



**Carnegie – January-March 2005**

**27 April 2005**

**Net profit SEK 100 million (SEK 122 million)**

- Carnegie's **net profit** for the first quarter 2005 was SEK 100 million (SEK 122 million), corresponding to **earnings per share** of SEK 1.50 (SEK 1.82).
- **Total income** for the first quarter 2005 was SEK 656 million (SEK 735 million), down by 11% from the strong first quarter 2004. Securities' income was down by 12 % to SEK 327 million. Investment Banking income was SEK 97 million, 15% below the first quarter 2004. Asset Management income was up 3% to SEK 122 million, and Private Banking income was down by 18% Y/Y.
- **Assets under management** amounted to SEK 65 billion, an increase of SEK 3 billion from year-end, in total due to increased asset values.
- **Total expenses before profit-share** was SEK 374 million (SEK 388 million), down by 3% Y/Y and 6% below the average quarterly expenses last year.
- The **AGM** 17 March approved a dividend of SEK 5.93 per share, which was distributed to shareholders on 29 March. Thor Bjorgolfsson and Niclas Gabrán were elected new Directors of the Board.

**Quotations from Karin Forseke, CEO:**

"Our organisation is strong and ready to excel. The first quarter result was good, and we continue to focus on gaining market share with our clients."

"We will continue to build on our success as an independent Nordic investment bank. We have set our sights higher and I am convinced that our strategy will continue to deliver superior performance."



### **Auditors' examination**

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

### **Teleconference**

Carnegie's CEO Karin Forseke and Mats-Olof Ljungkvist (CFO) will present the first quarter results at a teleconference held 27 April at 4.00 PM (CET). It will be open to the public. In order to participate, please call +358 (0) 923 144 712. The conference call will also be accessible as an audio live web cast (including slide presentation) at [www.carnegie.se/ir](http://www.carnegie.se/ir). For those unable to listen to the live web cast, a replay will be available at [www.carnegie.se/ir](http://www.carnegie.se/ir) approximately one hour after the event.

### **Contact persons**

For further information, please contact Karin Forseke (CEO) +46 8 5886 90 10, Mats-Olof Ljungkvist (CFO) +46 8 5886 90 13 or Birgitta Henriksson (IR) +46 8 5886 86 39.

### **Financial calendar 2005**

Interim report January-June 14 July 2005

Interim report January-September 26 October 2005

Additional information is available at [www.carnegie.se/ir](http://www.carnegie.se/ir).

*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.*



## The Carnegie Group

(SEK million)	Jan - Mar 2005	Jan - Mar 2004	Chg.	Jan - Dec 2004
<b>Income statement<sup>1)</sup></b>				
Securities	327	369	-12%	1,202
Investment Banking	97	114	-15%	511
Asset Management & Private Banking	126	122	3%	492
Private Banking	107	130	-18%	467
<b>Total income<sup>2)</sup></b>	<b>656</b>	<b>735</b>	<b>-11%</b>	<b>2,672</b>
Personnel expenses	-205	-212	-4%	-883
Other expenses	-170	-176	-3%	-705
Net provisions for credit losses	0	0		1
<b>Total operating expenses excluding profit-share</b>	<b>-374</b>	<b>-388</b>	<b>-3%</b>	<b>-1,586</b>
<b>Operating profit before result from principal investments and profit-share</b>	<b>282</b>	<b>347</b>	<b>-19%</b>	<b>1,086</b>
Result from principal investments	0	-1		-21
<b>Operating profit before profit-share</b>	<b>282</b>	<b>346</b>	<b>-18%</b>	<b>1,064</b>
Allocation to profit-share system	-137	-170	-19%	-524
<b>Total expenses</b>	<b>-512</b>	<b>-557</b>	<b>-8%</b>	<b>-2,111</b>
<b>Profit before taxes</b>	<b>145</b>	<b>176</b>	<b>-18%</b>	<b>540</b>
Taxes	-45	-55	-18%	-139
<b>Net profit</b>	<b>100</b>	<b>122</b>	<b>-18%</b>	<b>401</b>
Earnings per share (SEK)	1.50	1.82		6.01
Earnings per share, fully diluted (SEK)	1.49	1.79		5.94

- 1) This Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Income statement and operational reporting 2004 have been recalculated according to IFRS. See further p 7.
- 2) Result from principal investments is not included in total income in the operational reporting. Income in the operational reporting may thus differ from total income as presented in the statutory income statement. From 1 January 2005, Asset Management and Private Banking are reported as separate business areas. The year-on-year comparison is based on pro forma calculations.

### Market environment

The positive market sentiment in the last quarter of 2004 continued into 2005, and the local Nordic indices rose by 6-11 per cent from year-end. Aggregate turnover on the Nordic stock exchanges was only 3 per cent below the first quarter last year, although the local markets showed different patterns; in Sweden, the largest market, turnover was down by 12 per cent Y/Y, while the Norwegian market saw an increase of 47 per cent Y/Y. No initial public offerings were launched. The volume of announced M&A-transactions in the Nordic region increased by 18 per cent Y/Y. In Sweden, equity funds reported a net inflow in the first quarter 2005 of SEK 14 billion (SEK 20 billion).

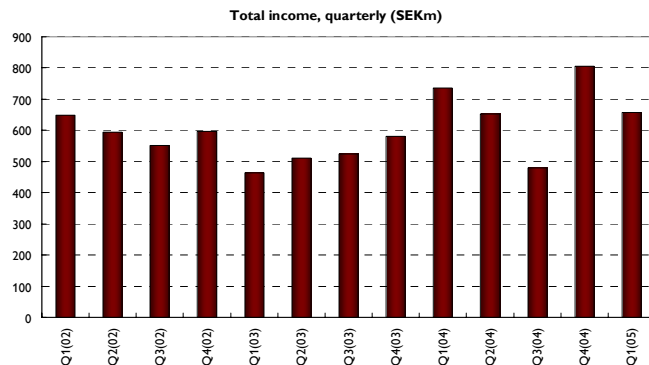
### Market position

Based on client reviews and external rankings, Carnegie's overall market position was retained or improved during the period. Carnegie's share of the aggregate turnover on the Nordic Stock Exchanges was 7.8 per cent in the first quarter 2005, ranking Carnegie as the second largest market participant in the Nordic region. In Investment Banking, Carnegie's top position in the Equity Capital Markets (ECM) segment was verified, as Carnegie participated in 6 out of the top 15 Nordic ECM-transactions in the first quarter. In Asset Management Carnegie funds representing about 95 per cent of the assets under management in rated equity funds presently holds 4- or 5-star rankings. In Private Banking, Carnegie's strong foothold among Nordic expatriates living abroad is the starting point for the development of the concept in the Nordic region.



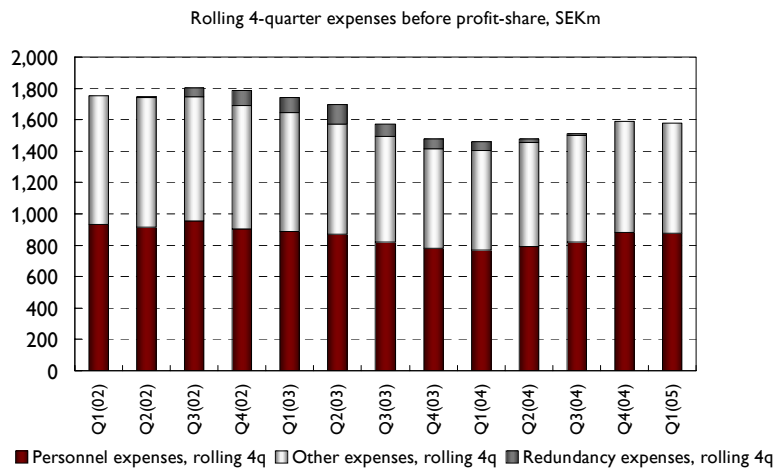
## Income

Total income in the first quarter 2005 was SEK 656 million (SEK 735 million), down by 11 per cent from the strong first quarter 2004. **Securities** income was down 12 per cent to SEK 327 million, mainly reflecting the Y/Y drop in turnover on the Swedish equity market of 12 per cent. In **Investment Banking**, M&A-activities and a number of secondary placings generated total income of SEK 97 million, down by 15 per cent Y/Y. **Asset Management** income increased by 3 per cent to SEK 126 million from the first quarter 2004, reflecting the increase in AUM. **Private Banking** income was SEK 107 million, 18 per cent below last year, partly due to structural changes.



## Total expenses and estimated cost base for 2005

Total expenses before profit-share in the first quarter 2005 were SEK 374 million (SEK 388 million), down by 3% Y/Y and down by 6 per cent compared to the average quarterly expenses in 2004, mainly following the decline of 4 per cent in average number of employees. Based on current market conditions, the estimated total expenses before profit-share in 2005 **remain unchanged in the range of SEK 1,500 to 1,600 million.**

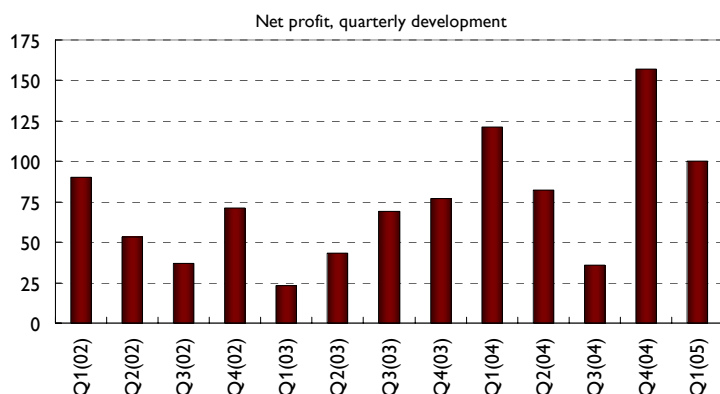


Allocation to profit-share in the first quarter 2005 was SEK 137 million (SEK 170 million), following the fixed formula for profit-share allocation; 50 per cent of the Group's operating profit before profit-share, after deduction of a STIBOR-related return on shareholders' equity.<sup>1</sup>

<sup>1</sup> 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 to individuals on a discretionary basis.

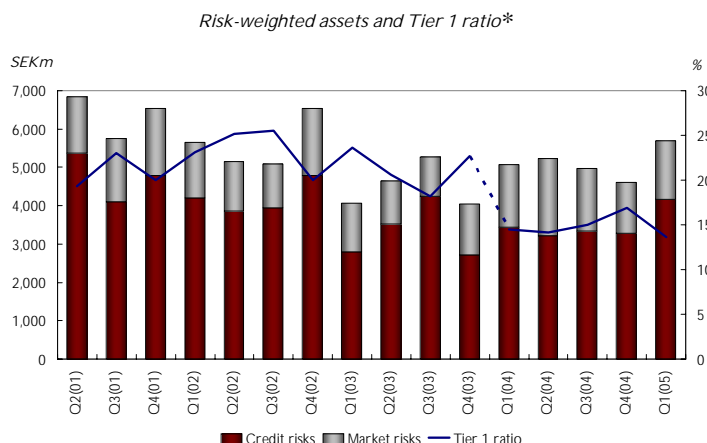


The **operating profit before profit-share** was SEK 282 million in the first quarter, down by 19 per cent Y/Y but 4 per cent up compared to the average quarterly operating profit 2004. **The net profit** for the first quarter 2005 was SEK 100 million (SEK 122 million), corresponding to a return on equity for the last 12-months-period of 31 per cent.



### Risk-weighted assets and Tier 1 ratio

Risk-weighted assets increased by 24 per cent during the first quarter to SEK 5.7 billion, mainly due to credit risks increasing by 27 per cent to SEK 4.2 billion. The increase in credit risk is related to increasing margin lending to private clients and increased lending to other banks. Market risks increased by 16 per cent from year-end to SEK 1.5 billion. Total risk-weighted assets, as defined by the Swedish FSA, fluctuate over the quarters, which is illustrated in the graph below.



\*) The Tier 1 ratio is calculated according to new regulation from 1 January 2004.

The regulatory capital base at 31 March 2005 was SEK 776 million, corresponding to a Tier 1 ratio of 13.6 per cent, compared to the Tier 1 ratio reported at year-end of 16.8 per cent.

### Liquidity, financing and investments

Carnegie's principal need for liquidity is to support the day-to-day operations, through secured and unsecured short-term funding. The need for long-term funding is relatively low. 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 the first quarter 2005, the change in working capital was SEK 2,465 million (SEK -2,053 million). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 111 million in the first quarter 2005 (SEK 140 million). Capital expenditures in the first quarter 2005 were SEK 10 million (SEK 4 million). See page 18 for further information.

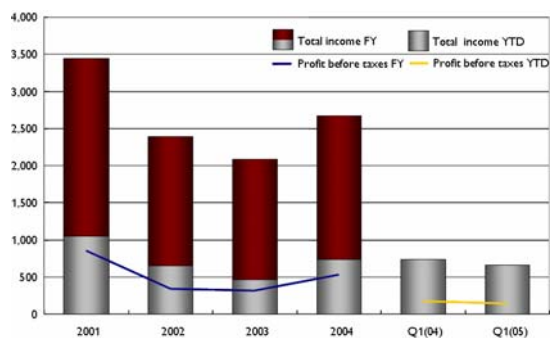


## KEY DATA

	Jan - Mar 2005	Jan - Mar 2004	Jan - Dec 2004
Earnings per share (SEK)	1.50	1.82	6.01
Earnings per share, fully diluted (SEK)	1.49	1.79	5.94
Book value per share (SEK)	15.6	16.0	19.9
Share price (SEK)	80.5	86.0	86.0
Price/earnings multiple	14.2	18.5	14.3
Price/book multiple	5.2	5.4	4.3
Number of shares at period-end	66,701,600	66,701,600	66,701,600
Average number of shares	66,701,600	66,701,600	66,701,600
Number of shares related to outstanding warrants	7,200,000	4,800,000	7,200,000
Total number of shares, incl effect of issued warrants	67,164,240	67,749,690	67,470,558
Compensation/income ratio, %	52%	52%	53%
Cost/income ratio, %	78%	76%	80%
Operating margin, %	22%	24%	20%
Profit margin, %	15%	17%	15%
Return on equity, (12 months) %	31%	27%	34%
Total assets (SEK million)	21,769	15,818	23,014
Margin lending (SEK million)	4,686	3,286	6,612
Deposits and borrowing from general public (SEK million)	6,922	5,403	5,424
Shareholders' equity (SEK million)	1,041	1,068	1,330
<b>Total regulatory capital base (SEK million)</b>	<b>776</b>	<b>732</b>	<b>774</b>
-Shareholders' equity	1,041	1,068	1,330
-Goodwill	-18	-17	-17
-Intangible fixed assets	-27	-39	-28
-Deferred tax assets	-114	-148	-115
-Dividends	-	-	-396
-Profit after tax and foreign exchange differences	-106	-132	-
<b>Total risk-weighted asset (SEK million)</b>	<b>5,696</b>	<b>5,063</b>	<b>4,601</b>
Risk-weighted assets (Credit risks)	4,162	3,449	3,274
Risk-weighted assets (Market risks)	1,534	1,614	1,327
Tier I Ratio, %	13.6%	14.5%	16.8%
Capital adequacy, %	13.6%	14.5%	16.8%
Number of employees, average	745	779	791
Number of employees, period-end	738	781	779
Period-end assets under management (SEK billion)	65	62	62

Key ratios 2001-2005	2001	2002	2003	2004	Q104	Q105
Net profit (SEK million)	572	250	211	396	122	100
Earnings per share (SEK)	8.76	3.75	3.17	6.01	1.82	1.50
Earnings per share, fully diluted (SEK)	8.76	3.75	3.14	5.94	1.79	1.49
Dividend per share (SEK)	8.57	8.93	3.16	5.93	-	-
Tier 1 ratio *)	20.0%	20.4%	22.7%	16.8%	13.6%	14.5%
Capital adequacy	20.0%	20.4%	22.7%	16.8%	13.6%	14.5%

\*) From 1 January 2004, the definition of regulatory capital is changed  
Using the current definition, the Tier 1 ratio 2003 was 18%.





## Definitions of key ratios

Key ratios have been recalculated for 2004 according to IFRS. For the IFRS effect on the first quarter 2004, see page 19. Key ratios regarding 2000-2003 have not been restated due to the transition to IFRS. Should they had been restated, the impact would have been negligible. Note that certain numerical information presented in millions may not add up due to rounding.

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 21). The net profit is divided by the total number of shares including the number of shares to be issued corresponding to the calculated net present value (at current share price) of issued warrants.
Total number of shares, incl effect of issued warrants:	Total number of shares including the number of shares to be issued corresponding to the calculated net present value 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 period-end.
Price/earnings multiple (last 12 months):	Share price divided by earnings per share for the last 12-month-period.
Price/book multiple:	Share price end of period divided by book value per share.
Cost/income ratio:	Total expenses, including allocation to profit-share, as a percentage of total income including principal investments.
Compensation/income ratio:	Personnel expenses (excluding redundancy expenses) plus allocation to profit-sharing system as a percentage of total income including principal investments.
Operating margin:	Operating profit 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 for the last 12-months-period as a percentage of average shareholders' equity.
Regulatory capital base:	Shareholders' equity plus equity portion of untaxed reserves, minus goodwill, any proposed dividend, deferred tax assets, intangible fixed assets and any repurchased shares.
Tier 1 ratio:	Regulatory capital base as a percentage of risk-weighted assets.
Capital adequacy ratio:	Total regulatory capital base (regulatory capital base plus eligible subordinated indebtedness) as a percentage of risk-weighted assets.
Number of full-time equivalent 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 full-time equivalent 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.

## Accounting policies

This Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. In accordance with the IAS regulation adopted by the European Union (EU) in 2002, listed companies throughout the EU shall apply International Financial Reporting Standards, IFRS, when preparing their consolidated financial statements as of 2005. As this is the first Interim report for 2005, it has been prepared in accordance with all IFRS Standards endorsed by the EU Commission and all interpretations of those standards, IFRIC.

For Carnegie, the most significant effect from the transition relates to goodwill. According to IAS/IFRS, amortisation of goodwill will not be allowed. An impairment test is to be made with regard to the goodwill amount at least once a year, or more frequently, if circumstances exist that indicate a value decline. The total amortisation of goodwill for the full year 2004, which amounted to SEK 5 million, was restated and no write-down was required. The total effect from the transition would have been that Carnegie's net profit for 2004 would have increased by SEK 5 million to SEK 401 million, and earnings per share would have increased to SEK 6.01. Shareholders' equity would consequently have increased to SEK 1,330 million. The adoption would not have any impact on cash-flow for 2004. The effects on the Income statement and the Balance Sheet for the first quarter 2004, are presented on page 19.

## The parent company in summary

Total income in the parent company D. Carnegie & Co AB in the first quarter 2005 was SEK 0 million (SEK 0 million), and the company was showing a loss before financial items of SEK 5 million (SEK 4 million). The net loss before taxes was SEK -2 million (SEK -3 million). At 31 March 2005, cash and liquid assets amounted to SEK 25 million. No capital expenditure was made during the period (SEK 0 million). Shareholders' equity adjusted for the equity part (72%) of untaxed reserves at 31 March 2005 was SEK 722 million (SEK 778 million).



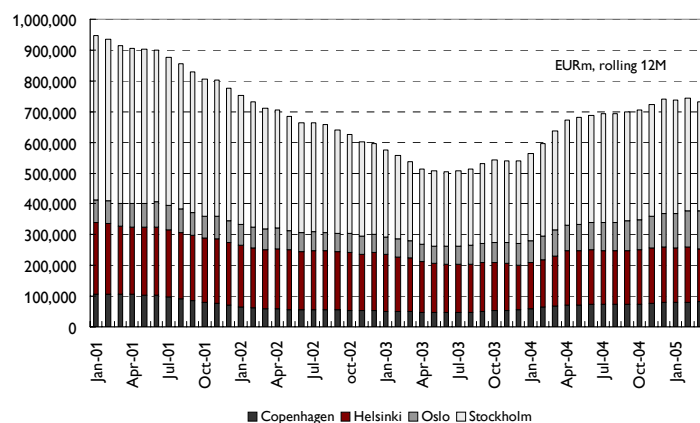
## Securities

(SEK million)	Jan - Mar 2005	Jan - Mar 2004	Chg.	Jan - Dec 2004
Net commission income	224	264	-15%	840
Underwriting fees	23	23		92
Net interest income	22	19	17%	75
Proprietary trading and market making	82	76	8%	239
Net interest income from financial positions	-23	-12	91%	-52
Other income from financial positions	-1	0		1
<b>Net income from financial positions</b>	<b>58</b>	<b>64</b>	<b>-9%</b>	<b>187</b>
Other fees	0	0		8
<b>Total income</b>	<b>327</b>	<b>369</b>	<b>-12%</b>	<b>1,202</b>
Personnel expenses	-88	-89	-1%	-358
Other expenses	-75	-73	2%	-303
Net provisions for credit losses	0	0		0
<b>Total operating expenses excluding profit-share</b>	<b>-162</b>	<b>-162</b>	<b>0%</b>	<b>-661</b>
<b>Business area operating profit before profit-share</b>	<b>164</b>	<b>208</b>	<b>-21%</b>	<b>541</b>
Allocation to profit-share system	-80	-102		-267
<b>Total expenses</b>	<b>-242</b>	<b>-263</b>	<b>-8%</b>	<b>-928</b>
<b>Business area profit before taxes</b>	<b>84</b>	<b>106</b>	<b>-21%</b>	<b>274</b>
Cost/income ratio, %	74%	71%		77%
Operating margin, %	26%	29%		23%
Number of employees, average	309	317		320
Number of employees, period-end	306	318		314

## Market development

Aggregate equity turnover on the Nordic stock exchanges in the first quarter 2005 was only 3 per cent below the record level a year ago, and the annual turnover level is around EUR 730 billion, in line with the level in 2002. The geographical markets in the Nordic region showed different patterns in the first quarter; in Sweden, the largest market, turnover was down by 12 per cent Y/Y, while the Norwegian market saw an increase of 47 per cent. The turnover rate for the aggregate Nordic market in the first quarter 2005 increased to 118 per cent from 111 per cent in the previous quarter

Stock mkt turnover	Q1(05), Y/Y chg
Stockholm	-12%
Helsinki	-17%
Copenhagen	16%
Oslo	47%
Aggregate Nordic	-3%

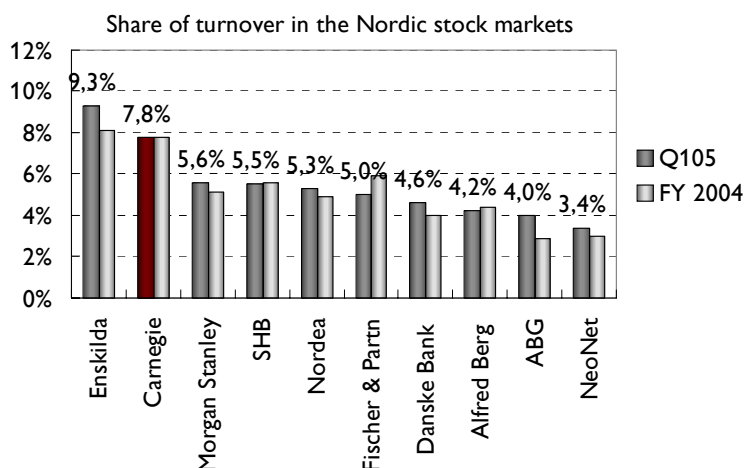






### Market position

Carnegie's share of the aggregate Nordic turnover was 7.8 per cent in the first quarter 2005, unchanged the full year 2004. Carnegie's market position among institutional clients has during the first quarter further improved, confirmed by client reviews as well as external rankings. Carnegie achieved during the quarter a shared No 1 position in the StarMine survey, based on return on stock recommendations and accuracy in earnings estimates. Carnegie was also awarded as Best Broker in the ranking from the Danish magazine Økonomisk Ugebrev.



### Income

Securities' income in the first quarter was SEK 327 million, down by 12 per cent from the very strong first quarter 2004 and down by 4 per cent from the previous quarter. Commission income was SEK 224 million, down by 15 per cent Y/Y. Net commission generated from non-Nordic clients in the first quarter was unchanged at around 44 per cent of the total commission volume from institutional clients. Underwriting fees amounted to SEK 23 million during the first quarter, reflecting a number of successfully completed secondary placings.

Income from proprietary trading and market making increased to SEK 82 million in the first quarter 2005 (SEK 76 million). About 10 per cent of the income was generated in the fixed income operations.

### Expenses and profit before taxes

Total expenses before profit-share amounted to SEK 162 million in the first quarter 2005, unchanged from the first quarter last year. Operating profit before profit-share was SEK 164 million (SEK 208 million), down by 21 per cent Y/Y. The average number of employees was 309, down 2 per cent Y/Y. Profit before taxes in the first quarter 2005 was down by 21 per cent Y/Y to SEK 84 million, unchanged from the previous quarter and 23 per cent up from the average quarter 2004.



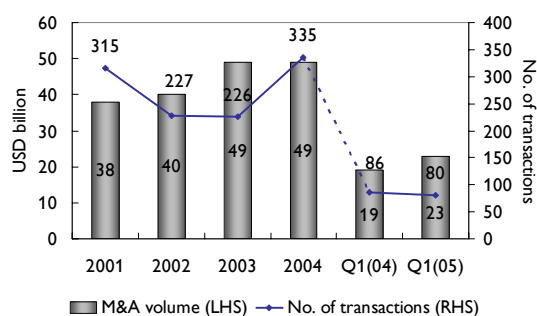
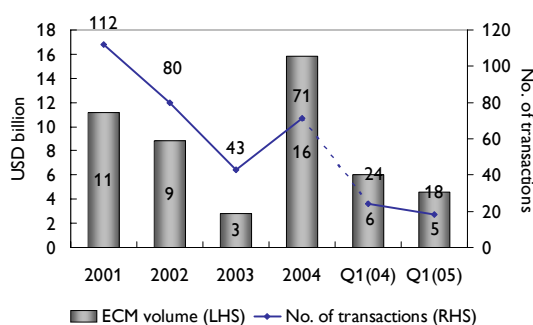
## Investment Banking

(SEK million)	Jan - Mar 2005	Jan - Mar 2004	Chg.	Jan - Dec 2004
Underwriting fees	19	18	4%	139
Net income from financial positions	6	1		8
Advisory fees	72	94	-23%	363
<b>Total income</b>	<b>97</b>	<b>114</b>	<b>-15%</b>	<b>511</b>
Personnel expenses	-37	-37	0%	-162
Other expenses	-25	-26	-5%	-103
<b>Total operating expenses excluding profit-share</b>	<b>-62</b>	<b>-63</b>	<b>-2%</b>	<b>-265</b>
<b>Business area operating profit before profit-share</b>	<b>35</b>	<b>50</b>	<b>-30%</b>	<b>246</b>
Allocation to profit-share system	-17	-25		-122
<b>Total expenses</b>	<b>-79</b>	<b>-88</b>	<b>-10%</b>	<b>-386</b>
<b>Business area profit before taxes</b>	<b>18</b>	<b>26</b>	<b>-29%</b>	<b>124</b>
Cost/income Ratio, %	81%	77%		76%
Operating margin, %	19%	23%		24%
Number of employees, average	131	138		139
Number of employees, period-end	128	137		141

## Market environment

Following on from the much improved ECM activity in 2004, the Nordic market in the first quarter 2005 saw a 25 per cent drop in volumes, from USD 6 billion to USD 4.6 billion. However, the volume was still significantly higher than the first quarter period in each year 2001 to 2003.

The volume of announced M&A-transactions in the first quarter increased by 18 per cent Y/Y. In total, 80 transactions were announced (with advisor) with a corresponding transaction value of USD 23 billion (USD 19 billion).



Source: Thomson Financial Securities Data 06-07/04/05. Nordic ECM transactions and announced transactions with Nordic target or acquirer.



## Market position

Of the top 15 ECM transactions in the first quarter 2005, Carnegie had a role in 6, including the second largest deal, the Finnish Government's sell-down of its holding in Sampo. In the M&A league table, Carnegie ends up as No 8 (No 7) in terms of volume in the first quarter.

Q1 2005			Q1 2004			2004		
Adviser	USD million	#	Adviser	USD million	#	Adviser	USD million	#
1. Citigroup	10,536	3	1. Morgan Stanley	6,157	5	1. Morgan Stanley	10,544	11
2. Enskilda	7,316	15	2. JP Morgan Chase	5,706	8	2. JP Morgan Chase	10,409	20
3. Goldman Sachs & Co	6,987	3	3. Goldman Sachs	5,424	3	3. Goldman Sachs	9,396	11
4. Nordea	5,819	4	4. Lehman Brothers	4,369	3	4. UBS	8,768	19
5. Morgan Stanley	5,329	4	5. Deloitte & Touche LLP	3,300	4	<b>5. Carnegie</b>	<b>8,602</b>	<b>48</b>
6. JP Morgan	4,778	6	6. UBS	3,020	5	6. SHB	6,161	28
7. ForeningsSparbanken AB	2,435	2	<b>7. Carnegie</b>	<b>2,907</b>	<b>14</b>	7. Lehman Brothers	4,369	4
<b>8. Carnegie</b>	<b>2,100</b>	<b>8</b>	8. Deutsche Bank	2,885	8	8. Deutsche Bank	4,080	11
9. CSFB	1,692	1	9. SHB	2,842	4	9. ABN Amro	3,982	18
10. Dresdner KW	1,470	1	10. Mandatum	1,814	3	10. Deloitte & Touche LLP	3,680	15
10. Danske Markets	1,470	2						
Total market with advisers	22,944	80	Total market with advisers	19,405	87	Total market with advisers	53,415	344
Total market w/o advisers	3,003	352	Total market w/o advisers	3,092	377	Total market w/o advisers	10,338	1,256
<b>Total Market</b>	<b>25,947</b>	<b>432</b>	<b>Total Market</b>	<b>22,497</b>	<b>464</b>	<b>Total Market</b>	<b>63,753</b>	<b>1,600</b>

Source: Thomson Financial Securities Data, April 2005.

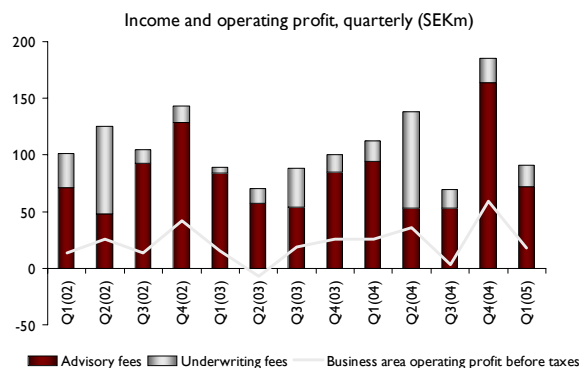
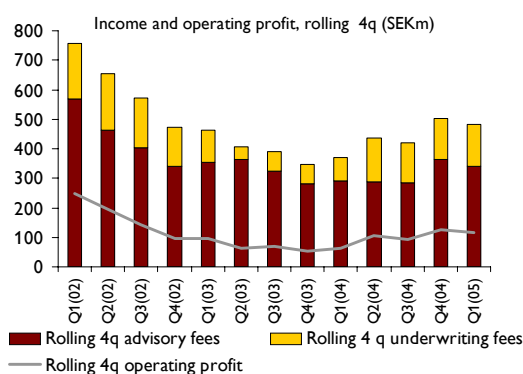
During the quarter, Carnegie's structured finance teams in Stockholm and Copenhagen have arranged and placed 24 Structured Financial Products with a total value of SEK 3.4 billion.

## Income

Income for the first quarter 2005 of SEK 97 million was down 15 per cent Y/Y. Advisory fees, mainly generated in M&A-assignments, accounted for about 70 per cent of total income.

## Expenses and profit before tax

Total expenses before profit-share in the first quarter 2005 were SEK 62 million, down by 2 per cent Y/Y, following the decrease in average number of employees by 5 per cent. The business area made a profit before taxes of SEK 18 million for the first quarter (SEK 26 million).





## Asset Management

(SEK million)	Jan - Mar 2005	Jan - Mar 2004	Chg.	Jan - Dec 2004
<b>Total income from mutual funds</b>	<b>99</b>	<b>91</b>	<b>8%</b>	<b>366</b>
- of which performance fees	6	4	35%	17
<b>Total income from discretionary fund management</b>	<b>26</b>	<b>25</b>	<b>4%</b>	<b>109</b>
- of which performance fees	0	0	0%	18
Advisory fees	2	6	-68%	17
<b>Total income</b>	<b>126</b>	<b>122</b>	<b>3%</b>	<b>492</b>
Personnel expenses	-37	-42	-12%	-156
Other expenses	-31	-34	-8%	-132
Net provisions for credit losses	0	0		0
<b>Total operating expenses excluding profit-share</b>	<b>-68</b>	<b>-76</b>	<b>-10%</b>	<b>-288</b>
<b>Business area operating profit before profit-share</b>	<b>57</b>	<b>46</b>	<b>26%</b>	<b>203</b>
Allocation to profit-share system	-28	-22		-99
<b>Total expenses</b>	<b>-96</b>	<b>-98</b>	<b>-2%</b>	<b>-387</b>
<b>Business area profit before taxes</b>	<b>29</b>	<b>24</b>	<b>25%</b>	<b>105</b>
Cost/income ratio, %	77%	81%		79%
Operating margin, %	23%	19%		21%
Period-end assets under management (SEK billion)*	<b>65</b>	<b>62</b>		<b>62</b>
- whereof mutual funds	32	29		29
- whereof discretionary fund management	33	33		33
Number of employees, average	136	132		132
Number of employees, period-end	135	132		132

## Market environment

The Nordic and European equity markets started 2005 in a strong way, with indices developments in the Nordic markets in Norway, Finland, Denmark and Sweden of 8.7%, 7.8%, 6.0% and 11 % respectively. The inflow to the fund market in Sweden was SEK 26 billion (SEK 30 billion), of which 14 went to equity funds (SEK 20 billion).

## Clients and products

The product range includes discretionary asset management services, mutual fund products and managed and structured portfolios ("fund of funds"). The product range comprises products within three asset classes - equities, fixed income and real estate. At 31 March 2005 about 80 per cent of the total assets under management were invested into equity-oriented products.

During the quarter, sales activities were intensified towards an international client base as well as towards domestic institutions. The Danish hedge fund was of special focus and attracted net inflows. Carnegie also launched a structured equity product, Safety 90 Sweden, which has attracted interest from a number of distribution channels.

## Rating and product performance

The overall performance in Carnegie's investment products was strong the beginning of 2005. During the quarter, performance was better than benchmark index for over 80 per cent of the total assets under management.

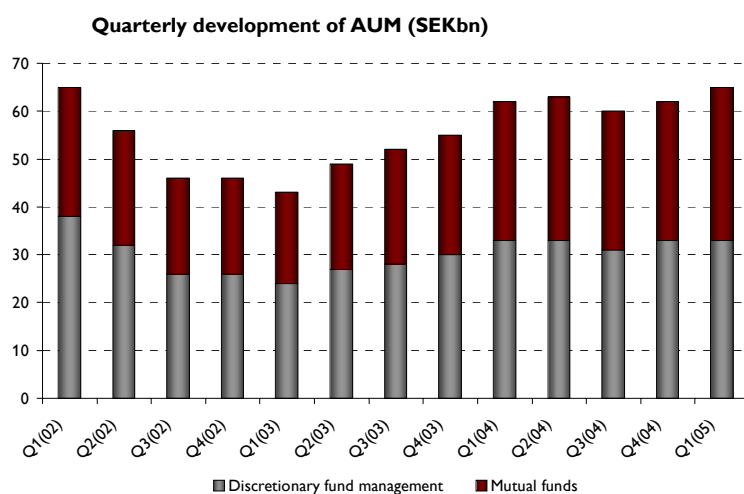


Carnegie Global Healthcare was very successful during the quarter and outperformed its benchmark index by 16 per cent, and the hedge fund Carnegie WorldWide Long/Short continued to outperform benchmark by 2 per cent. The largest product, Carnegie WorldWide, outperformed by 2 per cent.

In terms of external rating, approximately 95 per cent of Carnegie's total assets under management in rated equity funds held 4- or 5-star ratings.<sup>2</sup>

### Assets under management

Assets under management (AUM) includes discretionary managed portfolios and mutual funds, and amounted to SEK 65 billion at 31 March 2005, an increase of SEK 3 billion from year-end, mainly due to increasing asset values. About SEK 6 billion of AUM represents advisory mandates relating to discretionary assignments for Private Banking clients.



### Income

Total income in Asset Management in the first quarter 2005 was SEK 126 million (SEK 122 million). Income from **mutual fund products** was SEK 99 million (SEK 91 million) and included SEK 6 million (SEK 4 million) in realised performance fees. Income from mutual funds is generated from funds distributed through external networks (such as SkandiaLink, Fennia, Danske Bank and from 2005, Max Matthiessen) as well as from products sold through Carnegie's organisation. Fund products distributed through third parties generate a net fee after distribution costs. Income from **discretionary mandates** was SEK 26 million (SEK 25 million) and included no realised performance fees.

About 12 per cent of the total assets under management (discretionary mandates as well as mutual funds) have a performance-related fee structure. For the main part of the AUM with performance-related fee structures, performance fees are realised and accounted for at year-end. Some products include accounting for performance fees on a quarterly basis. **Other income** of SEK 2 million was mainly generated from asset management advisory services.

### Expenses and profit before taxes

The organisation comprises 136 employees in Denmark, Sweden, Norway and Finland. Total expenses before profit-share of SEK 68 million decreased by 10 per cent Y/Y, and the profit before taxes improved by 25 per cent Y/Y to SEK 29 million.

<sup>2</sup> Source: Morningstar, Fondmarknaden and W-rating, January 2005. Five stars is the maximum ranking.



### Quarterly development

The table below presents a pro forma calculation of the quarterly development in 2004 of the Asset Management operations, at that time part of the joint business area Asset Management & Private Banking. Periodisation differences may occur between the quarters.

<i>(SEK million)</i>	<i>Jan-Mar 2004</i>	<i>Apr - Jun 2004</i>	<i>Jul - Sep 2004</i>	<i>Okt - Dec 2004</i>
<i>Total income from mutual funds</i>	91	82	84	109
<i>-of which performance fees</i>	4	-2	3	12
<i>Total income from discretionary fund management</i>	25	24	23	38
<i>-of which performance fees</i>	0	0	0	17
<i>Advisory fees</i>	6	3	4	3
<i>Total income</i>	<i>122</i>	<i>109</i>	<i>111</i>	<i>151</i>
<i>Personnel expenses</i>	-42	-39	-35	-40
<i>Redundancy expenses</i>	-	-	-	-
<i>Other expenses</i>	-34	-35	-31	-33
<i>Total operating expenses excluding profit-share</i>	<i>-76</i>	<i>-74</i>	<i>-65</i>	<i>-73</i>
<i>Business area operating profit before profit-share</i>	<i>46</i>	<i>35</i>	<i>45</i>	<i>79</i>
<i>Allocation to profit-share system</i>	-22	-17	-22	-38
<i>Total expenses</i>	<i>-98</i>	<i>-91</i>	<i>-87</i>	<i>-111</i>
<i>Business area profit before taxes</i>	<i>24</i>	<i>18</i>	<i>23</i>	<i>40</i>
<i>Cost/income ratio, %</i>	81%	84%	79%	73%
<i>Operating margin, %</i>	19%	16%	21%	27%
<i>Period-end assets under management (SEK billion)*</i>	<i>62</i>	<i>63</i>	<i>60</i>	<i>62</i>
<i>- whereof mutual funds</i>	29	30	29	29
<i>- whereof discretionary fund management</i>	33	33	31	33
<i>Number of employees, average</i>	133	131	136	131
<i>Number of employees, period-end</i>	132	130	132	132



## Private Banking

(SEK million)	Jan - Mar 2005	Jan - Mar 2004	Chg.	Jan - Dec 2004
<b>Total income</b>	<b>107</b>	<b>130</b>	<b>-18%</b>	<b>467</b>
Personnel expenses	-43	-45	-4%	-207
Other expenses	-39	-41	-5%	-166
Net provisions for credit losses	0	0		1
<b>Total operating expenses excluding profit-share</b>	<b>-82</b>	<b>-86</b>	<b>-4%</b>	<b>-372</b>
 <b>Business area operating profit before profit-share</b>	 <b>25</b>	 <b>44</b>	 <b>-43%</b>	 <b>95</b>
Allocation to profit-share system	-12	-22		-47
<b>Total expenses</b>	<b>-94</b>	<b>-108</b>	<b>-13%</b>	<b>-419</b>
 <b>Business area profit before taxes</b>	 <b>13</b>	 <b>22</b>	 <b>-42%</b>	 <b>48</b>
Cost/income ratio, %	88%	83%		90%
Operating margin, %	12%	17%		10%
Client volume (SEK billion)	36	30		32
Number of employees, average	169	193		200
Number of employees, period-end	169	194		192

## Market position

The Nordic and European equity markets developed positively during the period and focus increased on private banking activities, both in terms of increased interest from clients and in terms of marketing activities from providers of private banking services. In the Euromoney-ranking of Nordic Private Banking firms, Carnegie received an award for Best relationship Bank, which is an indicator of the Carnegie's strong brand name.

## Clients and products

Private Banking offers a high-quality, personal and dedicated service to high-net-worth individuals. Internationally, Carnegie provides a full range of private banking services to Nordic expatriates living abroad. The activities are co-ordinated through Banque Carnegie Luxembourg, and include operations in London and the recently established subsidiary in Geneva. As from 2004, Carnegie also targets high-net-worth individuals, foundations and family-owned companies in the Nordic region, through the operations in Sweden and Denmark.

Following the cooperation agreement established in 2004 with Max Matthiessen, Sweden's leading pension adviser, the pension advisory operations in Sweden was transferred to Max Matthiessen in the first quarter 2005. The cooperation adds an opportunity for Carnegie Private Banking to reach a targeted audience through Max Matthiessen's sales organisation, reaching about 135.000 clients in Sweden.

## Client volume

The Private Banking client volume represents the gross value of all private 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 36 billion at 31 March 2005, up SEK 4 billion from the beginning of the year, mainly related to increasing asset values, and also included inflow from new clients as well as increased share of existing clients' total assets. About SEK 6 billion of the client volume relates to discretionary assignments for which Asset Management have advisory mandates, and is also included in the AUM presented by business area Asset Management.



## Income

Private Banking income is generated as fees from discretionary asset management and mutual fund management, brokerage commission from advisory accounts, sales provision from distribution of Carnegie's and external mutual funds, interest net from lending and deposits and advisory fees from legal and insurance advice. Total income in the first quarter 2005 was SEK 107 million (SEK 130 million), of which the main part was generated from advisory accounts and fees from discretionary asset management and mutual fund management.

## Expenses and profit before taxes

Total expenses before profit-share was SEK 82 million, down 4 per cent Y/Y and down by 12 per cent compared to the average quarterly expenses excluding profit-share in 2004. The average number of employees was down by 12 per cent to 169, following the reorganisation of the operations in Sweden in the second half of 2004 and the transfer of the pension advisory operations including 12 employees to Max Matthiessen. Profit before taxes in the first quarter 2005 was down by 42 per cent Y/Y to SEK 13 million.

## Quarterly development

The table below presents a pro forma calculation of the financial information for Private Banking for the four quarters 2004. Periodisation differences may occur between the quarters. The pro forma figures include income and result from Carnegie's pension advisory operations, which was transferred to Max Matthiessen during the first quarter 2005.

<b>Private Banking Summary Financial Data</b> (SEK million)	<b>Jan-Mar 2004</b>	<b>Apr - Jun 2004</b>	<b>Jul - Sep 2004</b>	<b>Oct - Dec 2004</b>	<b>Jan - Mar 2005</b>
<b>Total income</b>	<b>130</b>	<b>121</b>	<b>91</b>	<b>125</b>	<b>107</b>
Personnel expenses	-45	-53	-47	-63	-43
Other expenses	-41	-46	-37	-42	-39
Net provisions for credit losses	0	0	1	0	0
<b>Total operating expenses excluding profit-share</b>	<b>-86</b>	<b>-98</b>	<b>-84</b>	<b>-105</b>	<b>-82</b>
<b>Business area operating profit before profit-share</b>	<b>44</b>	<b>23</b>	<b>7</b>	<b>20</b>	<b>25</b>
Allocation to profit-share system	-22	-11	-4	-10	-12
<b>Total expenses</b>	<b>-108</b>	<b>-109</b>	<b>-88</b>	<b>-115</b>	<b>-94</b>
<b>Business area profit before taxes</b>	<b>22</b>	<b>12</b>	<b>4</b>	<b>10</b>	<b>13</b>
Cost/income ratio, %	83%	90%	96%	92%	88%
Operating margin, %	17%	10%	4%	8%	12%
Client volume (SEK billion)	30	31	31	32	36
Number of employees, average	193	203	203	201	201
Number of employees, period-end	194	207	207	193	193

## D. Carnegie & Co AB (publ)

Stockholm, 27 April 2005

Karin Forseke  
Chief Executive Officer





## Segmental reporting

Segmental reporting (SEK million)	Total		Securities		Investment Banking		Asset Management		Private Banking		Principal investments	
	Q1(05)	Q1(04)	Q1(05)	Q1(04)	Q1(05)	Q1(04)	Q1(05)	Q1(04)	Q1(05)	Q1(04)	Q1(05)	Q1(04)
<i>Income statement</i>												
Total income	656	735	327	369	97	114	126	122	107	130	-	-
Personnel expenses	-205	-212	-88	-89	-37	-37	-37	-42	-43	-45	-	-
Redundancy expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-170	-176	-75	-73	-25	-26	-31	-34	-39	-41	-	-
Net provisions for credit losses	0	0	0	0	-	-	0	0	0	0	-	-
Total operating expenses excluding profit-share	-374	-388	-162	-162	-62	-63	-68	-76	-82	-86	-	-
Operating profit before result from principal investments and profit-share	282	347	164	208	35	50	57	46	25	44	-	-
Result from principal investments	0	-1	-	-	-	-	-	-	-	-	0	-1
Operating profit before profit-share	282	346	164	208	35	50	57	46	25	44	0	-1
Allocation to profit-share system	-137	-170	-80	-102	-17	-25	-28	-18	-12	-26	0	0
Total expenses	-512	-557	-242	-263	-79	-88	-96	-94	-94	-111	0	0
Profit before taxes	145	176	84	106	18	26	29	28	13	19	0	-1
Taxes	-45	-55	-	-	-	-	-	-	-	-	-	-
Net profit	100	122	-	-	-	-	-	-	-	-	-	-

Carnegie presents segmental reporting in accordance with IAS 14. Carnegie has defined the existing business areas as primary segments. Information in the interim report is presented as above. Information regarding assets, investments in associates, liabilities, investments and depreciations related to the primary segments is presented the annual report. In addition to this, information for the secondary segments, defined as geographical area, regarding income, assets and investments, is also presented in the annual report.



*Statutory consolidated income statement  
(SEK millions)*

	<i>Jan - Mar 2005</i>	<i>Jan - Mar 2004</i>	<i>Jan - Dec 2004</i>
<i>Commission income</i>	<i>540</i>	<i>612</i>	<i>2,248</i>
Interest income	89	73	326
Interest expenses	-67	-45	-199
<i>Net interest income</i>	<i>21</i>	<i>28</i>	<i>127</i>
Dividends received	0	0	5
Net profit from financial transactions	96	94	284
Other income	0	0	8
<i>Total income</i>	<i>656</i>	<i>735</i>	<i>2,672</i>
General administrative expenses	-501	-540	-2,054
Depreciation of tangible and amortisation of intangible fixed assets	-11	-17	-58
<i>Total expenses</i>	<i>-512</i>	<i>-557</i>	<i>-2,112</i>
<i>Operating profit before provisions for credit losses</i>	<i>145</i>	<i>177</i>	<i>560</i>
Provisions for credit losses, net	0	0	1
Write-down of financial fixed assets	-	-	-7
<i>Operating profit</i>	<i>145</i>	<i>177</i>	<i>554</i>
Result from associated companies	0	-1	-14
<i>Profit before taxes</i>	<i>145</i>	<i>176</i>	<i>540</i>
Taxes	-45	-55	-139
<i>Net profit</i>	<i>100</i>	<i>122</i>	<i>401</i>
Earnings per share (SEK)	1.50	1.82	6.01
Earnings per share, fully diluted (SEK)	1.49	1.79	5.94
Average number of shares	66,701,600	66,701,600	66,701,600
Number of shares related to outstanding warrants	7,200,000	4,800,000	7,200,000
Total number of shares, incl effect of issued warrants	67,164,240	67,749,690	67,470,558

*Statements of changes in financial position  
(SEK millions)*

	<i>Group</i>		
	<i>Jan - Mar 2005</i>	<i>Jan - Mar 2004</i>	<i>Jan - Dec 2004</i>
<i>Current operations</i>			
Cash flow from operations before changes in working capital	111	140	469
Changes in working capital	2,465	-2,053	-2,325
<i>Cash flow from current operations</i>	<i>2,576</i>	<i>-1,913</i>	<i>-1,856</i>
Cash flow from investment activities	-13	-3	-20
Distributed dividend	-396	-211	-211
<i>Cash flow for the period</i>	<i>2,168</i>	<i>-2,127</i>	<i>-2,087</i>
Liquid funds at the beginning of the year	3,088	5,189	5,189
Exchange differences in liquid funds	45	45	-15
<i>Liquid funds at the end of the period</i>	<i>5,301</i>	<i>3,107</i>	<i>3,088</i>



*Statutory consolidated balance sheet  
(SEK millions)*

<i>Assets</i>	<i>Mar 31 2005</i>	<i>Mar 31 2004</i>	<i>Dec 31 2004</i>
Cash and bank deposits in central banks	310	261	128
Loan to credit institutions	4 992	2 845	2 961
Loans to general public	4 686	3 286	6 612
Bonds and other interest bearing securities	1 047	818	1 305
Shares and participations	4 623	4 784	6 576
Shares and participations in associated companies	5	4	5
Intangible fixed assets	45	56	45
Tangible fixed assets	74	99	77
Other assets	4 819	2 888	5 102
Prepaid expenses and accrued income	1 169	777	204
<i>Total assets</i>	<i>21 769</i>	<i>15 818</i>	<i>23 015</i>

*Liabilities and shareholders' equity*

Liabilities to credit institutions	6 778	2 981	7 397
Deposits and borrowing from general public	6 922	5 403	5 424
Other liabilities	5 955	5 419	7 886
Accrued expenses and prepaid income	873	772	801
Pension obligation	200	175	176
Shareholders' equity	1 041	1 068	1 330
<i>Total liabilities and shareholders' equity</i>	<i>21 769</i>	<i>15 818</i>	<i>23 015</i>

*Changes in shareholders' equity  
(SEK millions)*

	<i>Mar 31 2005</i>	<i>Mar 31 2004</i>	<i>Dec 31 2004</i>
Shareholders' equity - opening balance	1 330	1 145	1 145
Dividend (Q1)	-396	-211	-211
Translation differences	6	12	-5
Net profit for the period	100	122	401
<i>Shareholders' equity - closing balance</i>	<i>1 041</i>	<i>1 068</i>	<i>1 330</i>

**IFRS effects on the first quarter 2004**

See further comments under accounting policies, page 7.

<i>Income statement in summary</i>	<i>Q1 2004 According to IFRS</i>	<i>IFRS effect</i>	<i>Q1 2004 According to Sw Gaap</i>
Depreciation intangible fixed assets (Goodwill)	-17	+1	-18
Net profit	122	+1	121
<i>Balance sheet in summary</i>			
Intangible fixed assets (Goodwill)	56	+1	55
Shareholders' equity	1,068	+1	1,067



## Ownership structure

<i>Larger shareholders, 31 March 2005</i>	<i>No of shares</i>	<i>Votes and capital</i>
Burdaas HF	13,643,280	20.5%
Carnegie employees	1) 9,340,000	14.0%
Didner & Gerge aktiefonder	2,840,000	4.3%
Robur fonder	2,308,808	3.5%
FirstNordic fonder	1,914,668	2.9%
Franklin-Templeton Funds	1,824,061	2.7%
SHB/SPP Fonder & Livförsäkringar	1,457,828	2.2%
Carnegie Personal AB (net)	2) 1,422,761	2.1%
Lannebo fonder	956,400	1.4%
Första AP-fonden	766,600	1.1%
Skandia	694,900	1.0%
Hermes Investment Mgmt Ltd	590,000	0.9%
T Rowe Price Funds	549,000	0.8%
Länsförsäkringar	497,580	0.7%
Nordea fonder	463,400	0.7%
<i>Sub-total</i>	<i>39,269,286</i>	<i>58.9%</i>
Other	27,432,314	41.1%
<i>Total</i>	<i>66,701,600</i>	<i>100.0%</i>

- 1) Shares held by employees are individual holdings. Group management; Lars Bjerrek, Mats Bremberg, Niklas Ekvall, Karin Forseke, Matti Kinnunen, Mats-Olof Ljungkvist, Anders Onarheim, Stig Vilhelmson and Mark Walker, represents a total of 1,495,000 shares, corresponding to 2.2% of the shares outstanding, included in the total employee shareholding.
- 2) The number of shares reflects the net position held by Carnegie Personal AB, a company owned by the foundation Stiftelsen D. Carnegie & Co. Carnegie Personal AB previously administered the lock-up and lock-in agreements related to the transfer-restricted shares held by employees.

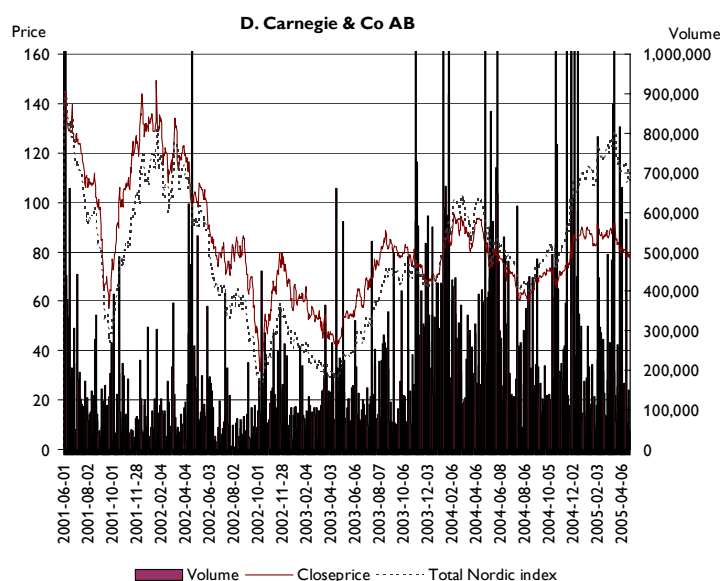
## Employee shareholding

Total shareholding by employees is estimated at 14 per cent of the total number of shares outstanding at 31 March 2005. Employee shareholding is no longer subject to any transfer restrictions other than those applying to the employees' trading rules, e.g. concerning open and closed periods. 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.

### Remaining open periods 2005, all dates inclusive:

28 April – 31 May  
15 July – 31 August  
27 October – 30 November

## Share price development and turnover 1 June 2001 – 25 April 2005



### Share information (SEK)

Market value 31 March 2005 (SEKm)	5,369
Share price 31 March 2005	81
Share price 31 December 2004	86
Share price at the IPO	115
Year high 2005	92.5
Year low 2005	76.25
All time high	149.5
All time high date	23 January 2002

Listing: Stockholmsbörsen (SWE), List O

Code: SE0000798829

Listed since: 2001-06-01

Trading lot: 100 shares

Symbol: CAR



### Warrant programmes

<b>Warrant programme</b>	<b>No of warrants</b>	<b>Strike price<sup>1)</sup> (SEK)</b>	<b>Subscription period</b>	<b>Increased equity (MSEK)</b>	<b>Corresponding share of capital</b>
2002/2005	2,400,000	158	1 April 2003 - 29 April 2005	379	3.6%
2003/2006	2,400,000	72	1 April 2004 - 28 April 2006	173	3.6%
2004/2007	2,400,000	101	1 April 2005 - 27 April 2007	242	3.6%

<sup>1)</sup> The strike prices have been set to 120% of the average share price the week after publication of the year-end reports.

At the end of the first quarter there were three warrant programmes outstanding. 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 net present value (at current share price) of issued warrants. The aggregate dilution effect in terms of profit per share of issued warrants is below 1 per cent, based on the share price at 31 March 2005 (SEK 80.50).