nordic and international institutional investors.

Operations in

Denmark, Finland, Norway, Sweden, the UK and the US.



Market environment

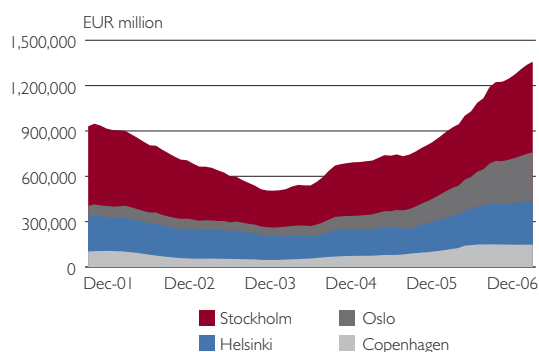
The Nordic equity markets finished 2006 on a high note, with the MSCI Nordic index up 20 per cent, outperforming both Europe and the US. The key drivers for the strong performance were better than expected earnings, low bond yields and increased M&A activity amid strong local and global economic growth. Aggregate equity turnover on the Nordic stock exchanges increased by 44 per cent in 2006 to record high EUR 1,350 billion. The Norwegian market showed the strongest increase and was up 69 per cent mainly due to high activity in corporate transactions.

Market position

Carnegie Securities provides value added high quality services to institutional investors. Carnegie's strong market position in Nordic securities is illustrated in market share statistics as well as in external and internal client surveys. The external ranking institutes carry out surveys based on quantitative data analysis or investor interviews based on qualitative methods. Internal client surveys are important tools in efforts to strengthen the client relationships and are carried out continuously. Altogether, the results from external and internal surveys in 2006 indicate that Carnegie's market position was strengthened in the Nordic market.

Carnegie's research team and institutional sales team have a strong network including more than 500 Nordic and international institutional investors. Carnegie achieved the most prestigious research ranking in Europe, Institutional Investor's 2007 All-Europe research

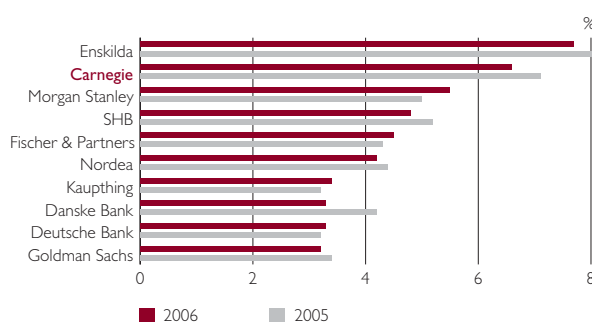
TURNOVER IN THE NORDIC STOCK MARKETS
ROLLING 12 MONTHS



award, in the Nordic category. In Prospera's ranking 2006 of Nordic equity houses, Carnegie was ranked number 1 in the targeted Tier 1 segment both on an overall Nordic basis as well as locally in Denmark and Sweden. In Sweden, Carnegie received its best Research result ever with a number 1 ranking in 10 out of 17 sec-

 <p>No. 1 in Sweden Equity research firm Periodic research Business ideas Cases Order execution Research speaking partner Research team</p> <p>2006</p>	 <p>No. 1 in Sweden Research team</p> <p>2006</p>
 <p>Nordic No. 1 Small Caps Research Small Caps – Sales Trading/Execution Corporate Access</p> <p>2006</p>	<p>Euromoney</p> <p>Nordic and Baltic region Sweden Norway</p> <p>Best Equity House</p> <p>2006</p>
 <p>No. 1 in Denmark Best to arrange roadshows/ investor meetings Best research of OMXC20 Best overall service</p> <p>2006</p>	 <p>No. 1 Nordic research team</p> <p>The 2007 all-Europe research team surveys</p>

SHARE OF TURNOVER IN THE NORDIC STOCK MARKETS



Carnegie is the second largest player in the Nordic stock market with a total share of turnover of 6.6 per cent (7.1 per cent).

tors. In the remaining 7 sectors Carnegie was ranked as number two. In Prospera's ranking in Finland Carnegie was ranked number 1 in the sectors for telecom equipment, IT and Steel and Metal. In addition to this, Carnegie was ranked top 3 in 11 sectors. The Danish Investor Relations Association annually rank Danish securities houses based on four different categories; Carnegie won three of these; Best to arrange roadshows/investor meetings, Best research of OMXC20 companies and Best overall service. Carnegie's market share of the Nordic commission pool was around 11 per cent in the Tier 1 segment for 2006 and 15 per cent in the Tier 2 segment¹⁾. Adjusted for "Direct Market Access" trading, Carnegie's total Nordic institutional market share would be higher. Looking at Carnegie's total share of turnover in the Nordic stock market Carnegie was placed as number two with a total share of 6.6 (7.1) per cent.

Carnegie Securities in 2006

Carnegie Securities offers high-quality research and brokerage services to institutional investors with Nordic securities in their portfolios. Carnegie's research team covers more than 300 Nordic companies as well as some relevant international peers. The market capitalisation of the companies covered by Carnegie's research team represents about 95 per cent of the total Nordic capitalisation. The Carnegie Movers concept, a selection of stock recommendations rated relative to the MSCI Nordic Index, continued to develop positively, up 26.6 per cent in 2006 outperforming the MSCI Nordic index by 6.2 percentage points. Also, our Swedish Small Cap core pick portfolio was up 48.7 per cent in 2006. These products have been highly appreciated among clients.

An important part of the client offering is providing access to company managements for institutional investors. In 2006, Carnegie arranged company roadshows comprising approximately 3,700 meetings between institutional investors and Nordic company managements. In addition, more than 130 client trips to the Nordic region were organised. Carnegie also provides opportunities for investors to meet company managements in annual seminars – the Carnegie Health Care, the Carnegie Nordic Small & Mid cap, the Carnegie Danish Large cap and the Transport seminars. In 2006, Carnegie also hosted focused seminars in Finnish Media, Danish Medtech as well as in Telecom and IT.

Carnegie's trading activities comprise market making and proprietary trading in Nordic equities and deriva-

¹⁾ Prospera Research 2007

Securities

Income statement, operating data and key ratios ¹⁾

(in SEK million)	2002	2003	2004	2005	2006
Net commission income	894	695	840	982	1,256
Underwriting fees	70	18	92	132	287
Net interest income ²⁾	150	95	75	61	90
Market making and proprietary trading	94	166	239	395	594
Net interest income from financial positions	-105	-70	-52	-66	-92
Other income from financial positions	2	10	1	-1	0
Net income from financial positions	-8	106	187	329	502
Other fees	0	0	8	0	0
Total income	1,106	915	1,202	1,503	2,136
Personnel expenses	-468	-319	-358	-376	-421
Redundancy expenses	-58	-25	-	-	-
Other expenses	-452	-262	-303	-349	-315
Net credit losses	-3	1	0	-5	-1
Total operating expenses excluding profit-share	-980	-606	-661	-730	-737
Business area operating profit before profit-share	126	309	541	773	1,400
Allocation to profit-share system	-57	-147	-267	-382	-691
Total operating expenses	-1,037	-753	-928	-1,112	-1,427
Business area profit before taxes	69	162	274	391	709
Cost/income ratio, %	94	82	77	74	67
Number of employees, average	470	322	320	313	336
Number of employees, period-end	402	318	314	317	349

¹⁾ Financial information has been restated for 2004 according to IFRS. Financial information for 2002–2003 has not been restated due to the transition to IFRS. Should it have been restated, the impact would have been immaterial.

²⁾ Includes interest expenses on subordinated loans, allocated in full to business area Securities.

tives. In 2006, Carnegie initiated trading in non-Nordic equities. Securities' objective in proprietary trading is to identify and exploit market opportunities mainly through short term positions under limited market risks. In Denmark, Carnegie also is active in fixed income trading. Through its large presence in the equity markets, trading contributes to creating liquidity and facilitates trading for clients.

The equity finance team creates tailor-made solutions for clients, often including stock-lending, repos and swaps, and continued to develop positively in 2006. In Sweden, Securities offers warrants and Carnegie's share of the local warrant market increased further to 18 per cent in 2006. In Norway, Carnegie became active in the freight derivatives market in 2006 and accounted for more than 15 per cent of the transaction volume at Imarex (The international Maritime Exchange).

Objectives 2007

Securities' ambition is to continue to strengthen existing client relations and thereby win a greater share of the clients' business. There remains relatively great potential in the international client segment, where

Securities' market share has grown substantially in recent years. Securities' ventures within Equity Finance, and securities trading will be further developed in 2007.

Strong leverage

Securities' total income in 2006 was SEK 2,136 million, up 42 per cent from 2005. Commission income was SEK 1,256 million, an increase of 28 per cent. Net commission generated from non-Nordic clients increased to 46 per cent of the total commission volume from institutional clients (compared to 25 per cent in 2001). ECM fees amounted to SEK 287 million, with the high activity in the Norwegian market having a major impact. Income from trading-related activities increased by 53 per cent to SEK 502 million (SEK 329 million), generated mainly in the equity trading and equity finance operations.

Total expenses before profit-share increased slightly to SEK 737 million (SEK 730 million) in 2006. Profit before taxes increased by 81 per cent from 2005 to SEK 709 million in 2006, reflecting the strong leverage in the business model.

Investment Banking

Capitalising on record market activity

- Record breaking Nordic M&A activity, stable Equity Capital Markets
- Carnegie receives 3 Euromoney 2006 Awards for Excellence
- Profit before taxes increased by 32 per cent

Business

Carnegie Investment Banking offers specialist advice and support in private and public Mergers & Acquisitions as well as in Equity Capital Markets transactions, and markets structured financial products. A long-established local presence in each market gives Carnegie a thorough understanding of Nordic business and stock markets as well as unparalleled access to key individuals and information flows.

Products and services

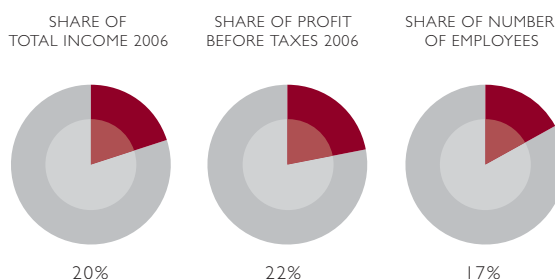
Specialist advice in private and public Mergers & Acquisitions, Equity Capital Markets transactions, such as initial public offerings, rights and directed new share issues, secondary offerings, buyback and redemption programmes, spin-offs and private placements, and structured financial products.

Clients

Predominantly companies and investors headquartered or residing in the Nordic region, and international companies and investors engaged in transactions involving the Nordic markets.

Operations in

Denmark, Finland, Norway and Sweden.



Market environment

Nordic Merger & Acquisitions, M&A, activity continued to break records, achieving a volume of USD 128 billion, an increase of some 19 per cent over 2005, the previous record year. Volume figures were bolstered in particular by the USD 32 billion announced merger of Hydro's oil and gas activities with Statoil. The number of M&A transactions announced during the year also managed to break the previous year's record, increasing marginally to more than 500 transactions.

Transaction volumes in the Nordic Equity Capital Markets, ECM, showed a marginal increase from 2005, at USD 16.6 billion, the third successive year of relatively stable volumes. As with 2005, the Norwegian market was the most active, accounting for half of the 15 largest Nordic ECM transactions. The overall number of transactions, however, was down some 20 per cent, at just below 100. In 2006, according to statistics maintained by Thomson Financial Securities Data, 35 initial public offerings were completed in the Nordic region, with an aggregate value approaching USD 6 billion; again the Norwegian market was the most active, accounting for half of all transactions by volume and more than half by number.

Market position

Carnegie's market position is illustrated in league tables showing transaction volumes and number of transactions. In the Nordic M&A league table, Carnegie was ranked No. 7 (No. 10) by volume and No. 2 (No. 2) by number of transactions. In the Nordic ECM market, Carnegie achieved the No. 1 placing by volume for the second successive year and was ranked No. 2 (No. 1) by number of transactions. In the Nordic IPO market Carnegie was ranked No. 2 (No. 1) by volume and No. 3 (No. 2) by number of transactions.

Carnegie Investment Banking in 2006

Investment Banking's main client focus is predominantly companies and investors headquartered or residing in the Nordic region, and international companies and investors engaged in transactions involving Nordic companies and Nordic markets. Carnegie Investment Banking combines corporate advisory

Nordic M&A transactions

Adviser	USD million	No
1. Morgan Stanley	56,819	14
2. Goldman Sachs	47,839	9
3. Lehman Brothers	41,071	7
4. SEB Enskilda	26,462	65
5. Deutsche Bank	15,825	16
6. Citigroup	14,460	18
7. Carnegie	13,970	44
8. JP Morgan	12,779	16
9. Credit Suisse	11,790	10
10. ABN AMRO	10,586	20

Nordic ECM transactions

Adviser	USD million	No
1. Carnegie	2,778	28
2. Pareto Securities	2,253	22
3. SEB Enskilda	1,944	30
4. Morgan Stanley	1,630	3
5. Danske Markets	1,464	3
6. UBS	995	4
7. Deutsche Bank	938	5
8. ABG Sundal Collier	720	8
9. DnB NOR	594	5
10. Handelsbanken	553	3

Nordic IPO ranked by volume

Adviser	USD million	No
1. SEB Enskilda	1,091	11
2. Carnegie	721	8
3. Pareto Securities	685	9
4. ABG Sundal Collier	665	5
5. UBS	577	2
6. Handelsbanken	542	2
7. Morgan Stanley	368	2
8. Lehman Brothers	265	1
8. Nordea	265	1
10. Danske Markets	201	2

Source: Thomson Financial Securities Data, Jan 2007

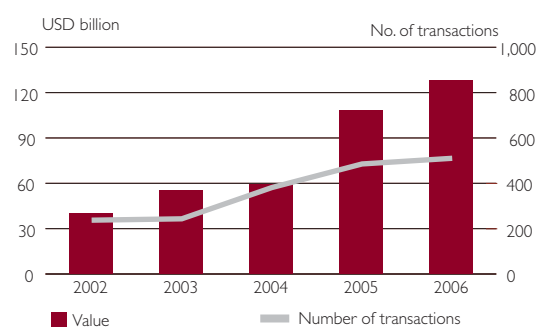
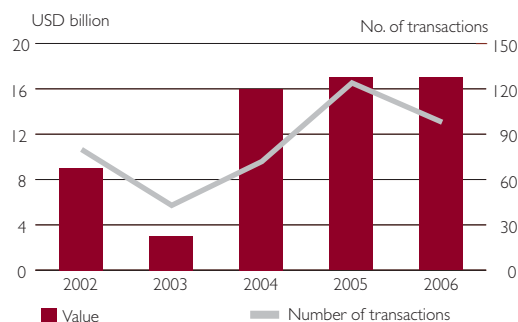
and execution skills with a profound understanding of Nordic industries and capital markets. A solid local presence and co-operation across borders permits access to key individuals and information flows, facilitating knowledge sharing and the leverage of ideas for transactions across the Nordic region.

In 2006, Investment Banking conducted 44 M&A transactions with a total value, where the transaction values were disclosed, of USD 14 billion.

Examples of public offers for stock exchange listed companies, in which Carnegie had an advisory role, include, in Sweden the SEK 39 billion offer by Investor and EQT for Gambro, as well as public offers by GE Healthcare for Biacore International, by the Swedish Post Office for Strålfors, and by Segulah for Närke Elektriska AB (NEA); examples in Norway include the public offers by Seadrill for Smedvig and by Pan Fish for Fjord Seafood, as well as the merger between Eltek and Nera.

Examples of privately negotiated M&A transactions include Pan Fish's (NO) acquisition of Marine Harvest International (NL) from Nutreco (NL), Aker Kvaerner's (NO) divestment of its Pulping and Power business to Metso (FI), Arla Foods' (SE) divestment of Frödinge (SE) to Rieber and Son (NO), Bure Equity's (SE) divestment of Carl Bro (DK) to Grontmij (NL), Camillo Eitzen's (NO) acquisition of Songa Shipholding (NO), Altor's (SE) acquisition of a majority shareholding in Dustin (SE), the divestment of IBI (DK) to Sjølsø Gruppen (DK) and PKC Group's (FI) acquisition of Electro Canada (CAN).

In the Nordic ECM market, Carnegie was adviser in 28 transactions, with a corresponding total transaction value of USD 2.8 billion, resulting in the No. 1 ranking by volume, for the second successive year, and No. 2 by number of transactions (No. 1). Companies for whom

NORDIC M&A VOLUME**NORDIC ECM VOLUME**

Investment Banking

Income statement, operating data and key ratios ¹⁾

(in SEK million)	2002	2003	2004	2005	2006
Underwriting fees	133	67	139	137	398
Advisory fees	340	281	363	556	468
Net income from financial positions	-6	21	8	40	19
Total income	467	368	511	733	885
Personnel expenses	-167	-146	-162	-156	-167
Redundancy expenses	-13	-16	-	-	-
Other expenses	-112	-104	-103	-111	-102
Total operating expenses excluding profit-share	-292	-266	-265	-267	-269
Business area operating profit before profit-share	175	102	246	467	616
Allocation to profit-share system	-79	-49	-122	-231	-304
Total operating expenses	-370	-315	-386	-497	-573
Business area profit before taxes	96	53	124	236	312
Cost/income ratio, %	79	85	76	68	65
Number of employees, average	173	148	139	127	128
Number of employees, period-end	161	141	141	124	132

¹⁾ Financial information has been restated for 2004 according to IFRS. Financial information for 2002–2003 has not been restated due to the transition to IFRS. Should it have been restated, the impact would have been immaterial.

Carnegie conducted share issues or in whose shares Carnegie arranged secondary placements include, in Norway, Aker Exploration, Aker Biomarine, Arrow Seismic, Frigstad Offshore, PA Resources, Pan Fish, Protector Forsikring, Seadrill and Songa Offshore, in Sweden KappAhl, Medivir, Oriflame, TradeDoubler and Unibet, and TK Development in Denmark.

In the Nordic initial public offerings league table Carnegie was ranked No. 2 (No. 1) by volume and No. 3 (No. 2) by number of transactions. Carnegie had a lead manager role in the following IPOs during the year: BW Offshore (NO), Biovitrum (SE), Clavis Pharma (NO), Eitzen Chemical (NO), FIM Corporation (FI), KappAhl (SE) and Petrojarl (NO), as well as a co-lead manager position in the IPO of BE Group (SE).

In July Carnegie was awarded Euromoney 2006 Awards for Excellence in 3 categories: Best Equity House, Nordic and Baltic Region, Best Equity House Norway and Best Equity House Sweden.

During 2006 Carnegie Structured Finance completed a total of 85 transactions, with a corresponding total value of SEK 5.5 billion. Instruments placed include volatility arbitrage notes, credit long/short strategy notes and CPI linked notes.

Objectives 2007

Investment Banking aims to maintain and develop its leading position as a financial adviser in transactions

with a Nordic connection. This position is based on close relationships with clients, industry and execution expertise, and a thorough understanding of Nordic business and capital markets.

Profit improvement 32 per cent

Investment Banking's total income for 2006 increased by 21 per cent Y/Y, to SEK 885 million (SEK 733 million). ECM fees accounted for 45 per cent of total income and were up 190 per cent Y/Y, mainly due to the high activity in the Norwegian market. Total expenses before profit-share for 2006 were SEK 269 million, marginally up from last year. The business area made a profit before taxes of SEK 312 million for the year (SEK 236 million), an improvement of 32 per cent.

Asset Management

Strong brand in active asset management

- Top-rating for 95 per cent of assets under management in equity funds
- Continued excellent performance and strong performance fees
- Profit before taxes increased 25 per cent to record level

Business

Business area Asset Management is a provider of top-class actively managed asset management products to institutional fund managers and to retail investors. Carnegie has been able to differentiate itself through a combination of strong performance history, based on a research-driven, structured and focused investment strategy, and highly professional client service.

Products and services

Discretionary asset management services, mutual fund products, structured fund-of-funds and other asset management services.

Clients

Institutional and retail investors, the latter mainly reached through external distribution channels.

Operations in

Denmark, Finland, Norway and Sweden.

Market environment

The favourable market conditions for equity products during the first part of 2006 were followed by the quick change to negative and volatile market conditions in the second quarter, resulting in fairly large outflows from equity oriented mutual funds in the market overall. In Sweden the net flow to equity funds was negative excluding additional subscriptions from the national pension system PPM, leading to net inflow of SEK 23 billion for the full year.

The trend towards increased demand for active asset management continued during 2006, which was favourable for Carnegie.

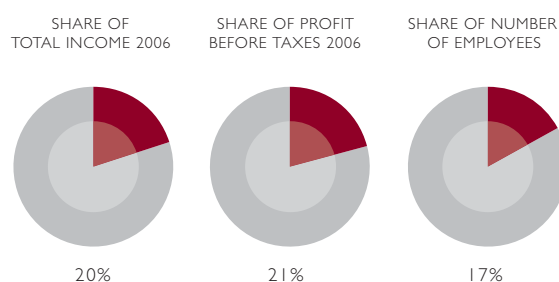
Products and distribution channels

Carnegie's product range includes discretionary asset management services, mutual fund products and managed and structured portfolios ("fund of funds"). The product range comprises products within equities and fixed income. At year-end 2006 about 80 per cent of the total assets under management were invested into equity-oriented products. During 2006 the product range was further developed, one example of that was the BRIC-fund, an equity-based fund with exposure to the world's most fast-growing markets Brasil, Russia, India and China with built-in support levels, is one example.

Income from mutual funds is generated from funds sold through Carnegie's organisation and also distributed through external networks (such as SkandiaLink and Max Matthiessen in Sweden, Fennia in Finland and Danske Bank in Denmark). The aim is to widen the distribution channels also outside the Nordic region, and at year-end, about 5 per cent of assets under management were assignments from international clients. Sales activities continued towards an international client base as well as towards domestic institutions, which resulted in an inflow and a migration towards higher-margin products as well as performance-fee related products.

Rating and product performance

The key to long-term success is to be able to offer products with superior performance. Overall perform-



ance in Carnegie's investment products continued to be very strong in 2006. Performance was better than benchmark index for over 94 per cent of the assets under management in equity funds.

The European fund was awarded the prize the best European fund manager by "Fondmarknaden.se" and the Global fund got the silver medal for 2006 in its category by Morningstar and Dagens Industri for the second consecutive year. The largest products, Carnegie WorldWide in Denmark and Luxembourg, outperformed their indices by 7.3 and 5.2 percentage points respectively in 2006. The World Wide fund has also been awarded the Lipper Fund Awards 2007 for best global equity fund over ten years. The Biotechnology fund had an astonishing relative performance of + 41.4 per cent for the full year, and was one of the best performing funds in the world in its category.

In terms of external rating, over 95 per cent of Carnegie's total assets under management in rated equity funds held 4- or 5-star ratings at 31 December 2006.

Assets under management

Assets under management (AUM) include discretionary managed portfolios and mutual funds, and amounted to SEK 114 billion at 31 December 2006, an increase of SEK 26 billion from the beginning of the year. The AUM increase comes from a strong net inflow of SEK 19 billion (of which a large part was generated in December), and an increase in asset values of SEK 7 billion.

The AUM figure has been restated during 2006 to sort out an overlap with Private Banking with respect to discretionary mandates, and Real Estate holdings in Sweden. The restated year-end 2005 AUM figure is consequently SEK 89 billion, to be compared to the earlier reported year-end figure of SEK 92 billion. About SEK 6.5 billion of AUM represents advisory mandates relating to discretionary assignments and fund products for Private Banking clients.

Objectives for 2007

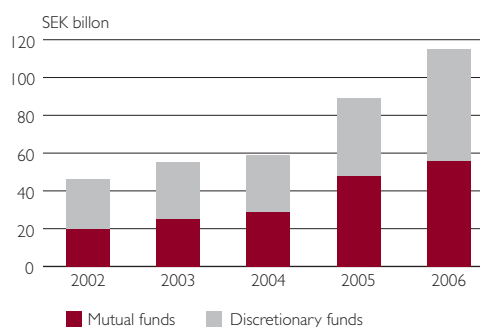
Top priorities for 2007 are to keep the performance culture in the organisation and continue to deliver top-ranked, high-quality investment products, as well as to broaden the client base through increased efforts on sales and marketing and improve the distribution capacity in the Nordic countries and in international networks.

Over 95 per cent of AUM in rated equity funds hold a 4- or 5-star rating

A selection of rated equity funds	Fund rating	AUM SEK bn
Carnegie WorldWide (Lux)	★★★★★	11.2
Carnegie WorldWide (Den)	★★★★★	8.3
Carnegie Global Healthcare	★★★★★	2.0
Carnegie European Equities (Lux)	★★★★★	2.6
Carnegie Norway	★★★★★	3.0
Carnegie WorldWide Europe (Den)	★★★★★	0.8
Carnegie Medical	★★★★★	4.0
Carnegie Small Cap	★★★★★	3.3
Carnegie East European (Lux)	★★★★★	0.8
Other rated equity funds	★★★★★	3.2
Subtotal, AUM in equity funds rated 4 or 5*		39.5
AUM rated < 4		2.1
Total AUM in rated equity funds		41.6

* AUM in funds holding a rating 4 or 5 in any of the Morningstar, W-rating or Fundrating systems in January 2007. Five stars is the maximum rating.

ASSETS UNDER MANAGEMENT



Around 94 per cent of AUM in rated equity funds outperformed their benchmark indices in 2006

A selection of rated equity funds	Fund performance	Index	Relative performance	Share of AUM in rated equity funds
Carnegie WorldWide (Lux)	25.2%	18.0%	7.3%	27%
Carnegie WorldWide (Den)	12.6%	7.3%	5.2%	20%
Carnegie Medical	1.7%	-3.0%	4.7%	10%
Carnegie Small Cap	35.5%	34.0%	1.5%	8%
Carnegie Norway	35.9%	33.0%	2.9%	7%
Carnegie East European (Den)	29.0%	27.5%	1.6%	6%
Carnegie Global Healthcare	9.6%	-0.8%	10.5%	5%
Carnegie European Equities (Lux)	21.6%	16.5%	5.1%	6%

Asset Management

Income statement, operating data and key ratios ¹⁾

(in SEK million)	2004	2005	2006
Income from mutual funds excl performance fees	349	401	518
Performance fees from mutual funds	17	209	150
Total income from mutual funds	366	610	668
Income from discretionary asset management funds excl performance fees	91	103	125
Performance fees from discretionary asset management	18	59	71
Total income from discretionary asset management	109	162	196
Advisory fees	17	20	26
Total income	492	791	891
Personnel expenses	-156	-165	-173
Other expenses	-132	-162	-139
Total operating expenses excluding profit-share	-288	-327	-312
Business area operating profit before profit-share	203	464	579
Allocation to profit-share system	-99	-229	-286
Total operating expenses	-387	-556	-597
Business area profit before taxes	105	235	293
Cost/income ratio, %	79	70	67
Assets under management at period end (SEK billion)	62	89	114
–whereof mutual funds	29	48	56
–whereof discretionary funds	33	41	59
Number of employees, average	133	135	134
Number of employees, period-end	132	133	137

¹⁾ Financial information for 2004 has been restated according to IFRS. The split of business area Asset Management & Private Banking into two separate business areas was initiated during the second half of 2004. Financial information for the full year 2004 is based on a pro forma calculation.

Record result from excellent performance

Total income in Asset Management in 2006 was SEK 891 million (SEK 791 million), an increase of 13 per cent, reflecting the increase in assets under management of 29 per cent. The underlying growth in total income, excluding performance fees, was 28 per cent.

Income from mutual fund products was up 10 per cent to SEK 668 million (SEK 610 million), corresponding to an increase of AUM in mutual funds of 16 per cent from the beginning of the year. Fund products distributed through third parties generate a net fee after distribution costs. Income from discretionary mandates was SEK 196 million (SEK 162 million), an increase of 21 per cent corresponding to an increased AUM in discretionary funds of 43 per cent, reflecting that a large part of the inflow was generated in late December.

Other income of SEK 26 million (SEK 20 million) was mainly generated from asset management advisory services.

Share of AUM in performance fee-structures

Over the last two years, volatility in asset management income has increased due to a larger share of AUM in performance-related fee structures. The share has increased from around 12 per cent in 2004 to about 22 per cent of total assets under management (discretionary mandates as well as mutual funds) at 31 December 2006. Some of the performance fees are realised and accounted for at year-end and some on a quarterly basis, according to the terms of the client agreements. In 2006, total performance fees amounted to SEK 221 million (SEK 268 million), of which SEK 171 million (SEK 186 million) in the fourth quarter.

Expenses and profit before taxes

Total expenses before profit-share for 2006 was SEK 312 million (SEK 327 million), a decrease of 5 per cent from 2005, and the profit before taxes improved by 25 per cent from the previous year to a record result of SEK 293 million (SEK 235 million).

Private Banking

Increased profitability

- High level of activity in the private banking market
- Broader product and service offering, resulting in improved market position
- Net profit up 64 per cent

Business

Carnegie Private Banking is a premium brand in wealth management, offering independent financial advice in an open architecture to high-net-worth individuals. As an independent adviser, Carnegie Private Banking can offer superior in-house and external products and services.

Products and services

Complete private banking services include asset management products, brokerage services, legal advice, insurance services and banking services.

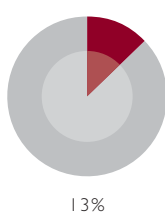
Clients

High-net-worth individuals in the Nordic region, or those with a Nordic background living abroad, foundations and family-owned businesses.

Operations in

Denmark, Luxembourg, Sweden and Switzerland.

SHARE OF
TOTAL INCOME 2006



SHARE OF PROFIT
BEFORE TAXES 2006



SHARE OF NUMBER
OF EMPLOYEES



Market environment

The year 2006 was generally a strong year for Nordic stock markets. Following a period of uncertainty during the summer, there was a strong pick-up in the second half of the year which led to increased volumes and a higher level of activity in the private banking market. The private banking market is still characterised by increasing competition, both from domestic and international players.

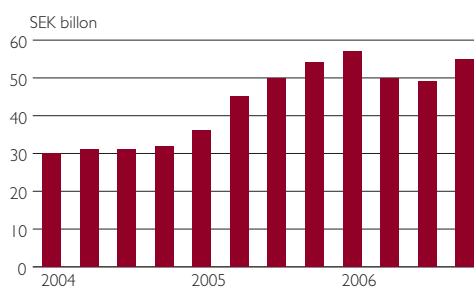
Market position

Carnegie Private Banking strengthened its positions further in 2006, and was voted best overall private banking firm in Sweden and No. 4 in the Nordic region by business magazine Euromoney. In Sweden, Carnegie also took the top spot in a number of subcategories, such as 'best in serving clients with a fortune of >USD 1 million', 'best in equity management' and 'best supplier to entrepreneurs'.

Client volume

The Private Banking client volume represents the gross value of all client accounts, including discretionary and advisory accounts, as well as all types of securities, mutual funds, deposits and lending. The Private Banking client volume amounted to SEK 55 billion at 31 December 2006, an increase of SEK 1 billion from the beginning of the year. The net flow for 2006 included a reclassification of SEK 4 billion from Private Banking to business area Securities. About SEK 6.5 billion of the

CLIENT VOLUME



Private Banking

Income statement, operating data and key ratios ¹⁾ (in SEK million)

	2004	2005	2006
Total income	467	486	563
Personnel expenses	-207	-174	-191
Other expenses	-166	-177	-152
Net provisions for credit losses	1	-	1
Total operating expenses excluding profit-share	-372	-350	-341
Business area operating profit before profit-share	95	136	222
Allocation to profit-share system	-47	-67	-109
Total operating expenses	-419	-417	-451
Business area profit before taxes	48	69	112
Cost/income ratio, %	90	86	80
Client volume, SEK billion	31	54	55
Number of employees, average	200	171	177
Number of employees, period-end	192	168	180

¹⁾ Financial information for 2004 has been restated according to IFRS. The split of business area Asset Management & Private banking into two new business areas was initiated in the second half of 2004. Financial information for the full year 2004 is based on a pro forma calculation.

client volume relates to discretionary assignments, for which Asset Management has advisory mandates, and is also included in assets under management as presented by business area Asset Management.

Clients and products

Carnegie's Private Banking services were established in Banque Carnegie Luxembourg over 10 years ago. Today, the Private Banking operations also comprise offices in Denmark, Sweden and Switzerland. Carnegie Private Banking offers a personalised service based on a solid understanding of the client's individual risk profile and financial objectives, which is why the number of clients is limited. During 2006, the client offering was broadened by a number of specialised products, such as the Carnegie Private Equity Fund as well as a number of tailor made structured products.

Objectives 2007

Private Banking aims to develop and refine the product and service offering. Continuing to develop close relations with existing clients and attracting new ones to Carnegie will improve client volumes and the margin. Carnegie Private Banking aims to be big enough to provide the best service and best products, but small enough to offer personalised, dedicated advice.

Increased profitability

Private Banking income is generated as fees from discretionary asset management and mutual fund management, brokerage commission from advisory accounts, sales provision from different kinds of securities and mutual funds, interest net from lending and deposits and advisory fees from legal and insurance advice. Total income in 2006 was up 16 per cent on the previous year to SEK 563 million (SEK 486 million).

Total expenses before profit share were SEK 341 million, a decline of 3 percent Y/Y. Profitability increased substantially and profit before taxes in 2006 was SEK 112 million, an increase of 64 per cent.

Share information and ownership structure

Share capital

At 31 December 2006, the share capital of Carnegie amounted to SEK 139,050,140 distributed among 69,525,070 shares. In January 2007, another 1,836,330 shares were issued in accordance with Carnegie's 2004/2007 warrant programme, increasing the share

capital by SEK 3,672,660 to SEK 142,722,800 and the number of shares outstanding to 71,361,400. The Carnegie share was listed on the O-list at Stockholmsbörsen in June 2001 and is since October 2006 traded at the large cap list at The Nordic Exchange OMX.

Key ratios	2002	2003	2004	2005	2006
Earnings per share, SEK	3.75	3.17	6.01	9.98	14.66
Earnings per share, fully diluted, SEK	3.75	3.14	5.94	9.94	14.54
Book value per share, SEK	24	17	20	25	31
Dividend per share, SEK	8.93	3.16	5.93	9.19	10.50 ¹⁾
Share price 31 December, SEK	56	71	86	117	148
Price/earnings multiple	14.9	22.4	14.3	11.7	10.1
Price/book multiple	2.4	4.1	4.3	4.6	4.8
Number of shares at period-end, 000'	66,702	66,702	66,702	67,730	69,525
Average number of shares, 000'	66,702	66,702	66,702	66,800	69,075
Number of shares entitled to dividend (pro forma), 000'	66,702	66,702	66,702	69,040	71,361
Number of shares related to outstanding warrants, 000'	2,400	4,800	7,200	3,772	1,977
Total number of shares, incl. effect of issued warrants, 000'	66,702	67,243	67,471	67,083	69,645
New shares issued in January 2007, 000'					1,836
New shares from proposed acquisition of MaxMatthiessen, 000'					6,071
Total no of shares eligible for dividend at AGM 2007, 000'					77,433
Total return, including reinvested dividend, %	-54	52	26	46	34
Total return, MSCI Sweden, %	-42	37	27	33	24
Dividend yield, %	16	4	7	8	7

¹⁾ Proposed dividend

Ownership structure

In April 2006, Carnegie's major shareholder Landsbanki Islands divested its entire holding in Carnegie and at 31 December 2006 Barclays Global Investors

was the major individual owner in Carnegie with 5.1 per cent of votes and capital.

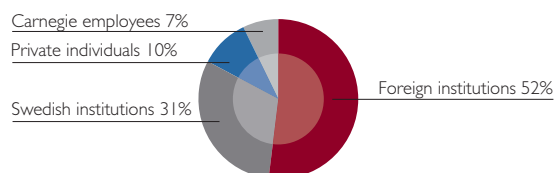
Ownership structure 31 December 2006	No of	No of	Votes and	Market value
Number of shares	shareholders	shares	capital, %	SEK
1-500	4,515	910,448	1.3	134,746,304
501-1,000	1,139	1,011,641	1.5	149,722,868
1,001-5,000	1,055	2,639,794	3.8	390,689,512
5,001-10,000	218	1,683,100	2.4	249,098,800
10,001-20,000	119	1,743,681	2.5	258,064,788
20,001-50,000	119	4,051,025	5.8	599,551,700
50,001-	186	57,485,381	82.7	8,507,836,388
Total	7,351	69,525,070	100.0	10,289,710,360

Larger shareholders, 31 December 2006	No of shares	Votes and capital, %
Carnegie employees ¹⁾	5,063,418	7.3
Barclays Global Investors	3,523,842	5.1
Swedbank Robur Funds	3,252,786	4.7
Franklin-Templeton Funds	2,204,015	3.2
SHB/SPP funds	1,839,845	2.6
Catella funds	1,705,500	2.5
Nordea funds	1,606,499	2.3
Second Swedish National Pensionfund	1,317,036	1.9
Abu Dhabi Investment	983,025	1.4
Skandia Liv	956,400	1.4
Danske Capital	942,750	1.4
SEB funds	872,058	1.3
Tanglin fund	800,000	1.2
First Swedish National Pensionfund	768,500	1.1
Carnegie Personal AB ²⁾	300,000	0.4
Sub-total	26,368,174	38.2
Other	43,156,896	61.8
Total	69,525,070	100.0

¹⁾ Shares held by employees are individual holdings. Group management: Lars Bjerrek, Peter Bäärnhielm, Jim Cirenza, Niklas Ekvall, Matti Kinnunen, Mats-Olof Ljungkvist, and Stig Vilhelmson represent a total of 880,000 shares, corresponding to 1.3 per cent of the shares outstanding, included in the total employee shareholding.

²⁾ Net position.

VOTES AND CAPITAL, 31 DECEMBER 2006



TOTAL RETURN CARNEGIE AND MSCI SWEDEN

(share price development including reinvested dividend)



■ D Carnegie & Co
■ MSCI Sweden

Employee shareholding and employees' trading rules

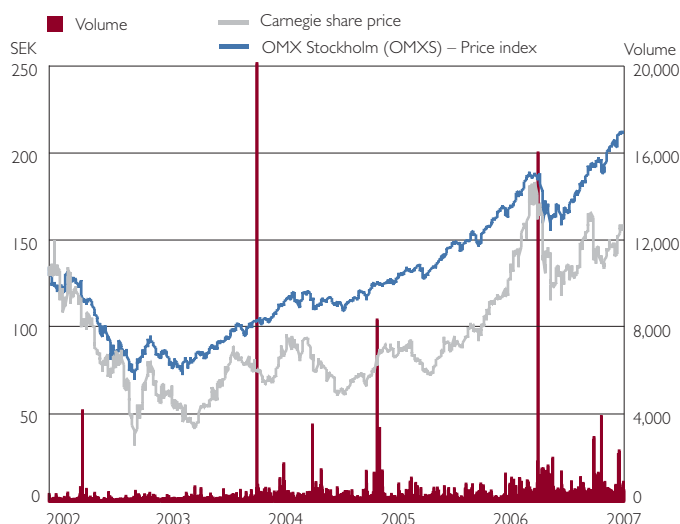
Total shareholding by employees is estimated at 7.3 per cent of the total number of shares outstanding at 31 December 2006.

Employees in Carnegie have to comply with external and internal rules for trading. Employee trading in the Carnegie share is only allowed during open periods, starting the day after the announcement of an interim report and closing the day before the first day of the reporting month.

Open periods in 2007, all dates inclusive:

12 January (5.30 pm CET) – 28 February, 2007
25 April – 31 May, 2007
19 July – 31 August, 2007
25 October – 30 November, 2007

SHARE PRICE, 1 JAN 2002 – 31 JAN 2007



Share information

Market cap 31 December 2006, SEKm	10,255
Share price 31 December 2006, SEK	147.5
Share price 31 December 2005, SEK	117
Share price at the IPO, SEK	115
Year high 2006, SEK	188.0
Year low 2006, SEK	115.0
All time high, SEK	188.0
All time high date	25 April 2006

Listing:

OMX The Nordic stock exchange, large cap, financials
Code: SE0000798829
Listed since: 2001-06-01
Trading lot: 100 shares
Symbol: CAR

Warrant programmes

At 1 January 2006 there were two warrant programmes outstanding, distributed to Carnegie employees in 2003 (2003/2006 programme) and 2004 (2004/2007 programme). During the year, the 2003/2006 programme was exercised in full at the exercise price of SEK 72, which has increased the total equity by SEK 173 million in total.

At 31 December 2006 there was one warrant programme outstanding, comprising 2.4 million warrants distributed to Carnegie employees in 2004. At year-end, 423,470 of these warrants had been exercised. In January 2007, another 1,836,330 warrants in the same programme were exercised at SEK 101 per share, adding SEK 185 million to equity. According to the terms and conditions of the warrant programme, the remaining 140,200 warrants may not be exercised from 15 January

up until the AGM 29 March. Thus, the remaining warrants will not be exercised to receive shares eligible for dividend for 2006.

All outstanding warrant programmes were granted before 7 November 2002, or granted after this date but fully vested before 1 January 2005. Accordingly, IFRS 2 is not applicable regarding the accounting requirements, but the disclosure requirements apply.

The aggregate dilution effect in terms of profit per share is calculated in accordance with IAS 33. The net profit is divided by the total number of shares including the number of shares to be issued corresponding to the calculated value (at average share price) of issued warrants. The aggregate dilution effect in terms of profit per share of the remaining issued warrants is 1 per cent, based on the average share price.

Warrant programme	No. of warrants	Of which exercised as per 31 Dec 2006	Exercise price ¹⁾ (SEK)	Subscription period	No. of warrants outstanding at 31 December 2006	Increased equity if fully utilised (SEKm)	Corresponding share of capital
2002/2005	2,400,000	0	158	1 Apr 2003–27 Apr 2005	Expired	–	–
2003/2006	2,400,000	2,400,000	72	1 Apr 2004–27 Apr 2006	Expired	173	3.4%
2004/2007	2,400,000	423,470	101	1 Apr 2005–27 Apr 2007	1,976,530 ²⁾	242	3.3%

¹⁾ The exercise price was set at 120% of the average share price the week after the publication of the year-end report.

²⁾ In January 2007, 1,836,330 warrants were exercised.

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Investor Relations objective

Carnegie's objective is long-term profitability through being the clients' first choice, which will bring value to shareholders. Investor Relations will support this by providing adequate information and keeping an open and continuous dialogue with investors, analysts and news media, and thus avoid unnecessary volatility in the share price.



Hugo Andersen

Niclas Gabrán



Fields Wicker-Miurin

Board of Directors

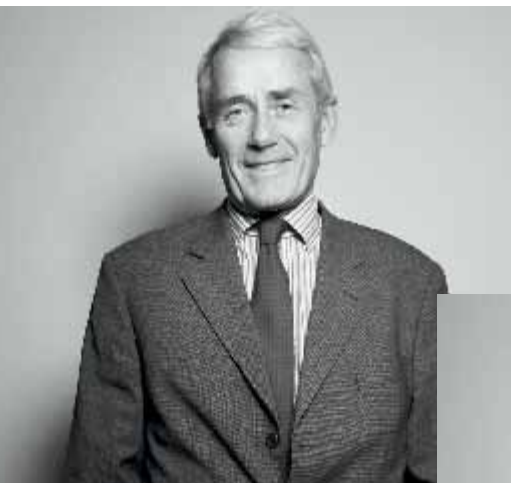
Hugo Andersen, Director: Born 1946. Board member since 2004. Mr Andersen has served in many leading roles in the Nordic financial and insurance sector: Until his retirement in 2003 he was CEO of Tryg Vestas Group for two years, having been managing director of Tryg-Baltica from 1997 and of Unibank/Nordea companies in Denmark from 1999. In 1989–1997, he was managing director at Nykredit and before that he held several positions in various Danish banks with special focus on investment management and investment banking. Hugo Andersen is a board member of The Employees' Capital Fund (Lønmodtagernes Dyrtdsfond), and a number of other board positions, and chairman of the board of Simon F Hartmann's Family Fund. He holds an MSc in economics. No. of shares in Carnegie: 5,000. No warrants.

Niclas Gabrán, Director: Born 1967. Board member since 2005. Niclas Gabrán has extensive experience from international investment banking and from 1999 to 2005 he was a partner of Soros Private Equity Partners Limited in London. From 1992 to 1999 Niclas Gabrán held various positions within Goldman Sachs, mainly in Mergers & Acquisitions but also in Principal Investments. In 1998–1999, Gabrán was Business Unit Manager and Executive Director at Goldman Sachs in Frankfurt. Since April 2005, Niclas Gabrán is Managing Director of TowerBrook Capital Partners (UK) LLP in London. He

is member of the Board of PolymerLatex GmbH (2003–). He has a MSc from the Helsinki University of Technology as well as a MSc from the Swedish School of Economics and Business Administration in Finland. Niclas Gabrán holds no Carnegie shares or warrants.

Anders Ljungh, Director: Born 1942. Board member since 2001. Mr Ljungh has in-depth knowledge and experience from the financial industry and particularly from investment banking services, internationally as well as in the Nordic markets. Until 2000, he served as senior adviser to Morgan Stanley Dean Witter. Between 1991 and 1994, he was CFO of the European Bank for Reconstruction and Development. He previously worked as head of Svenska Handelsbanken International in Stockholm and for the World Bank. Mr Ljungh holds a PhD from the Royal Institute of Technology, Stockholm. He is chairman of HiQ, Living Capital Management Ltd and Reformed Spirits Ltd. No. of shares in Carnegie: 2,000. No warrants.

Dag Sehlin, Director: Born 1945. Board member since 2004. Mr Sehlin has extensive experience from leading positions in the Swedish financial sector: Since 1997 he has worked as a consultant and in 1992–97 he was chief financial officer and deputy chief executive officer at Posten AB (the Swedish Postal Services Group including PostGiro Bank). In 1986–92 he was executive vice president



Anders Ljungh



Christer Zetterberg



Dag Sehlin



Stig Vilhelmson



at OM Group (today OMX) and before that he held positions in accounting and finance with several Swedish companies. Dag Sehlin is a member of the boards of Tredje AP-fonden, BTS Group AB (chairman), and ProAct IT Group AB. He served as member of the board of D. Carnegie AB in 1997–2003. Mr Sehlin has a MSc in business administration from the Stockholm School of Economics. No. of shares in Carnegie: 2,000. No warrants.

Fields Wicker-Miurin, Director: Born 1958. Board member since 2003. Ms Wicker-Miurin has more than 20 years experience in the global financial services industry and is also an adviser to the UK government on regulatory financial industry issues. She is co-founder and partner of Leaders Quest, where she chairs its Advisory Board. She was chief financial officer and director of strategy of the London Stock Exchange between 1994 and 1997. She is a Non-Executive Director of Savills plc and CDC Group (the UK's development finance institute), and a member of the UK's Department of Trade and Industry Management Board. Ms Wicker-Miurin has an international education with degrees from the University of Virginia, l'Institut d'Etudes Politiques in Paris, and the Johns Hopkins School of Advanced International Studies in Bologna and Washington D.C. No shares/warrants in Carnegie.

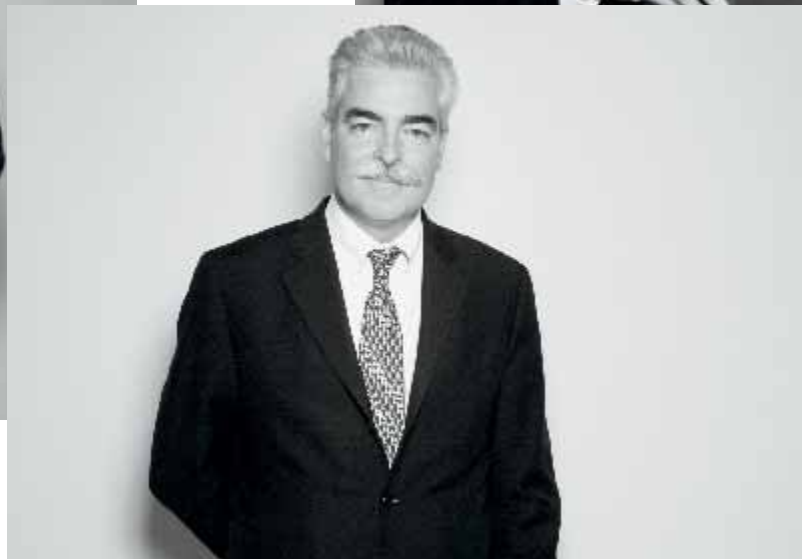
Stig Vilhelmson, CEO of Carnegie from 2006. Born 1956. Joined Carnegie in 1991 and served in various positions within Securities before his appointment as group head of Securities in 1995. Prior to joining Carnegie, head of Securities at Öhman Fondkommission AB from 1984 to 1990. Stig Vilhelmson has a BSc in business administration from the Stockholm School of Economics. Number of shares in Carnegie: 305,000. Number of warrants 2004/2007: 25,000.

Christer Zetterberg, Chairman of the Board 2006 and 2001–2002. Vice Chairman of the Board 2003–2005. Born 1941. Mr Zetterberg has a background in the Swedish paper and pulp and manufacturing industry as well as the financial sector. Between 1990 and 1992, he was president and chief executive officer of the Volvo Group. In 1988–90 he was chief executive officer of PKbanken AB. In 1983–88 he was chief executive officer of Holmens Bruk AB. He is chairman of Nike Hydraulics AB and vice chairman of Micronic Laser Systems, and a board member of L E Lundberg Group, Boo-Forssjö AB and Camfil. He is a member of the Royal Swedish Academy of Engineering Sciences (IVA). Mr Zetterberg has a BSc in business administration. No. of shares in Carnegie: 2,000. No warrants.



Lars Bjerrek

Matti Kinnunen



Jim Cirenza

Executive officers

Lars Bjerrek, born 1963. Group head of Private Banking since August 2004. From 2000 to 2004 managing director and head of international Private Banking, SEB Private Bank S.A, Luxembourg. Prior to that head of Private Banking and deputy managing director. From 1997 and to 1998 head of commercial banking at SEB's Singapore Branch with overall responsibility for relationships with corporate clients. From 1994 to 1997 head of the corporate division at SEB, Oslo Branch, with responsibility for Norwegian medium-sized companies and SEB's international subsidiaries. No shares in Carnegie. Number of warrants 2004/2007: 25,000.

Peter Bäärnhielm, born 1958. Appointed Group head of Investment Banking in June 2006. Peter has a LL.M. from Uppsala University 1985. He came to Carnegie Investment Banking in 1997 and was appointed Swedish head of Investment Banking in March 2006. Prior to joining Carnegie, Peter was one of the founders and partner of the Law firm Danowsky & Partners. Before that he was at Enskilda Securities and prior to that lawyer at Lagerlöf & Leman Advokatbyrå in Stockholm. Number of shares in Carnegie: 110,000. No warrants.

Jim Cirenza, born 1959. Group Head of Securities since 2006. Joined Carnegie, Inc., New York, in 2001 as President. Prior to joining Carnegie, Jim Cirenza was Vice President European Equities at JP Morgan Securities Inc. in 1998–2001, Director of International Sales Trading, BZW Securities Inc. in 1996–1998, Managing Director International Equities, NatWest Markets Inc. in 1995–1996, and in 1985–1995 Jim Cirenza held various positions in Goldman Sachs & Co. Jim Cirenza has a MBA from Cornell University and a BSME from Tufts University. Number of shares in Carnegie: 150,000. No warrants.

Niklas Ekvall, born 1963. Group head of Asset Management since August 2004. Prior to joining Carnegie he was deputy CEO and Chief Investment Officer of Tredje AP-fonden (AP3), responsible for the overall investment activities, including long-term asset allocation, portfolio structure, and risk allocation. Before that he held various positions at Handelsbanken Markets. He is an Adjunct Professor in Finance at the Stockholm School of Economics. He has a PhD in Finance from the Stockholm School of Economics, where he also is an honorary docent, and has an MSc in Industrial Engineering and



Mats-Olof Ljungkvist



Stig Vilhelmson



Niklas Ekvall



Mats-Olof Ljungkvist



Peter Bäärnhielm

Management from the Linköping Institute of Technology. No shares in Carnegie. Number of warrants 2004/2007: 25,000.

Matti Kinnunen, born 1958. Appointed head of operations in 2002. Mr Kinnunen joined Carnegie in 1990 and worked as managing director of D. Carnegie AB between 1992 and 2002. Chairman of some of Carnegie's subsidiaries in the Nordic countries and in the UK and the US. Board member of OMX Exchanges Ltd. Number of shares in Carnegie: 285,000. Number of warrants 2004/2007: 25,000.

Mats-Olof Ljungkvist, born 1951. Carnegie's CFO since 1998. Prior to joining Carnegie, managing director of Aragon Holding AB and Aragon Fondkommission AB from 1995 to 1997. From 1985 to 1995, CFO of Apoteksbolaget AB, a Swedish pharmacy company. Number of shares in Carnegie: 30,000. No warrants.

Stig Vilhelmson, born 1956, CEO. Joined Carnegie in 1991 and served in various positions within Securities before his appointment as group head of Securities in 1995. Prior to joining Carnegie, head of Securities at Öhman Fondkommission AB from 1984 to 1990. Number of shares in Carnegie: 305,000. Number of warrants 2004/2007: 25,000.

Changes effective in 2007

Mats-Olof Ljungkvist, CFO and member of Group Management has decided to leave Carnegie with effect from 1 March 2007. Ulf Fredrixon, currently Head of Credit and Finance at Carnegie, will take over the role as CFO and also join Group Management.

Corporate governance report

Corporate governance development

Carnegie's operations cover a number of geographical markets, which have adopted different local corporate governance regulations, recommendations and policies. Carnegie has adopted a corporate governance approach that complies with existing laws and recommendations in relevant countries and also takes into account the special situations relevant for a Nordic investment bank.

Carnegie acts according to the Swedish Code for corporate governance and complied in full with the Code in 2006.

Review

As a supplementary assignment from the Board of Directors, we have reviewed the corporate governance report (page 44–51 excluding section "Organisation of the internal control concerning the financial reporting") for D. Carnegie & Co AB for 2006. The corporate governance report has been established according to the guidelines presented in the Swedish code for corporate governance.

KPMG Bohlins AB

Anders Ivdal

Authorised Public Accountant

The Annual General Meeting

The Annual General Meeting (AGM) is the decision making body in which all shareholders may participate. Carnegie's AGM is held annually in Stockholm. The AGM is to report on financial performance and make decisions on a number of central issues, such as dividend, changes to the Articles of Association, the appointment of auditors, compensation for the Board and auditors, discharging the Board of liability for the fiscal year and approving the new Board for the period up to the next AGM. Information on the shareholders' right to have a matter considered at the AGM, and the time when such a request must reach the company in order to guarantee its inclusion in the notice of meeting, is presented on Carnegie's website. Due to low demand Carnegie has not considered it cost-effective to make the complete AGM available through a live webcast. According to

the new Companies Act, which entered into force on 1 January 2006, the Board of Directors has been given the opportunity to collect proxies for voting at the AGM on behalf of the company, provided that the articles of association contain a provision hereabout. The AGM 2006 decided to amend the articles of association with a provision, enabling the Company to collect proxies for voting at the AGM, if and to the extent the Board decides to utilize this opportunity.

Appointment of the Board and auditors

The AGM decides on the nomination process. The AGM 2006 decided that the Chairman of the Board would contact representatives for Carnegie's largest shareholders in order to establish a nomination committee, consisting of not less than three and not more than five representatives of larger shareholders. The members of the Nomination Committee were to be presented no later than six months before the AGM 2007. It was also decided that the Chairman of the Board is not to become Chairman of the committee. The members of the nomination committee 2007 were announced in September 2006.

Auditors

The auditors are appointed by the AGM every four years. Carnegie has engaged the services of KPMG Bohlins AB, who were last re-elected at the AGM in 2003. Remuneration to auditors for 2006 is shown in note 6. At the AGM 2007, the Nomination Committee will propose that Deloitte AB be appointed auditors for the following four years.

Nomination committee 2007

Members: Mats Lagerqvist (Robur Swedbank), chairman, Henrik Didner (Didner & Gerge Fonder), Mikael Nordberg (Danske Capital), Christer Zetterberg (Chairman of the Board of D. Carnegie & Co AB).

The Board of Directors

All of Carnegie's Directors of the Board, including the Chairman of the Board, are elected by resolution of the AGM. Carnegie's directors serve terms that last until the next AGM. Shareholders may remove Carnegie's directors from office at a general meeting of shareholders

Board of Directors 2006

Name	Born	Member since	Nationality	Function	Independence ¹⁾
Hugo Andersen	1946	2004	Danish	Non-Executive Director	Independent
Niclas Gabrán	1967	2005	Finnish	Non-Executive Director	Independent
Kjartan Gunnarsson ²⁾	1951	2006	Islandic	Non-Executive Director	Repr. Landsbanki Islands
Anders Ljungh	1942	2001	Swedish	Non-Executive Director	Independent
Dag Sehlin	1945	2004	Swedish	Non-Executive Director	Independent
Stig Vilhelmson	1956	2006	Swedish	Chief Executive Officer	Employed by Carnegie
Fields Wicker-Miurin	1958	2003	American	Non-Executive Director	Independent
			/British		
Christer Zetterberg	1941	2001	Swedish	Chairman, Non-Executive Director	Independent

¹⁾ Independence is defined as independence from the company, its management as well as from its larger shareholders. As a leading Nordic investment bank, Carnegie may take on assignments involving companies in which members of Carnegie's Board, directly or indirectly, have economic or other interests. To the extent that the Board members' interests are not significant, Carnegie will regard these Board members as independent.

²⁾ Kjartan Gunnarsson resigned from his assignment in Carnegie in July 2006.

at any time, and vacancies on the Board of Directors may only be filled by shareholder resolution. According to the current Articles of Association, Carnegie's Board of Directors should consist of not less than five and not more than nine members.

Board of Directors elected by the AGM in 2006

The nomination committee's aim was to establish a Board of Directors reflecting the different areas of expertise, the market position and the different cultures represented in an international investment bank in the Nordic region. Important parameters were competence, experience, time available and dedication. The AGM 2006 approved in full of the proposal presented by the nomination committee.

The AGM 2006 decided to elect 8 Board Members. Following the divestment of Landsbanki Islands' total holding in Carnegie, Mr Kjartan Gunnarsson left his assignment as Board member in July 2006. The Board of Carnegie includes representatives from five different nationalities and has extensive industrial and financial backgrounds from the Nordic region and internationally, as well as expertise from the global financial services industry and the regulatory environment in the EU. All members, except the CEO, are non-executive. Of the Board's 7 members, 6 members are considered independent from the company, from the management as well as from larger shareholders. One member (of seven) is female (14 per cent). A full description of the Board members is presented on page 40–41. Remuneration to the Board is presented in note 6.

The Board's tasks

The Board's main tasks are:

- to establish the overall goals for the company and decide the company's strategy for achieving these goals,
- evaluate the company's operative management on an

ongoing basis and, if necessary, appoint or dismiss the managing director,

- ensure that there is an effective system for follow-up and control of the company's operations and financial position vis-à-vis the established goals,
- ensure that the company's external communications are open, objective and appropriate for the targeted audience,
- ensure that there is a satisfactory process for monitoring the company's compliance with laws and other regulations that apply to the company's operations, and
- ensure that the necessary guidelines governing the company's ethical conduct are established.

The Board's activities during 2006

At each Quarterly Board meeting, reports are provided to the Board in different areas such as:

Reports regarding the work of the Board Committees, i.e. the Audit Committee and the Remuneration Committee, CEO and CFO Report, Quarterly Financial Report, Reports from the Group Internal Control Functions, i.e. Internal Audit, Compliance, Risk Management, and Security. Further to that, reports regarding legal matters are provided.

The Board held 16 meetings in 2006. With few exceptions all members attended all board meetings. The Board has handled various strategic business matters. Following the former CEO Karin Forseke's decision to resign in the end of February, the Board formed a committee for managing the recruitment process for a new CEO. The recruitment process was swift, but thorough, and included an internal as well as an external search process. Consulting was made with a sample of leading staff in Carnegie, external expertise in Carnegie's industry and with a few major shareholders. On this background, the committee considered it best to select the next CEO from the internal ranks and that Stig

Vilhelmson was the preferred candidate. In March the Board appointed Stig Vilhelmson CEO of the Company and the Carnegie Group, the resolution to be effective immediately after the AGM of shareholders 2006.

Immediately after the AGM of shareholders on 23 March 2006, a statutory board meeting was held. At that meeting the Board appointed Members to the Remuneration Committee and the Audit Committee. The Board further adopted Rules of Procedure for the Board, an instruction for the Managing Director, an instruction for the reporting of information in respect of the financial situation, Terms of Reference for the Remuneration Committee and Terms of Reference for the Audit Committee. Finally, the Board appointed persons to sign on behalf of the company.

The business strategy of Carnegie has been discussed at several board meetings and the strategy and the business Goals and Objectives for 2006 have been approved by the Board. Also the strategy for 2007 has been discussed. The Board regularly receives updates in relation to the development of the macroeconomic development. The Board has handled different strategic business projects. The organisation for business support was changed during the year, as was the organisation for the Swedish operations, and the changes were discussed and approved by the Board. The legal structure of the Carnegie group was discussed on several meetings, and some non-operative companies domiciled in Sweden were merged into Carnegie Investment Bank AB. The matter regarding suitable business premises in Stockholm was discussed further, as the current rental contract expires during 2009. Further, the Board has discussed and prepared a proposal to the AGM of shareholders for a long-term incentive programme, see further under Remuneration committee.

The discussion regarding the amended capital requirements according to the Basel II CAD Directive and different alternatives to handle the amended requirements going forward has continued. The Board of Directors has discussed the dividend policy in light of the new rules for capital adequacy, effective from 1 February 2007 and decided that the overall policy remains, Carnegie shall distribute as dividend all excess capital not necessary for the development of the business. The dividend policy in full is presented on page 24.

The Board has at several meetings discussed a possible acquisition of Max Matthiessen, Sweden's leading independent advisor in pension insurance. The discussions lead to a decision on 11 January 2007, to acquire Max Matthiessen, the acquisition to be financed through a new issue maximised to 6,071,427 shares in Carnegie, equating

to SEK 856 million, based on Carnegie's share price 10 January 2007. An Extraordinary General Meeting is to authorise the Board of Directors to issue the new shares to Max Matthiessen's shareholders. The closing of the transaction is planned to around 20 March 2007.

One field of discussion has been the changing framework of rules in different areas affecting Carnegie, the investment banking industry in the Nordic region, Europe and globally, e.g. the Directive on Markets in Financial Instruments, MiFiD. Carnegie is running a Group wide project regarding the implementation of the new MiFiD based rules and the Board is being continuously updated regarding the development of the project.

At the AGM of shareholders 2007, time has come to re-elect auditors. It is the Nomination Committee that formally has to come up with a proposal to the General Meeting. However, the Board, through its Audit Committee, has initiated a process, aiming at proposing auditors for election at the General Meeting. Four leading audit firms, including KPMG, the current auditor of the Company, have been invited. A proposal was presented to the Nomination committee in December that the audit firm Deloitte AB be proposed as new auditor. The Nomination Committee has, based on the preparatory work of the Audit Committee, made its recommendations on the selection of auditors by proposing Deloitte AB as auditors.

The Company's compliance with the Swedish Code of Corporate Governance has been continuously followed up.

The Board completed the restructuring of the policy structure in the Carnegie Group and made the reporting procedures even more efficient. This included the adoption of a set of Group Policies in different areas, to be complied with by all entities in the Carnegie Group.

After each Board Meeting the Board continuously evaluates the quality and outcome of its meetings. Further the work of the CEO was evaluated and the remuneration of the CEO as well as Carnegie's policy on remuneration and other terms of employment for senior management, discussed.

Committees and policies

As part of the aim to increase efficiency in the Board's work, certain tasks are handled by committees consisting of Board members, such as the Remuneration committee and the Audit committee.

Remuneration committee 2006

Members: Christer Zetterberg, Chairman, Anders Ljungh and Niclas Gabrán.

The remuneration committee is appointed each year by the Board. The committee held 4 meetings in 2006, all meetings attended by all committee members. The committee reviews the salary and benefits of the CEO in accordance with his contract; it also proposes Carnegie's principles on remuneration and other terms of employment for senior management and submits it to the Board, which in its turn submits its recommendation to the AGM for approval. The principles are further described below.

Remuneration policy 2006

The Annual General Meeting 2006 approved that the following principles with respect to the Company's policy on remuneration and other terms of employment for senior management be applied.

A clear and stable incentive structure is important in order to attract and retain the best employees, as the personal commitment and interest in Carnegie's total progress plays a major role in increasing productivity and improving performance. The personal commitment is promoted through Carnegie's profit-share system, which was introduced in the early 1990's and described in the IPO prospectus in 2001, and through share-related incentive programmes, comprising all employees.

Total compensation to employees is composed of a fixed part and a variable part. The fixed part consists of salaries and salary-based premium payments for pension insurance. All of Carnegie's pension obligations are based on defined contribution plans and are reinsured with external parties. The variable part is the profit-share, calculated as a fixed formula, 50 per cent of the Group's operating profit, before profit-share, after a deduction of an amount equal to 12-months STIBOR (Stockholm Interbank Offered Rates) on the opening balance of the shareholders' equity for the year, adjusted for any dividends distributed to shareholders.

Profit-share is only distributed following a positive result (after deduction for return on shareholders' equity) for the full year, and zero or negative results therefore leads to zero profit-share. Profit-share is allocated to employees on a discretionary basis. The basis for the allocation of profit-share to individuals is a company wide evaluation process, including Group Management and the CEO, with the purpose to review the employees according to professional competence, leadership skills, achievement of previously set objectives and corporate values. A majority of the employees are evaluated through a 360° evaluation, based on input from superiors, peers and subordinates.

Audit committee 2006

Members: Anders Ljungh, Chairman, Fields Wicker-Miurin and Dag Sehlin.

The Audit committee assists the Board of Directors in fulfilling its responsibilities to review

- financial and operational information reported to shareholders and other interested parties,
- the work of the internal control organisation, and
- the audit process.

Further, the committee is currently updated on group corporate risks and general operational risk issues through information provided from the internal control organisation. The audit committee held 6 meetings in 2006. The reports from the external auditors are subject to review by the Audit Committee. The internal control functions Internal Audit, Compliance, Risk management and Security all report to the Board, and submit their reports to the Audit committee for more detailed review. See further under Risk management and internal control organisation.

Internal control organisation

The business activities of the Carnegie Group, by their nature, expose Carnegie to market, credit, funding and operational risks. Market risk is defined as the risk of loss due to changes in market prices, e.g. changes in equity prices, interest rates, or currency exchange rates. Credit risk is defined as the risk of loss due to counterparty default on loans or other counterparty exposure. Funding risk is related to the need for liquidity in the day-to-day operations. Operational risk is the risk of loss resulting from inadequate and/or failed internal processes, people, systems, human error or external events.

Operational risks are less direct than market and credit risk, but managing them is critical, particularly in a rapidly changing environment with high transaction volumes. In order to reduce or mitigate these risks, an internal control environment has been established, which incorporates various control mechanisms at different levels throughout the organisation and within such departments as finance, accounting, operations, compliance, legal, and internal audit. These control mechanisms include self appraisal, process analysis, risk indicators and analysis of loss and incident data and are designed to help ensure that operational policies and procedures are being followed.

Internal control is a process carried out by the Group's Boards of Directors, the Audit Committee, management and other staff within Carnegie, designed

to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of operational and financial reporting
- Compliance with external and internal regulations
- Safeguarding of assets, including management of risks in operations

Internal control is based on the control environment which includes the following elements: values and management culture, goal orientation and follow-up, a clear and transparent organisational structure, segregation of duties, quality and efficiency of internal communication, and an independent evaluation process.

The framework for internal control aims at creating the necessary preconditions for the whole organization to contribute to the effectiveness and the high quality of internal control, based on clear definitions, assignments of roles and responsibilities, common tools and procedures, and is expressed in a common language.

The responsibility to operate efficient internal control, as noted above, rests with management and other staff within Carnegie. With regard to independent monitoring of the efficiency of this internal control environment, and internal control concerning operational risk in general, there are procedures in place for risk assessment, providing assurance that the risks which the company is exposed to are handled within the established framework. Four independent control functions have been established consisting of Internal Audit, Compliance, Risk Management and Security. The four independent control functions all report to the Board of Directors and represent an important element of the corporate governance environment of Carnegie. Independent monitoring activities are coordinated in a Group Risk Assessment Committee (including the CFO, the COO together with the four independent control officers) which meets monthly to handle operational risk issues identified in the Group.



Further, the independent group control functions performs office visits together as a means to obtain an understanding of the status of the organization, focused on the status of the internal control environment, and areas such as new products or services provided or changes to internal control procedures, personnel changes, new regulation, etc. The aim is to visit each Carnegie entity once a year in this form. Office visits are very meaningful in the work to currently understand the status of the entities within the Group, and also in the efforts to improve operational risk monitoring (specifically) and the corporate governance environment (generally) in the organization.

A project referred to as CORE (Coordinated Operational Risk Evaluation) is ongoing to coordinate the risk assessment process among the independent group control functions, including verification with operational risk areas identified by local management. The process is an important complement for the independent group control functions to support and plan their activities as well as a means to provide relevant status information to Group Management and the Boards.

By maintaining an effective internal control organisation, Carnegie seeks to comply with regulatory requirements and reduce the risk to the company, its shareholders, clients and other stakeholders.

Internal audit

Carnegie's internal audit function is designed to operate independently from Carnegie's management and reports directly to relevant boards. The internal audit function reviews the internal control in general focused on operational risks, and is working according to a plan which is approved by the Board's audit committee. In addition to this, internal audit also reviews the work of the compliance, risk management and security functions.

Internal audit evaluates the state of internal control within Carnegie and issues recommendations to correct any weaknesses or failings in Carnegie's control systems. Internal audit also evaluates Carnegie's internal procedures to monitor quality, provide accurate information on risk exposure, prevent fraud, and operational error. The result of the internal audit reviews, the steps to be taken and their status are reported on a regular basis to the Audit Committee. Head of Group Internal Audit reports directly to the Board of Directors.

In addition to the above, in order to further improve the efficiency of the internal audit activities and as a quality assurance measure, an Internal Audit Committee is established in Carnegie Investment Bank AB, the operative

parent company of the Carnegie Group. The Committee consists of one Board member of Carnegie Investment Bank and an external representative together with the CFO, the COO and the Head of Group Internal Audit. Four meetings per year are held where the status of the organisation and the audit activities are discussed.

Compliance

The financial industry is characterised by an extensive regulatory framework. The aim of Carnegie's compliance organisation is to ensure that the Group's activities are carried out in accordance with current and applicable laws and regulations and to help ensure quality within the business as well as integrity and ethics throughout the Group. Carnegie actively works on compliance-related issues and continually pursues various methods of control and measurement of risk exposure within this area. The compliance officers report directly to the Board of Directors.

Risk management

The objective of the Carnegie risk management organisation is to assure that risks that are inherent in the business are controlled. Comprehensive risk management policies and procedures are established to identify, control and monitor each major risk area. Managing risk includes a combination of the expertise and experience of brokers, traders, investment bankers, asset managers, private bankers and support staff. Employees in each department, from senior management through to individual employees, have knowledge of the markets and activities in which they do business. Their experience and insight are supplemented by risk management policies and procedures intended to monitor and evaluate the risk profile and keep it within prescribed limits. The risk managers are independent of the business areas and report directly to the senior management, the Group risk manager and respective Board of Directors.

A Credit & Risk Committee in Carnegie Investment Bank AB (including the CFO, the COO and one Board member of Carnegie Investment Bank AB) decides on the credit and market risks according to limits set by the Board. The goals of the risk managers are to understand the risk profile of each instrument, trading and credit portfolio, and make relevant risk assessments for the business, also with respect to operational risk.

The Board of Directors of the subsidiaries establish limits for market risks. Capitalisation is one important factor for the local risk level. The local risk management functions measure the market risks, apply the

limits, as set up by its Board or the Managing Director, and report regularly to the Group Risk Manager, senior management and at relevant local board meetings.

The local treasury and finance functions and/or credit departments and local risk managers carry out the local credit risk management functions. This includes reviewing and reporting on concentrations of credit risk and establishing documentation and credit support standards. Carnegie's Group risk management monitors the volume of credit extended to Carnegie's counterparties through reporting and attending meetings of the Credit & Risk Committee. The local treasury and finance functions, in conjunction with local risk management, assess the quality and acceptability of collateral, measure potential credit exposures associated with certain clients, monitor compliance with credit limits, obtain appropriate legal documentation and provide comprehensive credit risk reporting for senior management.

The Group treasury and finance functions monitor Carnegie's cash flow situation and manage the funding risk. Carnegie's principal needs for liquidity are to support the day-to-day operations, through secured and unsecured short-term funding. The majority of Carnegie's assets are marketable securities inventories, margin lending and short time deposits. As a consequence of this, the balance sheet fluctuates significantly between the financial statement dates, but the funding risks are low.

Security issues

Security issues focus on internal and external security in terms of information security, IT-systems, accidents and external threats and personal security for Carnegie's employees. The security function also focuses on external factors that may have an impact on business, such as travel security and monitoring of events world wide that can create business implications for the group or local entities. Carnegie uses the ISO/IEC 17799/27001/27002 code of practice for information security management as a tool when working with different aspects of information security. The security work in Carnegie is mainly conducted via implementation of group instructions, control of compliance with the instructions and training of relevant staff. Control of compliance is conducted in close cooperation with Internal audit i.e. the Head of Group Security takes part in the audits. Head of Group Security reports to the Board of Directors.

Policies and instructions

The Board of Directors has implemented a number of group-wide policies in order to facilitate the compli-

ance with relevant laws and regulations, to be complied with by all entities in the Carnegie Group. The policies are available internally and are supplemented by more detailed instructions issued by the CEO and by policies and instructions issued in the respective local entities. The group-wide policies, of which some are commented more in detail below, cover areas such as:

- Business Conduct and Ethics;
- Handling of Conflicts of Interest;
- Prevention of Money Laundering, Financing of Particularly Serious Crimes and other Criminal Activities;
- Internal Audit, Risk Management and Compliance;
- Personal Account Dealing; and
- Information security.

Code of Business Conduct and Ethics

The Carnegie Code of Business Conduct and Ethics contains certain fundamental guidelines for all individuals working in Carnegie. The Code e.g. provides that we shall conduct our business in a sound manner, act in an honest and equitable manner and with due care and diligence, collect relevant and sufficient information from our customers, not accept, offer or provide gifts or other considerations or benefits on legally or morally dubious grounds, comply with applicable rules and regulations, and observe the principles of equal treatment and diversity.

Handling of Conflicts of Interest

The Group policy regarding the handling of conflicts of interest contain rules applicable to all entities within Carnegie, as well as rules applicable primarily to the business areas Investment Banking and Securities including Research. The rules relate e.g. to the application of “Chinese walls” primarily around the business unit Investment Banking, the use of a “Watch list/Restricted list” classification system applicable to investment

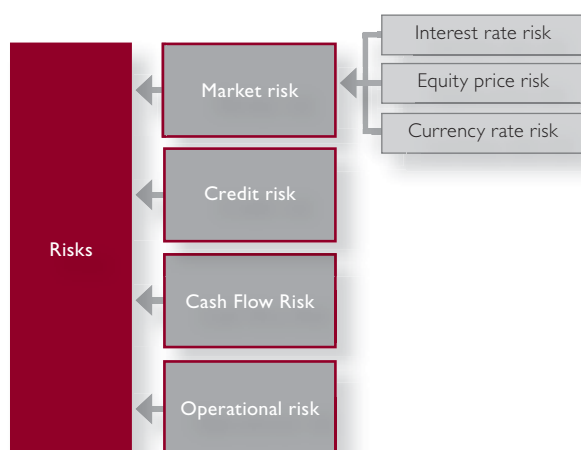
banking clients aimed at avoiding and limiting the effects of possible conflicts of interest, the membership of Carnegie employees in external boards, and rules specifically aimed at safeguarding the independence of research analysts.

Prevention of Money Laundering, Financing of Particularly Serious Crimes and other Criminal Activities

Aiming to prevent that entities in the Carnegie Group are used for the purpose of money laundering, terrorist financing and other criminal activities (money laundering), the Board of Directors has in a Group policy appointed a central functional manager with general responsibility for ascertaining that control systems, decision-making and reporting routines, work routines and training programmes are applied in an adequate manner within Carnegie in respect of money laundering issues. The policy also contains rules to be applied on a group-wide basis e.g. regarding customer identification procedures and relations, decision making and reporting routines and reporting to concerned financial intelligence units.

Personal Account Dealing

Most entities within Carnegie are subject to local rules and restrictions relating to personal account dealing. The Board of Directors has as a complement to such rules and regulations, adopted a policy containing group-wide minimum rules e.g. prohibiting Carnegie employees being subject to a conflict of interest or having access to certain sensitive information from entering into personal account transactions affected by such conflicts of interest or sensitive information, from participating in IPOs handled by Carnegie, and prescribing a minimum holding period of one month for all employees in relation to financial instruments issued by Nordic companies or traded on a stock exchange or other market place in any Nordic country. It also contains restrictions and pre-approval rules, to a certain extent depending on business unit, in regard to securities trading generally, and restrictions applicable to all employees in the trading of shares and financial instruments in Carnegie. The latter is as a rule only permitted during so called “open periods” normally commencing the day after the announcement of an interim report and closing the day before the first day of the reporting month.



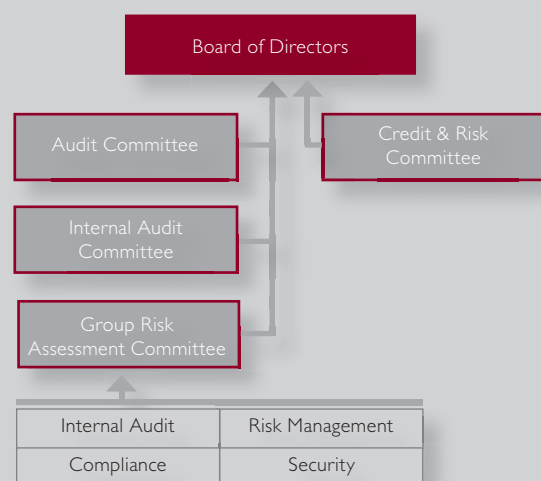


Organisation of the internal control concerning the financial reporting

With regards to internal control concerning the financial reporting, the basis is the control environment documented and communicated in guiding documents such as internal policies, guidelines, manuals and codes. The risks identified concerning the financial reporting are dealt with via Carnegie's control structures which are documented in the Financial Manual on a group level (Carnegie Group instructions for accounting and financial reporting), complemented with local descriptions of processes and internal control. Carnegie has introduced specific procedures concerning IFRS requirements and a Group Accounting Committee appointed by management is responsible for compliance with the requirements in the financial reporting.

The Board of Directors receives regular financial reports and at each board meeting the financial situation

of the company and the group is discussed. In addition hereto, the various committees of the Boards of Directors in the Carnegie Group fulfil important functions in the follow-up.





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Administrative report

D. Carnegie & Co AB

The Board of Directors and the CEO of D. Carnegie & Co AB submit herewith the annual accounts and consolidated financial statements for the operations during the 2006 financial year. D. Carnegie & Co AB is the parent company in the Carnegie Group, listed on OMX, the Nordic stock exchange, with registered office in Stockholm. Major shareholders at 31 December 2006 were Barclays Global Investors (5.0 per cent), Swedbank Robur funds (4.7 per cent), Franklin-Templeton Funds (3.2 per cent) and SHB/SPP fonder (2.6 per cent). About 7 per cent of the shares outstanding are held by Carnegie's employees on an individual basis.

Carnegie is an independent Nordic investment bank operating in Securities, Investment Banking, Asset Management and Private Banking pursuant to licences from the Financial Supervisory Authority in countries where Carnegie is active. Carnegie provides a wide array of financial products and services to Nordic and international clients from offices in eight countries: Sweden, Denmark, Norway, Finland, Luxembourg, Switzerland, the UK and the US. The operations are conducted in different legal forms, such as subsidiaries and branch offices to Carnegie Investment Bank AB.

Market development

The Nordic equity markets ended 2006 on a strong note, with the MSCI Nordic index up 20 per cent, outperforming both Europe and the US. In 2006, aggregate equity turnover on the Nordic stock exchange increased with 44 per cent, which is a record level of EUR 1,350 billion. The Norwegian market showed the highest turnover increase with 69 per cent mainly due to high activity in corporate transactions. In 2006, Nordic Merger & Acquisitions, M&A, activity continued to break records, achieving a volume of USD 128 billion, an increase of some 19 per cent over 2005, the previous record year. While the Nordic ECM market was unchanged in terms of volume, a total of 35 (26) initial public offerings were launched in the Nordic region during 2006, with an aggregate value of USD 6 billion. In the end of the first half year, the decrease in the stock markets, caused fairly large outflows from equity oriented mutual funds. In Sweden, subscriptions from PPM lead to net inflow of SEK 23 billion.

Market position

Carnegie's share of the aggregate turnover on the Nordic Stock Exchanges was 6.6 per cent 2006, ranking Carnegie as the second largest market participant in the Nordic region. In the recent Prospera ranking of Nordic equity houses, Carnegie's market share of the Nordic commission pool, in the targeted Tier 1 client segment, was around 11 per cent. In Investment Banking, Carnegie was ranked No 7 (No 10) in terms of volume of Nordic M&A transactions and No 1 (No 1) in the Nordic ECM market. In Asset Management, Carnegie's fund performance was better than its benchmark indices for around 94 (90) per cent of assets under management in mutual equity funds.

Result

Total income for 2006 was SEK 4,475 million (SEK 3,514 million), an increase of 27 per cent from last year, reflecting a strong equity market and good performance across all business areas. Total expenses amounted to SEK 3,048 million (SEK 2,583 million). The profit before taxes increased by 53 per cent to SEK 1,427 million (SEK 931 million). Net profit increased by 52 per cent from last year to SEK 1,013 million (SEK 667 million).

Liquidity, financing and investments

Carnegie's principal need for liquidity is to support day-to-day operations, through secured and unsecured short-term funding. The need for long-term funding has been addressed through the issue of a subordinated loan during 2005. The majority of Carnegie's assets are marketable securities inventories (marked-to-market daily), margin lending and short-time deposits. As a consequence of this, Carnegie's working capital fluctuates significantly between the financial statement dates. In 2006, the change in working capital was SEK -1,484 million (SEK 5,253 million). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 1,098 million in 2006 (SEK 675 million). Capital expenditure in 2006 amounted to SEK 40 million (SEK 85 million).

Critical accounting policies involving significant management judgment

It is the managements' opinion that accounting policies involving critical judgment, and uncertainty in assumptions, mainly are related to three areas; valuation of financial instruments, goodwill and provisions for litigations. Financial instruments are recognised at fair value, mainly determined by reference to published price quotations in an active market, and changes in value are recognised in the income statement. If Carnegie's assessment is that the market price is not valid, from liquidity or other perspective, Carnegie's own assessment of the value is applied. The recognised value of goodwill is confirmed through an impairment test at every balance date, using a number of assumptions in order to calculate the value of the underlying assets. Provisions for litigations are based on future cash flow necessary to settle the obligations. It is the management's opinion that changes of the parameters used in the assessments mentioned above would not have any material impact on the result.

Important events after 31 December 2006

In January 2007, a total of 1,836,330 warrants were exercised under the 2004/2007 warrant programme distributed to employees, increasing the share capital by SEK 3,672,660 to SEK 142,722,800. Total proceeds amounted to SEK 185 million. The total number of shares outstanding following the new share issue is 71,361,400, and is also the total number of shares outstanding entitled to dividend for 2006.

On 12 January 2007, Carnegie announced the proposed acquisition of Max Matthiessen, Sweden's leading adviser in pension solutions. The acquisition is to be financed through a share issue to be approved by the EGM 13 February of a maximum of 6,071,427 shares in Carnegie, corresponding to a transaction value of SEK 856 million based on the share price as of 10 January 2007. The maximum dilution will be 7.8 per cent of the total number of shares outstanding of 77,432,827.

Employees, salaries and work environment

The average number of employees, salaries and compensation in the Group and Parent Company are set forth in Note 6.

Carnegie's constant challenge is to recruit and retain the most talented individuals through continuous work with active leadership, clear objectives and competitive incentives to create working environment that provides the best possible opportunities for personal and professional growth. Carnegie's overall goal for the working environment is for the employees to be in good physical and mental health. The working environments policy is handled within the day-to day operations. All employees have access to preventive company health service. Carnegie supports meaningful spare time activities such as athletic sports, culture and social gatherings. Through active work with the quality of the working environment the job satisfaction increases, which lowers the sick leave and improves the availability for Carnegie's clients.

Environmental work

Carnegie's goal is to promote a sustainable environment that will create conditions for a better society for future generations. Carnegie pursues its environmental aims through the continuous adaptation of activities, improvement of the methods and constant updating of the way knowledge and information is managed with regards to environmental issues. Carnegie's core activities themselves have little effect on the environment. For example, the staff requires office premises and IT equipment, and consumes various goods, resources and energy.

Carnegie has adopted an environmental policy applicable to all Swedish operations of which relevant areas shall be recognised in all of Carnegie's operations. The two main areas identified for further activities are assessment and reduction of Carnegie's environmental impact, together with training and encouragement of staff. Carnegie conducts on an annual basis environmental reviews in order to follow up the policy. Measures that have been taken so far include office premises, waste management, energy consumption and procurement.

Capital Base and dividend proposal

As communicated in connection with the IPO in 2001, it is Carnegie's intention that excess capital above the level of desired and prudent regulatory capital should be distributed as dividend. When deciding the proposal for dividend, the Board also takes into account distributable funds, the market situation and other capital requirements, as well as other factors it may consider relevant.

In the new regulatory system for capital adequacy, which is applied from 1 February 2007, the definition of risk-weighted assets will change. The major effect for Carnegie is that risk-weighted assets referring to credit risks decrease substantially, and that a new classification of risk-weighted assets regarding operational risk is added to the total risk-weighted assets.

The Board of Directors have discussed the dividend policy in light of the new rules for capital adequacy. The overall policy remains, Carnegie shall distribute as dividend all excess capital not necessary for the development of the business. Business requirements on risk capital shall be assessed through Carnegie's internal business planning process. According to pillar 2 of the Basel II regulation it is also a formal requirement to present to the local financial authorities an internal assessment of risk capital requirements. According to Carnegie's capital policy, the aim is to optimize the capital structure in terms of Tier 1 and Tier 2 capital. It is the board's assessment that a CAD ratio of 12 per cent in the new regulatory environment is a minimum level.

Carnegie's current business volume, including the effects from the acquisition of Max Matthiessen, is estimated to require a risk capital corresponding to a regulatory capital base of approximately SEK 1.9 billion. Carnegie's Board of Directors proposes a dividend of SEK 10.50 (SEK 9.19) per share. Including the new

share issue to Max Matthiessen's shareholders to be decided by the EGM 13 February 2007, the number of shares eligible for dividend at the AGM would amount to 77,432,827. The total dividend amount would then amount to SEK 813 million¹⁾, and would imply a regulatory capital base of SEK 1.9 billion. The capital adequacy ratio at year-end, pro forma²⁾, according to Basel II is estimated to 13.7 per cent, above the minimum level of 12 per cent decided by the Board. Taken into consideration the current market conditions and the potential growth opportunities in the operations, the assessment, in line with the Swedish Companies Act, is that the proposed dividend does not limit the company to fulfil its obligations nor to carry out the business plan.

Corporate Governance

The Board of Directors and its work are described in the Corporate Governance Report on page 44–51.

¹⁾ The maximum dividend amount is SEK 813 million, of which SEK 64 million refers to the proposed new share issue of 6,071,427 shares in connection with the acquisition of Max Matthiessen.

²⁾ Based on the risk-weighted assets at year-end according to Basel II and including the effects of the acquisition of Max Matthiessen as well as the new share issue from exercised warrants, in total corresponding to risk-weighted assets of SEK 14.1 billion.

Accounting policies

Applicable legislation and accounting standards

The consolidated income statement and balance sheet and the disclosures relating to these have been prepared in accordance with International Financial Reporting Standards (IFRS) published by International Accounting Standards Board (IASB) and all interpretations from Financial Reporting Interpretations Committee (IFRIC), which have been endorsed by the EU Commission for adoption within EU. The financial statements also comply with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council accounting standard RR30:05, Supplementary Accounting Regulations for Groups and the regulations of Swedish Financial Supervisory Authority (2005:33).

The income statements, balance sheets and disclosures for the parent company have been prepared in accordance with the Annual Accounts Act (1995:1554) and accounting standard RR 32:05 Accounting for Legal Entities issued by the Swedish Financial Accounting Standards Council. According to RR 32:05, the parent company shall apply all IFRSs and all interpretations endorsed by the EU Commission for adopting within EU, as long as these do not interfere with local accounting and tax policies. Therefore, no significant differences exist between the group and parent company's accounting policies.

The financial statements are presented in Swedish crowns (SEK), which is also the parent company's functional currency.

The Group Consolidation policies

The consolidated financial statements include the parent and all companies in which the parent company has, directly or indirectly, a controlling influence. The parent company owns in all cases, directly or indirectly shares and participations in the companies comprised in the consolidated financial statement. The consolidated financial statements have been prepared in accordance with the purchase method of accounting and the subsidiaries financial reports are included in the Group

consolidation as from the acquisition date and are included until the controlling influence ceases.

The consolidated financial statements have been prepared in Swedish crowns (SEK). The current method is used when translating the financial statements of the subsidiaries into SEK from their functional currency. Foreign subsidiaries' assets and liabilities have been translated at the closing exchange rates. The income statement has been translated at the average exchange rates for the accounting year. Translation differences are charged or credited directly to the shareholders' equity of the Group. Accumulated translation differences are included in shareholders' equity as a foreign currency translation reserve.

Translation differences that arise in connection with translation of foreign net investments and the related effects of hedging the net investments are recognised directly in the foreign currency translation reserve included in shareholders' equity.

Associated companies

In the consolidated financial statements investments in associated companies, i.e. all companies in which the parent company, without owning a company as a subsidiary, direct or indirect has a controlling influence have been accounted for in accordance with the equity method. Thus, the investment is carried at an amount equal to the ownership interest in the associate's equity adjusted for unamortised positive or negative differences between the cost of acquisition and the fair value of the net assets acquired. In the consolidated income statement, the Group's share of the associate's results of operations and net finance income/cost is accounted for as "Result from associated companies". The Group's share of the associates' tax expense is included in the tax expense accounted for in the consolidated income statement. The equity method is applicable until the controlling influence ceases.

Foreign net investments

Investments in foreign subsidiaries have to a certain extent been hedged through foreign currency loans. At the closing day, such loans have been translated at

the closing date exchange rate. Translation differences related to loans in the parent company, recognised in profit or loss of the parent company, have been eliminated in the consolidated accounts against translation of the subsidiary's net assets, and then transferred to the foreign currency translation reserve included in shareholders' equity of the Group. In cases where the hedge is not effective, the ineffective portion is recognised in the income statement.

Untaxed reserves

In the consolidated balance sheet, the untaxed reserves accounted for in the legal entities' balance sheets, have been recognized as deferred tax liability and as part of other reserves including net profit. The deferred tax liability has been calculated using the tax rate applicable in the jurisdictions involved.

Measurement Policies Applied

Revenue recognition

All purchases and sales are recognised using trade date accounting. Commissions include commission income, underwriting fees and advisory fees and are recognised on a continuous basis. Performance fees and fixed fees regarding the business areas Investment Banking, Asset Management and Private Banking business have been recognised in accordance with the terms of the client agreements. Net profit from financial transactions includes realised gains and losses and unrealised gains and losses arising from changes in fair values of shares, bonds, derivatives and other securities. The dividends are recognised in accordance with the terms of payment. Amounts in foreign currencies have been translated on demand. Assets and liabilities in foreign currencies have been translated at the closing exchange rate. Translation differences are charged in the income statement to "Net result from financial transactions".

Expenses

General administrative expenses, employee's benefits, other personnel expenses and borrowing costs are expensed in the period in which they have occurred.

Operating lease commitments are expensed continuous over the period of contract and relate mainly to rental of premises. The net present value of the agreements has not been estimated. There are no finance lease commitments within the group.

Incentive programmes

All outstanding employee incentive programmes are warrant programmes. All warrants were distributed free of charge, without any vesting conditions regarding the employee's rights to the instrument. At grant date, the value of the warrants was calculated by using the Black Scholes formula for option valuation. These valuations were carried out by external advisors. The valuations are also the basis for the calculation of social security expenses. In Sweden and Luxembourg social security expenses are charged at grant date. In other countries where Carnegie has employees, social security expenses are charged when the warrants are sold or exercised by the employee. Carnegie has not granted any loans or guarantees with respect to the incentive programmes, nor entered into any hedging transactions for changes in the value of payments that may arise from these programmes.

All outstanding warrants programmes were granted before the 7th of November 2002 or granted after this date but fully vested before the 1st of January 2005. Accordingly, IFRS 2 is not applicable regarding the accounting requirements, but the disclosure requirements apply.

Allocation to profit-share system

Allocation to profit-share system is expensed in the same period that it has occurred.

Pension obligations

All pension obligations within the Group are defined contribution plans. Special employer's contribution is provided for in the same period as it has occurred. Certain individual pension obligations are covered by endowment insurances and have been recognized at fair value among "Other assets" and with the corresponding value as "Pension obligations". These pension obli-

gations are covered by insurance policies and Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees. The payment of fixed premiums under such contracts is the settlement of the employee benefit obligation, rather than an investment to meet the obligation. Consequently, according to IAS 19, Carnegie has no longer an asset or a liability and therefore treats such payments as contributions to a defined contribution plan.

Income taxes

Income taxes include current tax and deferred tax recognised as income or expense. The tax effect from capitalised loss carry forwards and deductible temporary differences (between the tax base of an asset or a liability and its carrying amount in the balance sheet) are deferred to the extent they are related to deductions, approved by the tax authorities, and are deemed to be used. Deferred tax asset/-liability is recognised for all temporary differences. The measurement of deferred taxes is based on how the temporary differences can be utilised. Deferred tax calculations are based on standard tax rates and rules applicable in the jurisdictions involved and decided at reporting date.

Cash and cash equivalents

Cash and cash equivalents consist of cash, balances with central banks and loans to credit institutions payable on demand and short-term liquid investments with a maturity less than three months from the date of acquisition, and which are only exposed to an insignificant risk of changes in value.

Loans to general public

Loans to general public have been tested for impairment and uncollectability individually. Assets in this category are measured at accrued acquisition value. Provisions for uncollectability have been recognised when the pledges, undertaking or other guarantees are estimated not to cover the amounts due. The criteria's for write-down of a confirmed credit loss is losses confirmed due to bankruptcy or arrangement of composition.

Other financial instruments

Financial instruments are measured and recognised in the Group's accounts in accordance with the rules specified in IAS 39. Financial instruments that are recognised in the balance sheet include, on the assets side, liquid funds, accounts receivable, shares and other equity instruments, loan receivables, bond premiums and derivatives. Liabilities and shareholders' equity include accounts payable, issued debt and equity instruments, borrowing and derivatives. Financial instruments are initially recognised at cost which corresponds to the instrument's fair value plus transaction costs for all instruments except those classified as financial assets, which are recognised at fair value in profit or loss. The way in which they are recognised depends on how the financial instruments are classified, as described below.

A financial asset or financial liability is entered in the balance sheet when the company becomes a party to the instrument contract. Accounts receivable are entered in the balance sheet when an invoice has been issued. Liabilities are entered when the counterparty has performed and the agreed liability is due for payment, even if an invoice has not yet been received. Accounts payable are entered when an invoice is received. A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire, or the company loses control over them. The same applies for a portion of a financial asset. A financial liability is removed from the balance sheet when the undertakings in the agreement have been fulfilled or extinguished in another way. The same applies to a portion of a financial liability.

IAS 39 places financial instruments in different categories. The classification of financial instruments depends on the reason for their acquisition. The categories are as follows:

***Financial assets recognised at fair value
in profit or loss***

This category consists of two sub-groups: financial assets held for trading and other financial assets that the company initially decided to invest in this category. Derivatives that are independent and embedded derivatives are classified as held for trading, except when they are used in hedge accounting. Assets in this category are measured at fair value and changes in fair value are recognised in profit or loss.

***Financial liabilities recognised at fair value
in profit or loss***

This category consists of financial liabilities held for trading and derivatives that are not used for hedge accounting. Liabilities in this category are measured at fair value and changes in fair value are recognised in profit or loss.

Loan receivables and accounts receivable

These consist of financial assets that are non-derivative with fixed payments, that are not quoted on an active market and that are not intended for trading. Assets in this category are measured at the accrued acquisition value.

Other financial liabilities

Financial liabilities not held for trading are measured at their accrued acquisition value. The accrued acquisition value is based on the effective rate of interest determined when the liability originated. This means any gains or losses, as well as direct issue costs are allocated over the life of the liability.

Derivatives used in hedge accounting

All derivatives are recognised at fair value in the balance sheet. Changes in fair value are recognised in profit or loss when the fair value is hedged. When net investments in foreign currencies are hedged, changes in the fair value are recognised in equity until the hedged item is recognised in profit or loss.

Intangible fixed assets

Intangible fixed assets consist of goodwill and capitalised expenses relating to software development.

Goodwill acquired in business combinations before 1 January 2004 has not been adjusted according to IFRS. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised; instead the impairment requirement is tested annually. Accordingly, the recognised amounts will be measured at every balance sheet date to determine whether there is an indication that the asset may be impaired. If there is such an indication, the asset's recoverable value is assessed as the higher of its value in use and net selling price. The asset is written down if the recoverable amount is less than the carrying amount.

Amortization of capitalised expenses is carried out according to plan based on the asset's value at acquisition and assessed useful life. Capitalised software development costs are amortised at a rate of 20–33 per cent per year.

Tangible fixed assets

Tangible fixed assets are measured at acquisition value less accumulated depreciation and impairment losses. Tangible fixed assets consist of refurbishment costs, IT equipment and other office equipment.

Depreciation and amortization charges are based on cost and allocated over the estimated useful life of the asset. Refurbishment costs are depreciated at 5–10% per year. IT equipment and other office equipment are depreciated at 20–33% per year.

Investments in subsidiaries

The holdings of the parent company in foreign subsidiaries are recognised at cost less accumulated write-downs.

Anticipated dividend

The anticipated dividend from subsidiaries is recognised in cases where formal decisions have been made by the Annual General Meetings or where the parent company, in some other way, has full control over the



decision process before the parent company publishes its financial reports.

Group contributions and shareholders' contributions

The accounting for Group and shareholders' contributions is in accordance with the standards issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force pronouncements. Thus, capital contributions (including their tax effects) between Group entities are recognised in accordance with their economic substance, i.e. as changes in equity. Shareholders' contributions are recognised as increases in carrying amount of the parent company's investment.

Segmental reporting

The business areas of the Carnegie Group are reported in accordance with the current internal organizational and management structure and its system of internal financial reporting.

Carnegie has defined the business areas as primary segments. The format for Note 1 in the annual report is the operational reporting. Information regarding assets, proportion of equity in associated companies, liabilities,

investments and depreciations related to the primary segments is also included. In addition to this information about income, assets and liabilities are reported on the basis of geographical area, which is defined as secondary segments.

Segment revenues, results, asset and liabilities include items directly attributable to a segment as well as common resources are allocated to each business area on a reasonable basis. Allocation to the profit-sharing system is accounted for in each business area on a fixed percentage basis, for the purpose of segmental analysis. Actual profit-share allocation is based on the full year results and distributed on a discretionary basis.

Unallocated items comprise result from investment in associated companies and principal investments.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and if its existence will be confirmed by one or more uncertain future events only, or when there is a commitment that is not recognised as a liability because it is not likely that an outflow of resources will be required.

Statutory consolidated income statement

(SEK thousands)	Note	2006	2005
Commission income		3,894,248	3,121,592
Commission expense		–182,279	–162,774
Net commission income	2	3,711,969	2,958,818
Interest income		665,753	364,265
Interest expenses		–617,240	–288,414
Net interest income	3	48,513	75,851
Dividend received	4	853	1,677
Net profit from financial transactions	5	714,068	478,336
Other income		0	0
Total income	1	4,475,403	3,514,682
General administrative expenses	6, 21	–2,985,228	–2,523,373
Depreciation of tangible and amortisation of intangible fixed assets	7	–63,520	–55,176
Total expenses		–3,048,748	–2,578,549
Operating profit before provisions for credit losses		1,426,655	936,133
Provisions for credit losses, net	8	491	–4,860
Write-down of financial fixed assets	31	–	–719
Operating profit		1,427,146	930,554
Result from associated companies	14	–	68
Profit before taxes		1,427,146	930,623
Taxes	9	–414,460	–263,822
Net profit		1,012,686	666,801
Earnings per share (SEK)		14.66	9.98
Earnings per share, fully diluted (SEK)		14.54	9.94
Average number of shares		69,074,691	66,799,744
Number of shares entitled to dividend		71,361,400	69,039,700
Number of shares related to outstanding warrents		1,976,530	3,771,700
Total number of shares, incl effect of issued warrants		69,645,478	67,083,113
Dividend per share (SEK)		10.50 ¹⁾	9.19

¹⁾ Proposed dividend

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

Statutory consolidated balance sheet

(SEK thousands)	Note	31 Dec 2006	31 Dec 2005
Assets			
Cash and bank deposits in central banks		479,610	316,126
Loans to credit institutions	12	7,753,185	8,968,292
Loans to general public	12, 13	8,402,810	4,428,032
Bonds and other interest bearing securities	10, 11	1,914,996	1,827,667
Shares and participations	10	14,172,562	7,095,658
Shares and participations in associated companies	14	-	-
Intangible fixed assets	15	47,623	85,067
Tangible fixed assets	16	75,184	65,853
Other assets	10, 17	8,179,730	7,618,999
Prepaid expenses and accrued income	19	562,415	453,504
Total assets		41,588,115	30,859,197
Liabilities and shareholders' equity			
Liabilities to credit institutions	12	15,762,479	8,830,110
Deposits and borrowing from general public	12	8,091,649	6,893,246
Other liabilities	10, 18	13,268,678	11,707,756
Accrued expenses and prepaid income	20	1,821,087	1,221,766
Total liabilities		38,943,892	28,652,878
Subordinated loan	32	476,250	485,750
Shareholders' equity			
Share capital		139,050	135,460
Share premium reserve and other additions ¹⁾		530,751	530,751
Other reserves including net profit ²⁾		1,498,172	1,054,358
Total shareholders' equity		2,167,973	1,720,569
Total liabilities and shareholders' equity		41,588,115	30,859,197

¹⁾ Amount paid in above par value, statutory reserve and other additions

²⁾ Accumulated net profits and profit for the year

For information on pledged assets, contingent liabilities, guarantees and securities borrowed, see note 23.

Change in shareholders' equity, Group

(SEK thousands)	Share capital	Share premium reserve and other additions	Exercised warrants	Hedging reserve	Translation differences	Other reserves	Other reserves including net profit	Total
Opening balance 2005	133,403	593,225			29,735	4,881	568,198	1,329,442
Dividend							-395,540	-395,540
Hedge of currency risk in foreign business				-2,500				-2,500
Appropriations to other reserves		-134,455					134,455	-
Write-down of goodwill						-3,879		-3,879
Foreign exchange difference					52,207			52,207
Exercised warrants	2,057		71,981					74,038
Net profit							666,801	666,801
Closing balance 2005	135,460	458,770	71,981	-2,500	81,942	1,002	973,914	1,720,569
Dividend							-634,475	-634,475
Hedge of currency risk in foreign business				-9,500				-9,500
Transfers		71,981	-71,981					-
Exercised warrants	3,590		137,943					141,533
Foreign exchange difference					-62,840			-62,840
Net profit							1,012,686	1,012,686
Closing balance 2006	139,050	530,751	137,943	-12,000	19,102	1,002	1,352,125	2,167,973
							2006	2005
Dividend per share (SEK)							10.50 ¹⁾	9.19

¹⁾ Proposed dividend

Income statement of parent company

(SEK thousands)	Note	2006	2005
Operating income		–	719
Administrative expenses	27	–26,887	–13,528
Operating profit		–26,887	–12,809
Financial items			
Anticipated dividend from Group companies		600,000	660,000
Interest income from Group companies		15,389	3
Other interest income		344	4,090
Sale/write-down of financial fixed assets	31	–1,870	–719
Interest expenses on subordinated loan		–21,514	–4,350
Interest expenses to Group companies		–	–
Other interest expenses		–3	–1
Foreign exchange differences		9,479	–2,500
Profit after financial items		574,938	643,714
Appropriations	28	–	183,150
Profit before taxes		574,938	826,864
Taxes	29	–4,704	–42,964
Net profit		570,234	783,900

Balance sheet of parent company

(SEK thousands)	Note	31 Dec 2006	31 Dec 2005
Assets			
Fixed assets			
Financial assets			
Shares in Group companies	30	1,224,140	724,490
Other shares and participations	31	–	6,586
Deferred tax assets		13,868	24,785
Total financial assets		1,238,008	755,861
Total fixed assets		1,238,008	755,861
Current assets			
Current receivables			
Receivables from Group companies		750,015	1,203,552
Other receivables		989	1,291
Prepaid expenses and accrued income		5,440	7,730
Total current receivables		756,444	1,212,573
Cash and bank		42,667	25,225
Total current assets		799,111	1,237,798
Total assets		2,037,119	1,993,659
Asset pledged		None	None

(SEK thousands)	Note	31 Dec 2006	31 Dec 2005
Shareholders' equity and liabilities			
Shareholders' equity			
Restricted equity			
Share capital (69.525.070/67.729.900 shares)		139,050	135,460
Statutory reserve ¹⁾		530,751	530,751
Unrestricted equity			
Retained earnings ²⁾		304,391	283
Net profit		570,234	783,900
Total shareholders' equity		1,544,426	1,450,394
Subordinated loan	32	476,250	485,750
Current liabilities			
Accounts payable		931	178
Tax liabilities		694	47,646
Other liabilities		84	63
Accrued expenses and prepaid income		14,734	9,628
Total current liabilities		16,443	57,515
Total liabilities		16,443	57,515
Total shareholders' equity and liabilities		2,037,119	1,993,659
Contingent liabilities		None	None

¹⁾ Amount paid in above par value and statutory reserve

²⁾ Accumulated net profits.

Change in shareholders' equity, parent company

(SEK thousands)	Share capital	Statutory reserve	Retained earnings	Net profit	Total
Opening balance 2005	133,403	458,770	-45,501	441,146	987,818
Appropriation of profit			441,146	-441,146	-
Dividend			-395,540		-395,540
Group contribution received			248		248
Group contribution's tax effect			-70		-70
Exercised warrants	2,057	71,981			74,038
Net profit				783,900	783,900
Closing balance 2005	135,460	530,751	283	783,900	1,450,394
Appropriation of profit			783,900	-783,900	-
Dividend			-634,475		-634,475
Group contribution received			23,250		23,250
Group contribution's tax effect			-6,510		-6,510
Exercised warrants	3,590		137,943		141,533
Net profit				570,234	570,234
Closing balance 2006	139,050	530,751	304,391	570,234	1,544,426
			2006		2005
Dividend per share (SEK)			10,50 ¹⁾		9,19

¹⁾ Proposed dividend

Cashflow statements, Group and parent company

(SEK thousands)		Group		Parent	
Current operations		2006	2005	2006	2005
Profit before taxes ¹⁾		1,427,146	930,623	574,938	826,864
Adjustment for items not included in cash flow					
Result from associated companies		–	–68	–	–
Amortisation, depreciation and write-down		66,124	55,176	2,605	719
Other items		0	0	–	–183 150
Other taxes		3	0	–	–
Current taxes		–395,421	–310,305	6,213	–47,577
		–329,294	–255,197	8,818	–230,008
Cash flow from operations before changes in working capital		1,097,853	675,426	583,756	596,856
Increase (–)/decrease (+) in operational assets					
Loans to general public		–3,974,402	2,172,871	–	–
Securities inventory		–7,163,501	–1,058,482	–	–
Current receivables		–631,660	–3,003,913	456,128	–791,646
Increase (+)/decrease (–) in operational liabilities					
Borrowing from general public		1,198,843	1,457,285	–	–
Liabilities to credit institutions		6,933,090	1,416,996	–	–
Current liabilities		2,153,987	4,268,102	–41,072	54,271
		–1,483,643	5,252,860	415,056	–737,375
Cash flow from operations		–385,791	5,928,285	998,812	–140,519
Investment activities					
Sale of fixed assets		6,797	6,250	4,332	–
Investment/acquisition of associated and other companies		–	–621	–	–
Acquisition of fixed assets		–39,772	–85,223	–	–
Cash flow from investment activities		–32,975	–79,594	4,332	–
Financing activities					
Exercised warrants		141,533	74,038	141,533	74,038
Group contribution		–	–	16,740	179
Shareholders' contributions		–	–	–500,000	–
Change in long-term liabilities		–9,500	485,750	–9,500	485,750
Distributed dividend		–634,475	–395,540	–634,475	–395,540
Cash flow from financing activities		–502,442	164,248	–985,701	164,427
Cash flow for the year		–921,208	6,012,939	17,443	23,908
Liquid funds at the beginning of the year		9,243,730	3,088,060	25,225	1,317
Exchange differences in liquid funds		–89,727	142,731	–	–
Liquid funds at the end of the year ²⁾		8,232,795	9,243,730	42,667	25,225
Notes to statement of changes in financial positions					
¹⁾ Interest paid		542,834	340,712	20,834	1
Interest received		621,249	361,423	15,733	4,093
²⁾ Liquid funds:					
Cash and bank deposits in central banks		479,610	316,126	–	–
Loans to credit institutions		7,753,185	8,968,292	42,667	25,225
Liquid funds with maturities exceeding three months		–	–40,688	–	–
Available liquidity at the end of the year		8,232,795	9,243,730	42,667	25,225

Notes to financial statement – Group

(Note 1 in SEK millions, other notes in SEK thousands)

Note 1 Income statement per business area and by geographical area

	Total		Principal investments		Securities		Investment Banking		Asset Management		Private Banking	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net commission income	1,257	982	–	–	1,256	982	–	–	–	–	–	–
Underwriting fees	686	269	–	–	287	132	398	137	–	–	–	–
Net interest income	90	61	–	–	90	61	–	–	–	–	–	–
Net income from financial positions	521	369	–	1	502	329	19	40	–	–	–	–
Income from mutual funds	668	610	–	–	–	–	–	–	668	610	–	–
Income from discretionary fund management	196	162	–	–	–	–	–	–	196	162	–	–
Private Banking income	563	486	–	–	–	–	–	–	–	–	563	486
Advisory fees	494	575	–	–	–	–	468	556	26	19	–	–
Other fees	0	0	–	–	0	–	–	–	–	–	–	–
Total income	4,475	3,514	–	1	2,136	1,503	885	733	891	791	563	486
Personnel expenses	–952	–870	–	–	–421	–376	–167	–156	–173	–165	–191	–174
Other expenses	–708	–799	–	–	–315	–349	–102	–111	–139	–162	–152	–177
Net provisions for credit losses	0	–5	–	–	–1	–5	–	–	–	–	1	0
Total operating expenses excluding profit-share	–1,659	–1,674	–	–	–737	–730	–269	–267	–312	–327	–341	–350
Operating profit before result from principal investments and profit-share	2,817	1,841	–	1	1,400	773	616	467	579	463	222	136
Write-down of financial fixed assets ¹⁾	–	–1	–	–1	–	–	–	–	–	–	–	–
Operating profit before profit-share	2,817	1,840	–	–	1,400	773	616	467	579	463	222	136
Allocation to profit-share system	–1,390	–909	–	–	–691	–382	–304	–231	–286	–229	–109	–67
Total expenses	–3,048	–2,583	–	–	–1,427	–1,112	–573	–497	–597	–556	–451	–417
Operating profit before taxes	1,427	931	–	–	709	391	312	236	293	234	112	69
Taxes	–414	–264	–	–	–	–	–	–	–	–	–	–
Net profit	1,013	667	–	–	709	391	312	236	293	234	112	69
No. of full-time equivalent employees, average	775	747	–	–	336	313	128	127	134	135	177	171
Total assets	41,588	30,859	–	–	29,982	19,536	1,614	2,686	1,473	1,673	8,518	6,965
Total liabilities and provisions	38,944	28,653	–	–	29,712	18,993	1,386	2,227	720	1,091	7,126	6,342
Investments per business area	123	151	–	–	73	89	10	9	15	36	25	18
Depreciations per business area	64	55	–	–	11	15	6	10	13	22	32	9
Total income by geographical area												
Nordic clients	3,093	2,410	–	–	–	–	–	–	–	–	–	–
Non-Nordic clients	1,382	1,105	–	–	–	–	–	–	–	–	–	–
Total income	4,475	3,514	–	–	–	–	–	–	–	–	–	–
Assets by geographical area												
Nordic	37,118	26,796	–	–	–	–	–	–	–	–	–	–
Non-Nordic	4,470	4,063	–	–	–	–	–	–	–	–	–	–
Total assets	41,588	30,859	–	–	–	–	–	–	–	–	–	–
Investments by geographical area												
Nordic	105	141	–	–	–	–	–	–	–	–	–	–
Non-Nordic	18	10	–	–	–	–	–	–	–	–	–	–
Total investments	123	151	–	–	–	–	–	–	–	–	–	–

There are no income-generating transactions between the business areas of any significance and costs without corresponding payments are depreciation and credit provisions, these amounts are not significant.

¹⁾ Write-down of Carnegie's holding in Startupfactory BV, see note 31

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

Note 2 Net commission income

	2006	2005
Commission equities	2,409,131	1,690,246
Other commission income	1,565,348	1,516,585
Commission expense	-182,279	-162,774
Market fees	-80,231	-85,239
Total net commission income	3,711,969	2,958,818

Note 3 Net interest income

	2006	2005
Interest income		
Interest on loans to credit institutions	271,507	159,454
Interest on loans to general public	340,824	162,297
Interest on interest-bearing securities	33,523	18,007
Other interest income	19,898	24,507
	665,753	364,265
Interest expenses		
Interest on liabilities to credit institutions	-452,583	-172,258
Interest expenses for deposits and borrowing from general public	-152,297	-98,686
Other interest expenses	-12,360	-17,470
	-617,240	-288,414
Total net interest income	48,513	75,851

Note 4 Dividends received

	2006	2005
Dividends on shares and participations - long-term investments	853	1,677
Total dividends received	853	1,677

Note 5 Net profit from financial transactions

	2006	2005
Net realised gains/losses on items at fair value		
Shares and participations	1,054,601	724,240
Interest-bearing securities	18,966	25,694
Other financial instruments	-146,308	-71,852
Net unrealised gains/losses on items at fair value		
Shares and participations	-155,124	-162,297
Interest-bearing securities	-3,493	650
Other financial instruments	-23,156	-44,182
Exchange rate differences branch accounts	-11,730	11,972
Other changes in foreign exchange rates	-19,688	-5,889
Total net profit from financial transactions¹⁾	714,068	478,336

¹⁾ Financial assets and liabilities held for trading measured at fair value through income statement.

Note 6 General administrative expenses

	2006	2005
Salaries and other remuneration paid to Boards of Directors and Managing Directors in;		
Denmark	-8,313	-7,974
Finland	-2,153	-1,429
Luxembourg	-1,462	-1,477
Norway	-3,315	-4,509
Sweden	-16,462	-7,819
Switzerland	-	-
United Kingdom	-	-
United States	-1,106	-1,122
Salaries and other remuneration paid to other employees in;		
Denmark	-146,174	-135,582
Finland	-45,984	-46,651
Luxembourg	-26,364	-25,276
Norway	-75,698	-66,762
Sweden	-265,361	-237,964
Switzerland	-4,591	-3,963
United Kingdom	-44,634	-45,557
United States	-20,728	-20,586
Payroll overheads	-133,646	-121,282
Pension premium costs for Boards of Directors and Managing Directors	-1,279	-1,706
Pension premium costs for other employees	-90,743	-82,635
Allocation to profit-share system	-1,389,509	-909,109
Remuneration to KPMG for audit services	-6,306	-6,249
Remuneration to Grant Thornton for audit services	-3,446	-2,574
Remuneration to Deloitte & Touche for audit services	-2,620	-2,513
Remuneration to other audit firms for audit services	-663	-1,466
Other remuneration to KPMG	-738	-986
Other remuneration to Grant Thornton	-367	-413
Other remuneration to Deloitte & Touche	-327	-153
Other remuneration to other audit firms	-2,195	-571
Other administrative expenses	-691,043	-787,044
Total general administrative expenses	-2,985,228	-2,523,373

Sick leave

In 2006, sick leave among employees in Swedish companies constitutes 1.4% (1.1%) of regular working hours, of which 0.8% (0.4%) exceeding 60 days. Sick leave distributed by gender is female 0.6% (0.5%) and male 0.9% (0.6%), and the distribution by age is 0.7% (0.1%) less than or 29 years, 1.3% (0.8%) between 30–49 years and 3.2% (0.2%) among employees 50 years or older.

Distribution by gender

The distribution of the Board of Directors by gender is female 14% (22%) and male 86% (78%).

The distribution of the executive officer's by gender is female 0% (13%) and male 100% (87%).

cont'd note 6

Remuneration**Remuneration to the Board of Directors for 2006**

The Annual General meeting 2006 decided that SEK 3.75 million (SEK 3.95 million) was to be allocated among those Directors that were not employed by Carnegie. As Kjartan Gunnarsson resigned from his assignment in July 2006, his remuneration has been adjusted accordingly. The total remuneration for Directors not employed by Carnegie 2006 amounts to SEK 3.52 million.

Of the total remuneration, SEK 2.87 million (SEK 3.25 million) concerns remuneration for the work in the Board of D. Carnegie & Co AB and SEK 0.65 million (SEK 0.70 million) concerns work in the Board's committees. Further, SEK 1.35 million (1.40 million) concerns remuneration for the work in the Board of Carnegie Investment Bank AB and other Boards in the Carnegie Group.

Remuneration to Board members 2006	Board assignment	Board Committees	Total amount D. Carnegie & Co AB	Internal Boards	Total remuneration
Hugo Andersen	350	0	350	350	700
Christer Zetterberg	1,000	100	1,100	150	1,250
Kjartan Gunnarsson ¹⁾	117	0	117	50	167
Stig Vilhelmson	0	0	0	0	0
Niclas Gabrán	350	100	450	150	600
Anders Ljungh	350	250	600	250	850
Dag Sehlin ²⁾	350	100	450	250	700
Fields Wicker-Miurin	350	100	450	150	600
Total	2,867	650	3,517	1,350	4,867

¹⁾ Kjartan Gunnarsson resigned from his assignment in Carnegie in July 2006.

²⁾ Dag Sehlin has, through a wholly-owned company, received a total of SEK 0.5 million (SEK 0.4 million) for his assignments in Carnegie's credit and risk committee and the internal audit committee.

Remuneration to the CEO and Executive officers

The remuneration for the CEO, and the principles and overall policies for the remuneration to the Executive Officers are established and reviewed by the Remuneration Committee. Carnegie's CEO Stig Vilhelmson received a salary of SEK 2.8 million for the nine-months period from his appointment as CEO in March 2006. The CEO's profit-share allocation for 2006 was SEK 19.1 million, of which a payment of SEK 4.0 million was made to a pension insurance to the benefit of the CEO. The CEO received no other benefits in 2006.

Carnegie's former CEO Karin Forseke received SEK 0.9 million for her work as CEO Jan–March 2006, and SEK 3.6 million according to the terms for notice of termination and severance pay.

Remuneration to the CEO and the Executive Officers	Salary	Profit-share	Payment to pension insurance	Other benefits	Total
Remuneration to the CEO	2.8	15.1	4.0	0.0	21.9
Remuneration to other Executive Officers	11.9	47.4	10.1	0.0	69.4
Total remuneration	14.7	62.5	14.1	0.0	91.3

The 6 (7) executive officers, excluding the CEO, received a total remuneration of SEK 69.4 million in 2006 (SEK 65.3 million). The profit-share allocation was SEK 57.5 million (SEK 49.9 million), of which 10.1 million (SEK 19.3 million) concerned payments to pension insurances to the benefit of the Executive officers. The Executive officers received no other benefits (–).

Pensions

Carnegie makes salary-based premium payments for pension insurance (based on salaries excluding profit-share) on behalf of all employees, including the CEO, in accordance with standards in each country, corresponding to 14 per cent (14 per cent) of the total salary expenses. All of Carnegie's pension obligations are based on defined contribution plans and are reinsured with external par-

ties. Carnegie has no pension obligations outstanding and makes no payments for pension insurance to the non-executive Board members. No pension premiums were paid to the chairman of the Board in 2006. The CEO (or the company) has the right to activate the retirement at the CEO's age of 60. Other members of Group Management are covered by customary terms in each country and have a retirement age of 65 to 67 years of age. The retirement does not trigger any additional expenses for the company.

Notice of termination and severance pay

No agreement on severance pay has been made with any of the non-executive Board members. The CEO must give 12 months' notice to terminate his employment; Carnegie must give 24 months' notice. In the event of a termination with immediate effect by Carnegie, the CEO will receive a severance pay amounting to 24 months' salary, as well as compensation for other benefits for a 24-months' period. Carnegie's executive officers must comply with notice periods for termination of employment that range from 3 to 12 months, while the company must provide a period of notice of between 3 and 24 months. Only the CEO has a period of notice provided by the company of 24 months.

Average number of employees (of which women)

	2006		2005	
Denmark	139	(42)	137	(36)
Finland	69	(28)	68	(29)
Luxembourg	40	(11)	40	(11)
Norway	95	(25)	87	(23)
Sweden	376	(105)	355	(103)
Switzerland	4	(–)	4	(–)
United Kingdom	38	(15)	39	(14)
United States	14	(4)	16	(4)
Total	775	(230)	747	(220)

Note 7 Depreciation of tangible and amortisation of intangible fixed assets

	2006	2005
IT equipment and other machinery	-24,054	-27,135
Leasehold improvements	-770	-5,036
Goodwill	—	-10,252
Other intangible fixed assets	-38,696	-12,753
Total depreciation of tangible and amortisation of intangible fixed assets	-63,520	-55,176

Goodwill assignable to asset management operations in Finland was fully written down during the last quarter 2005 when tested for impairment. The write-down was based on an assessment of significantly lower expected future cash flows as a consequence of decreased assets under management.

Note 8 Provisions for credit losses, net
Net credit losses

	2006	2005
Write-down of confirmed credit losses	—	—
Reversals of previous provisions		
for anticipated credit losses	629	-1,335
Provisions for anticipated credit losses	-523	-3,525
Funds recovered from earlier		
confirmed credit losses	—	—
Reversals no longer required for		
anticipated credit losses	385	—
Result of individually assessed credits	491	-4,860

Write-downs of confirmed credit losses, provisions and reversals are attributable to loans to general public.

Note 9 Taxes

	2006	2005
Current taxes		
Income tax expense for the period	-454,009	-326,575
Tax from previous years assessments	2,543	-597
Deferred taxes		
Tax on reversals of untaxed reserves	2	51,282
Tax on utilisation/recognition of loss carryforwards	-798	-2,249
Other deferred taxes	37,802	14,317
Total effective tax expense	-414,460	-263,822
Average tax rate	29%	28%
Reconciliation of effective tax		
Profit before taxes	1,427,146	930,623
Tax expense according to applicable tax rates ¹⁾	-415,902	-267,730
Tax from previous years assessments	2,543	-597
Tax on temporary differences	-38,106	-58,845
Tax on reversals of untaxed reserves	2	51,282
Tax on utilisation/recognition of loss carryforwards ²⁾	-798	-2,249
Other deferred taxes	37,802	14,317
Total effective tax expense	-414,460	-263,822

¹⁾ The product of taxable accounting profit multiplied by the applicable tax rates in each subsidiary.

²⁾ Deferred tax assets on remaining tax losses carryforward amounts to 11,763 (12,560). The tax losses have a 10 year limit for utilising the losses.

	2006	2005
Tax assets, included in Other assets		
Tax receivable	60,223	70,184
Deferred tax assets	123,743	119,263
Tax liabilities, included in Other liabilities		
Tax liabilities	190,159	140,052
Deferred tax liabilities	22,385	15,308

Note 10 Portfolio of shares, options and fixed income instruments

	31 Dec 2006	31 Dec 2005
Current assets		
Bonds		
Listed bonds	1,849,333	1,773,812
Unlisted bonds	65,663	53,855
	1,914,996	1,827,667
<i>Swedish Government</i>	—	209,110
<i>Non-Swedish Government</i>	89,439	82,187
<i>Other issuer</i>	1,825,557	1,536,370
	1,914,996	1,827,667
Shares		
Shares, warrants — listed	13,667,702	7,082,205
Shares, warrants — unlisted	504,860	6,867
	14,172,562	7,089,072
Other assets		
Derivative instruments	1,786,385	2,379,246
	1,786,385	2,379,246
Other liabilities		
Derivative instruments	-3,121,005	-2,645,201
Short positions in shares	-9,418,587	-4,630,079
	-12,539,593	-7,275,280
Total securities, current assets¹⁾	5,334,351	4,020,704
Fixed financial assets		
Shares, warrants — listed	—	—
Shares, warrants — unlisted	—	—
Shares in Startupfactory B.V., unlisted	—	6,586
Total securities, fixed financial assets²⁾	—	6,586
Total securities	5,334,351	4,027,290

All financial instruments are classified in the following categories according to IAS 39:

¹⁾ Financial assets and liabilities measured at fair value through income statement, including derivatives 5,334,351 (4,020,704)

²⁾ Financial assets measured at amortised cost - (6,586). Also see note 31.

Note 11 Maturities

	31 Dec 2006	31 Dec 2005
Bonds and other interest-bearing securities		
Remaining maturities not exceeding one year	447,808	486,439
Remaining maturities exceeding one		
year but not exceeding five years	94,171	95,307
Remaining maturities exceeding five years	1,373,017	1,245,921
	1,914,996	1,827,667

Note 12 Maturities

	31 Dec 2006	31 Dec 2005
Loans to credit institutions		
Payable on demand	5,402,173	6,646,596
Remaining maturities not exceeding three months	2,351,012	2,281,008
Remaining maturities exceeding three months but not exceeding one year	–	40,688
	7,753,185	8,968,292
<i>Of which, repo transactions</i>	1,034,920	961,696
Loans to general public		
Payable on demand	7,215,590	3,152,472
Remaining maturities not exceeding three months	1,162,790	749,220
Remaining maturities exceeding three months but not exceeding one year	23,683	525,876
Remaining securities exceeding one year but not exceeding five years	747	464
	8,402,810	4,428,032
<i>Of which, repo transactions</i>	–	–
Liabilities to credit institutions		
Payable on demand	14,492,740	6,889,319
Remaining maturities not exceeding three months	1,269,739	1,912,291
Remaining maturities exceeding one year but not exceeding five years	–	28,500
	15,762,479	8,830,110
<i>Of which, repo transactions</i>	1,046,231	1,161,723
Deposits and borrowing from general public		
Payable on demand	6,577,880	5,421,141
Remaining maturities not exceeding three months	1,504,150	1,441,309
Remaining maturities exceeding three months but not exceeding one year	9,620	3,496
Remaining maturities exceeding one year but not exceeding five years	–	27,300
	8,091,649	6,893,246
<i>Of which, repo transactions</i>	–	–

Note 13 Unsettled receivable and non-performing credits

	31 Dec 2006	31 Dec 2005
Doubtful receivables for which interest is not credited prior to actual payment	30,868	33,768
Provisions for anticipated credit losses on doubtful receivables	–30,868	–33,768
Estimated value on non-performing credits after write-down from anticipated credit losses	0	0
Total provision by geographic area		
<i>Nordic</i>	–30,868	–33,719
<i>Non–Nordic</i>	–	–49
Total	–30,868	–33,768

Note 14 Shares and participations in associated companies

	Corporate identity number /Reg. Office	Number of shares	Proportion of equity (share of votes), %	Share of result net 2006	Share of net result 2005	Share of equity 2006	Share of equity 2005	Book value in parent company 2006	Book value in parent company 2005
	556560-7677								
Capital C AB	Stockholm	2,550	–	–	68	–	–	–	–
Total book value				–	68	–	–	–	–

Capital C AB is a software development company and supplier of after trade solutions for the securities industry including Carnegie. In December 2005 Carnegie acquired ABN Amro's 50 per cent holding in Capital C. Capital C is consolidated into the Carnegie Group from 31 December 2005.

Note 15 Intangible fixed assets

	31 Dec 2006	31 Dec 2005
Goodwill		
Acquisition value, January 1	28,229	22,148
Changes in foreign exchange rates	–	899
Acquisitions during the year	618	5,182
Disposals during year	–20,038	–
Acquisition value, December 31	8,808	28,229
Amortisation, January 1	–20,038	–5,316
Adjustment of amortisation recognised in equity	–	–3,879
Changes in foreign exchange rates	–	–591
Accumulated amortisation disposals during the year	20,038	–
Amortisation during the year	–	–10,252
Amortisation, December 31	–	–20,038
Book value	8,808	8,191
Other intangible fixed assets		
Acquisition value, January 1	195,091	73,289
Changes in foreign exchange rates	–2,027	2,003
Acquisition group companies	–	115,800
Acquisitions during the year	1,154	3,999
Disposals during the year	–1,135	–
Acquisition value, December 31	193,083	195,091
Amortisation, January 1	–118,215	–45,625
Changes in foreign exchange rates	1,508	–1,187
Acquisition group companies	–	–58,650
Accumulated amortisation disposals during the year	1,135	–
Amortisation during the year	–38,696	–12,753
Amortisation, December 31	–154,269	–118,215
Book value*	38,814	76,876
Total book value intangible fixed assets	47,623	85,067

* Other intangible fixed assets contains of 31,090 (62,786) as tailor made systems and 7,724 (14,090) as standardised systems.

From 2004 and onwards goodwill is tested for impairment annually. All cash generating units are tested for impairment on a stand alone basis regardless of whether or not there is any indication that the asset is in need of revaluation. The test method for impairment is based on Management's judgment of the value of future expected cash flows as well as trading- and or transaction multiples for similar companies when applicable.

Currently all goodwill is assignable to an acquisition of asset management operations in Sweden at the end of 2003. The value of the operations has been tested for impairment and no indication of that the present value of expected future cash flows would be lower than the value in the balance sheet has been found.

The impairment test has been based on an assumed average growth rate in operating profit of approximately 15 per cent p.a. during the projection period and a long term growth rate of 3 per cent. Distribution of cash have been assumed to maintain the capital base to managed assets ratio at 50 basis points and dividends have been discounted with a cost of equity of 11 per cent. A corporate tax rate of 28 per cent has been applied.

Goodwill assignable to asset management operations in Finland was fully written down during the last quarter 2005 when tested for impairment. The write-down was based on an assessment of significantly lower expected future cash flows as a consequence of decreased assets under management.

Note 16 Tangible fixed assets

	31 Dec 2006	31 Dec 2005
IT equipment and other machinery		
Acquisition value, January 1	246,149	229,803
Changes in foreign exchange rates	–10,073	11,626
Acquisition group companies	–	4,984
Acquisitions during the year	38,618	24,074
Disposals during the year	–19,259	–24,338
Acquisition value, December 31	255,435	246,149
Depreciation, January 1	–191,445	–168,490
Changes in foreign exchange rates	8,425	–9,187
Acquisition group companies	–	–4,732
Accumulated depreciation disposals during the year	16,444	18,099
Depreciation during the year	–24,054	–27,135
Depreciation, December 31	–190,630	–191,445
Book value	64,805	54,704
Leasehold improvements		
Acquisition value, January 1	64,359	64,359
Acquisition value, December 31	64,359	64,359
Depreciation, January 1	–53,210	–48,174
Depreciation during the year	–770	–5,036
Depreciation, December 31	–53,980	–53,210
Book value	10,379	11,149
Total book value tangible fixed assets	75,184	65,853

Note 17 Other assets

	31 Dec 2006	31 Dec 2005
Derivative instruments ¹⁾	1,786,385	2,379,246
Securities settlement receivables*, ¹⁾	5,857,247	4,751,966
Tax receivable ¹⁾	60,223	70,184
Deferred tax assets ²⁾	123,743	119,263
Other assets ¹⁾	352,132	298,340
Total other assets³⁾	8,179,730	7,618,999

* Accounted for net gross amount:

Securities settlement receivables	20,264,189	11,728,172
Securities settlement liabilities	–14,475,253	–9,605,620

¹⁾ The remaining maturities are not exceeding one year

²⁾ The remaining maturities are exceeding one year

³⁾ Individual pension obligations covered by endowment insurance policies, where Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees, are treated as contributions to a defined contribution plan. The total market value amounts to 301,332 (235,749), of which paid during the year 57,914 (30,742).

Financial assets and liabilities held for trading measured at fair value through income statement.

Note 18 Other liabilities

	31 Dec 2006	31 Dec 2005
Derivative instruments ¹⁾	3,121,005	2,645,201
Securities settlement liabilities*, ¹⁾	68,311	2,629,414
Short positions in shares ¹⁾	9,418,587	4,630,079
Tax liability ¹⁾	190,159	140,052
Deferred tax liability ²⁾	22,385	15,308
Other liabilities ¹⁾	448,231	1,647,702
Total other liabilities³⁾	13,268,678	11,707,756

* Accounted for net gross amount:

Securities settlement receivables	20,264,189	11,728,172
Securities settlement liabilities	-14,475,253	-9,605,620

¹⁾ The remaining maturities are not exceeding one year

²⁾ The remaining maturities are exceeding one year

³⁾ Individual pension obligations covered by endowment insurance policies, where Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees, are treated as contributions to a defined contribution plan. The total market value amounts to 301,332 (235,749), of which paid during the year 57,914 (30,742).

Financial assets and liabilities held for trading measured at fair value through income statement.

Note 19 Prepaid expenses and accrued income

	31 Dec 2006	31 Dec 2005
Accrued interest	48,770	4,266
Rent for premises	24,281	27,922
Fees	295,889	347,663
Pensions	4,819	4,118
Other	188,654	69,535
Total prepaid expenses and accrued income¹⁾	562,415	453,504

¹⁾ The remaining maturities are not exceeding one year

Note 20 Accrued expenses and prepaid income

	31 Dec 2006	31 Dec 2005
Accrued interest	96,102	21,696
Fees	196,765	95,706
Personnel related	1,380,629	1,005,691
Pensions	27,600	2,571
Other	119,992	96,102
Total accrued expenses and prepaid income¹⁾	1,821,087	1,221,766

¹⁾ The remaining maturities are not exceeding one year

Note 21 Operating lease commitments

	31 Dec 2006	31 Dec 2005
Agreed payments, land and building		
Within one year	90,968	101,433
Between one to five years	160,546	378,206
Five years or more	–	10,639
Other agreed payments		
Within one year	18,307	8,079
Between one to five years	30,606	7,432
Five years or more	3,718	–

The amounts in the summary relate mainly to rental of premises. Rental agreements are indexlinked. The agreements are not recalculated to net present value. Sub-lease of premises amounts to – (1,167).

Note 22 Capital adequacy ratio

	31 Dec 2006	31 Dec 2005
Regulatory capital base	1,752,138	1,408,371
Risk-weighted amount for credit risks	7,970,302	4,744,536
Interest-rate risk ¹⁾	2,272,815	769,438
Share-price risk	1,356,823	355,514
Divestment-price risk	24,495	64,025
Counterparty risk and other risk	816,988	234,661
Foreign exchange risk	483,545	719,588
Total risk-weighted amount for market risks	4,954,666	2,143,226
Total risk-weighted amount for credit risks and market risks	12,924,968	6,887,762

Capital adequacy ratio **13.56%** **20.45%**

¹⁾ The Group uses the maturity method. Interest-rate risk can be divided into general risk, 1,805,383 (332,294) and specific risk 467,432 (437,144)

Specification of risk-weighted amounts, interest rate risk by maturity	31 Dec 2006	31 Dec 2005
General risk	1,805,383	332,294

Specific risk

Remaining maturities not exceeding six months	612	4,412
Remaining maturities exceeding six months but not exceeding two years	10,393	26,348
Remaining maturities exceeding two years	456,427	406,384
Total specific risk	467,432	437,144
Interest-rate risk	2,272,815	769,438

Large exposures

A large exposure is an exposure to one client or a closely related group of clients which amounts to more than 10% of the regulatory capital base 175,214 (140,837). One single large exposure should never exceed 25% of the capital base 438,035 (352,093) and accumulated large exposures should never exceed 800% of the capital base 14,017,104 (11,266,970).

The transition to IFRS has not had any material impact on the regulatory capital base or capital adequacy ratio in 2005.

Note 23 Pledged assets and contingent liabilities

	31 Dec 2006	31 Dec 2005
Collateral pledged for own liabilities		
Securities	14,374,130	6,215,240
Securities owned by customers	8,718,780	3,521,285
Other assets	5,176,906	3,599,359
Standardised options		
Blocked assets in customer accounts	122,057	79,330
Securities loaned	14,102,936	1,720,334
Contingent liabilities	73,168	3,717
Guarantees	193,918	654,047
Securities borrowed	17,618,559	7,820,267

Note 24 Critical accounting policies involving significant management judgement

It is the managements' opinion that accounting policies involving critical judgement, and uncertainty in assumptions, mainly are related to three areas; valuation of financial instruments, goodwill and provisions for litigations.

Financial instruments are recognised at fair value, mainly determined by reference to published price quotations in an active market, and changes in value are recognised in the income statement. If Carnegie's assessment is that the market price is not valid, from liquidity or other perspective, Carnegie's own assessment of the value is applied. The recognised value of goodwill is confirmed through an impairment test at every balance date, using a number of assumptions in order to calculate the value of the underlying assets. Provisions for litigations are based on future cash flow necessary to settle the obligations.

It is the management's opinion that changes of the parameters used in the assessments mentioned above would not have any material impact on the result.

Note 25 Important events after 31 December 2006

In January 2007, 1.8 million warrants were exercised under the 2004/2007 warrant programme distributed to employees. Total proceeds amounted to SEK 185 million. The total number of shares outstanding following the new share issue is 71,361,400.

On 12 January 2007, Carnegie announced the proposed acquisition of Max Matthiessen, Sweden's leading adviser in pension solutions. The acquisition is to be financed through a share issue of a maximum of 6,071,427 shares in Carnegie, corresponding to a transaction value of SEK 856 million based on the share price as of 10 January 2007. The Extraordinary Meeting 13 February 2007 is to authorise the Board to decide on the new share issue. The maximum dilution will be 7.8 per cent of the total number of shares outstanding of 77,432,827.

This annual report has been approved by the Board of Directors on 1 February 2007. The Annual General Meeting will be held on 29 March 2007.

Notes to financial statement – parent company

(SEK thousands)

Note 26 Information of the parent company

D. Carnegie & Co AB, (publ) reg. No. 556498-9449 is a Swedish public company with registered office in Stockholm. The Carnegie share was listed in June 2001 on the OMX The Nordic stock exchange, large cap, financials.

The address to the head office is Västra Trädgårdsgatan 15, SE-103 38 Stockholm.

Note 27 Administrative expenses

	2006	2005
Salaries and other remuneration paid to		
Board of Directors and Managing Director	-4,610	-5,385
Payroll overheads	–	-150
Pension premium costs for Managing Director	–	–
Remuneration for audit services	-1,633	-1,570
Other administrative expenses	-20,644	-6,423
Total administrative expenses	-26,887	-13,528
Average number of employees		
(of which women)	– (–)	– (–)

See Note 6 for Terms of employment and remuneration to Board of Directors and Group management.

Note 28 Appropriations

	2006	2005
Transfer from tax allocation reserve	–	183,150
	–	183,150

Note 29 Taxes

	2006	2005
Current taxes		
Income tax on Group contribution	6,510	70
Income tax expense for the period	–	-47,647
Income tax from previous years' assessments	-297	0
Deferred taxes		
Deferred taxes	-10,917	4,613
Total effective tax expense	-4,704	-42,964
Average tax rate	1%	5%
Reconciliation of effective tax		
Profit before taxes	574,938	826,864
Tax expense according to applicable tax rate	-160,983	-231,522
Tax from previous years assessments	-297	0
Tax on anticipated dividend	168,000	184,800
Tax on Group contribution	6,510	70
Tax on other temporary differences	-7,017	-925
Other deferred taxes	-10,917	4,613
Total effective tax expense	-4,704	-42,964

Note 30 Shares in Group companies

	31 Dec 2006	31 Dec 2005
Acquisition value, 1 January	724,490	724,490
Transfers to Group company	-350	–
Shareholders contribution	500,000	–
Net book value	1,224,140	724,490

	Corporate identity number/Reg. Office	No. of shares	Proportion of equity (share of votes) %	Book value 2006	Shareholders' Equity 2006*
Carnegie Investment Bank AB	516406-0138 Stockholm	400,000	100%	1,224,140	1,844,681
<i>Subsidiaries of Carnegie Investment Bank AB</i>					
Carnegie, Inc.					
Carnegie ASA**					
Carnegie Ltd					
Carnegie Fond AB					
Familjeföretagens Pensionsredovisning i Värmland AB					
Capital C AB					
Carnegie Properties AB					
Carnegie Asset Management Finland Ab					
<i>Subsidiaries of Carnegie Asset Management Finland Ab</i>					
Carnegie Fondbolag Ab					
Carnegie Asset Management Danmark Holding A/S					
<i>Subsidiaries of Carnegie Asset Management Danmark Holding A/S</i>					
Carnegie Asset Management Fondmæglerselskab A/S					
Carnegie Asset Administration A/S					
Carnegie Asset Management Holding Norge AS					
<i>Subsidiaries of Carnegie Asset Management Holding Norge AS</i>					
Carnegie Kapitalforvaltning AS					
Carnegie Bank A/S**					
Banque Carnegie Luxembourg S.A.**					
<i>Subsidiaries of Banque Carnegie Luxembourg S.A.</i>					
Carnegie Fund Management Company S.A.					
Carnegie Asset Management SA					
Total				1,224,140	1,844,681

* Equity in subsidiaries is reported excluding proposed dividends to the Parent Company.

** Companies classified as credit institutions

Note 31 Other shares and participations

	31 Dec 2006	31 Dec 2005
Acquisition value	43,829	43,829
Accumulated write-downs	-37,243	-36,524
Sale of company during the year*	-6,586	-
Write-down during the year	-	-719
Net book value, 31 December	-	6,586

	Number of Shares	Proportion of equity (share of votes)%	Book value 2006	Book value 2005
Startupfactory B.V *	995,054	3.8%	-	6,586
Total			-	6,586

* The consideration for the shares amounts to 3,982 resulting in a capital loss of 2,605, which has been reduced by a dividend of 734.

Note 32 Subordinated loan

On 12th October 2005 the company raised a dual-tranche subordinated Lower Tier 2 Capital loan.

Amount:	250 SEK million	25 EUR million
Maturity date:	12 October 2015	12 October 2015
Call Date:	12 October 2010 and on every coupon date thereafter at par	12 October 2010 and on every coupon date thereafter at par
Interest rate:	SEK MS + 150 bps	3 month Euribor + 165 bps
Coupon from First Call Date:	3-month Stibor + 300 bps	3 month Euribor + 310 bps

Appropriation of profit

Parent company

At the disposal of the Annual General Meeting (SEK):

Unrestricted shareholders' equity	874,624,831
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The Board of Directors and the CEO propose that the profits be allocated as follows (SEK):

A dividend of SEK 10.50 per share entitled to dividend, total	813,044,684
To be carried forward	61,580,147
Total	874,624,831

The Board of Directors and the Chief Executive Officer hereby certify that to the best of their knowledge, the annual accounts have been prepared in accordance with good accounting practices for a stock market company and that the information presented is consistent with the actual conditions and that nothing of material value has been omitted that would affect the picture of the company presented in the annual report.

Stockholm, 1 February 2007

Christer Zetterberg
Chairman

Hugo Andersen

Niclas Gabrán

Anders Ljungh

Dag Sehlin

Fields Wicker-Miurin

Stig Vilhelmson
Chief Executive Officer

Our auditors' report was rendered on 16 February 2007

KPMG Bohlins AB

Anders Ivdal
Authorised Public Accountant

Auditors' Report

To the annual meeting of the shareholders of D. Carnegie & Co AB
Corporate identity number 556498-9449

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of D. Carnegie & Co AB for the year 2006. The annual accounts and the consolidated accounts are presented in the printed version of this document on pages 54–81. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards (IFRSs) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director and significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board Member or the Managing Director. We also examined whether any Board Member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. The administrative report is consistent with the other parts of the annual accounts and the consolidated accounts. We recommend to the Annual Meeting of Shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administrative report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 16 February 2007

KPMG Bohlins AB

Anders Ivdal
Authorised Public Accountant

Glossary

Back office: After-trade administration, settlement.

Bookbuilding: The procedure when interests from institutional and private clients (expressing price and volume) are collected with the purpose of setting the price in an initial public offering or a secondary offering.

Book runner: The adviser responsible for the book of interests collected from the institutional and private investors in connection with an initial public offering or a secondary offering.

Capital adequacy: Regulatory capital (including any supplementary capital)/Risk-weighted assets.

Carnegie Edge: Internet-based service for institutional clients, containing research reports on Nordic shares.

Carnegie Nordic index: A total of 6 indices in the Small Cap segment. Each index is calculated separately for the Nordic countries, and then combined to form an overall Nordic index. The indices are presented at www.carnegie.se.

Compliance: Control function ensuring that all activities are carried out in accordance with laws and regulations.

Corporate governance: The shareholders' tools for identifying the risks in the organisation and the control mechanisms to deal with them.

Directed issue: New share issue directed to external parties that are not shareholders in the company.

Discretionary Asset Management Services: An asset manager carries out investments in accordance with stated guidelines and investment strategies.

Equity Capital Markets Services: Initial public offerings, private placements, rights and directed issues, spin-offs, secondary offerings and valuation assignments/fairness opinions regarding publicly announced transactions or involving listed companies.

Free float: The number of shares of a public company that are freely available to the investing public.

Front office: Brokers, advisers and other employees with mainly direct client contact.

IPO: Initial public offering, the introduction of a company's shares on the stock exchange.

Large caps: Larger listed companies, with a market capitalisation over SEK 20 billion.

M&A: Mergers & acquisitions, including negotiated M&A (transactions in which the target company is not listed), public mergers and take-overs.

Margin lending: Collateral-based (normally shares) lending to private clients.

Morningstar: Investment research firm providing rankings on mutual funds, see further www.morningstar.se.

Primary market: The market for newly issued shares: rights and directed issues, and initial public offerings.

Private placement: Placing of unlisted shares to a smaller group of institutional and private investors.

Proprietary trading: Exploiting business opportunities through taking positions in Carnegie's name, held intraday, overnight or for longer periods.

Prospera: Market research institute for the Nordic financial markets.

Regulatory capital: Primary and supplementary capital, if any.

Repo: Repurchase agreement: an investment vehicle in which the seller agrees to buy back the securities for an agreed upon price, at a stated time.

Rights issue: New share issue directed to the existing shareholders.

Risk-weighted assets: A measure of the total risk outstanding at any given point of time. The risk-weighted assets consist of credit risks (reflecting margin lending volumes and other counterparty risks) and market risks (mainly reflecting risks in proprietary trading and market making). From 1 February 2007, operational risks will be added.

Secondary market: The market for existing shares and derivatives.

Secondary placing: Coordinated placing of existing shares to a group of institutional and private investors.

Share turnover: The value of shares traded at a national stock exchange during a given period.

Share turnover ratio: Total share turnover for a given period/average market value of total number of listed shares outstanding at the stock exchange for the same period.

Small caps: Smaller listed companies, with a market capitalisation below 10 billion.

Starmine: Provider of analyst ratings based on return of stock recommendations and accuracy of earnings estimates.

Supplementary capital: Shareholders' equity plus any eligible subordinated loan.

Swap: An agreement in which the parties agrees to exchange securities at a stated time.

Tier I capital: Shareholders' equity less goodwill, any proposed dividend or repurchased shares.

Tier I ratio: Primary capital/Riskweighted assets.

Thomson Financial Securities Data: Global provider of financial statistics, see www.thomson.com.

Underwriting income: Income from advisory in connection with placing of shares, e.g initial public offerings, secondary placings, new share issues etc., often related to the transaction value.

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Carnegie Art Award

The Carnegie Art Award was founded in 1998 to support prominent artists in the Nordic countries and to promote contemporary painting.

The Carnegie Art Award is one of the largest art prizes in the world, presenting an aggregate award sum of SEK 2,100,000, of which SEK 1,000,000 goes to the winner of the first prize and SEK 600,000 and 400,000 respectively to the second and third prize winners. Karin Mamma Andersson from Sweden, Eggert Petursson, Iceland, and Petra Lindholm, Finland, were the Carnegie Art Award winners in 2006. The grant of SEK 100,000 to a young artist was awarded to Sirous Namazi, Sweden.

In addition to the prize, the Carnegie Art Award comprises a touring exhibition presenting all the selected artists, an extensive book and a film portraying the artists in their studios. The jury, consisting of leading Nordic experts on contemporary art, headed by Lars Nittve, director of Moderna Museet, Stockholm, has selected the 21 artists for the Carnegie Art Award 2006 exhibition. This year the jury was strengthened by the inclusion of a guest member, Suzanne Pagé, director of Musée d'Art Moderne de la Ville de Paris.

To date, the Carnegie Art Award exhibition has been produced seven times, giving a total of 42 shows in seven countries, with the participation of 125 Nordic artists. The exhibitions have been seen by more than

200,000 visitors, and ten seminars and some 30 artist talks have been held in conjunction with the exhibitions. The public and hundreds of school classes have taken part in guided tours of the works.

After the award ceremony in Oslo, presided over by H M Queen Sonja of Norway, and the opening ceremony in Stockholm in autumn 2005, the Carnegie Art Award 2006 exhibition continued its tour to Helsinki, Reykjavik and London, and also visited south of France, in Carros just north of Nice, for the first time. The tour ended in Copenhagen in February 2007.

The interest in contemporary art has increased and assumed a more central position in the media, in auction companies and in the business sector. Several of the artists who have participated in the Carnegie Art Award are now well known not only in the Nordic region but internationally. One of these is Karin Mamma Andersson, first-prize winner of the Carnegie Art Award in 2006 and participant in 1998 and 2000.

The process of selecting artists and works for the Carnegie Art Award 2008 will take place in the spring and summer of 2007. The opening with the prize ceremony will take place at the Museum of Contemporary Art Kiasma in Helsinki on 25 October, 2007.

www.carnegieartaward.com



Financial calendar 2007

Closing of Max Matthiessen acquisition, aimed at	20 March
Annual general meeting	29 March
Last day for trading in the Carnegie share including dividend	29 March
Distribution of dividend	10 April
Interim report January–March	24 April
Interim report January–June	18 July
Interim report January–September	24 October

Additional information is available at www.carnegie.se/ir.

Annual General Meeting

The Annual General Meeting (AGM) will be held on 29 March 2007, at 2 pm, at Nalen, Stockholm. The CEO speech will also be available as a live audio web cast at www.carnegie.se/ir.

Please note that

- shareholders wishing to attend the meeting must be registered on 23 March 2007 in the share register maintained by VPC AB.
- in order to be entitled to participate at the AGM, shareholders whose shares are nominee-registered must ensure, well before 23 March 2007, that the nominee temporarily registers the shares in the shareholder's own name in the share register, and
- a notification of participation must be submitted no later than on 23 March 2007, 4 pm to D. Carnegie & Co AB (publ), Att: Anna Ringberg, Västra Trädgårdsgatan 15, 103 38 Stockholm, Sweden, or by telephone on +46 8 5886 9075, +46 8 676 87 03 or by fax to +46 8 20 57 83.

Please note that proxies must be submitted to D. Carnegie & Co in original and not by fax or via the Internet.

