



## Net profit SEK 396 million (SEK 211 million)

- Carnegie's **profit before taxes** for 2004 increased by 70% to SEK 535 million (SEK 315 million). The **net profit** increased by 87% to SEK 396 million (SEK 211 million), corresponding to **earnings per share** of SEK 5.93 (SEK 3.17). The net profit for the fourth quarter was SEK 157 million (SEK 77 million). The tax rate for 2004 was 26% (33%).
- The Board of Directors has **proposed a dividend** of SEK 5.93 (SEK 3.16) per share, which corresponds to a pay-out ratio of 100 % (100%). The Tier 1 ratio excluding the proposed dividend at 31 December 2004 was 16.8% (18.0%<sup>1</sup>).
- **Total income** for 2004 increased by 28% to SEK 2,672 million (SEK 2,081 million). Total income generated in the fourth quarter was SEK 805 million (SEK 581 million) and included an unrealised gain of SEK 48 million related to Carnegie's holding of 3.8% in Copenhagen Stock Exchange (CSE). Excluding the gain from the CSE, the fourth-quarter income increased by 30% Y/Y.
- **Securities income** for 2004 increased by 31% to SEK 1,202 million. Securities income in the fourth quarter of SEK 340 million was up 18% Y/Y excluding the unrealised gain from Carnegie's holding in CSE. After a strong fourth quarter in **Investment Banking** which generated income of SEK 188 million, income was up 39% for the full year 2004 to SEK 511 million. **Asset Management & Private Banking** income was up 20% to SEK 959 million in 2004, of which SEK 276 million in the fourth quarter. Asset Management income included performance fees of SEK 48 million (SEK 10 million), of which SEK 35 million in the last quarter (SEK 10 million).
- **Total expenses before profit-share** for 2004 were SEK 1,591 million, (SEK 1,472 million), up 8% Y/Y, and was within the estimated cost range for the year. Total expenses before profit-share included non-recurring expenses of SEK 60 million. Based on current market conditions, **management's estimated cost range for 2005 is SEK 1,500 - 1,600 million.**
- **Assets under management (AUM)** amounted to SEK 62 billion at 31 December 2004, an increase of SEK 7 billion from the beginning of the year, composed by a net inflow of SEK 3 billion and increasing asset values of SEK 4 billion.

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<sup>1</sup> The Tier 1 ratio at 31 December 2003 was 18.0% using the current definition of regulatory capital.



### **Quotations from Karin Forseke, CEO:**

“I am delighted about the results for 2004 – a substantial improvement due to hard work, competence and vigour resulting in a significantly consolidated market position.

Profitability is only created through client satisfaction – our ability to deliver the very best services and products – which depends on the competence and commitment of our people working towards the same goals as our shareholders.

I am particularly encouraged that this result enables us to deliver to our shareholders and makes it possible to recruit and retain the best people. By being competitive in building the best competence in the industry we can continue to be our clients’ first choice.”

### **Auditors’ examination**

This year-end and fourth-quarter report has been reviewed by the company’s auditors.

### **Teleconference**

Carnegie’s CEO Karin Forseke will present the full year results at a teleconference held 3 February at 4.00 PM (CET). It will be open to the public. In order to participate, please call +44 (0) 20 7162 0181. 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**

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### **Financial calendar 2005**

Annual report 2004 available at <a href="http://www.carnegie.se/ir">www.carnegie.se/ir</a>	25 February
Annual report 2004 distributed to shareholders by mail (Sweden)	28 February
Last day to be registered in the share register in order to be entitled to participate at the AGM	7 March
Last day for notification of participation at AGM	11 March
Last day for trading in the Carnegie share including dividend	17 March
Annual General Meeting at Solliden, Skansen, Stockholm (Sweden)	17 March
Distribution of dividend	29 March
Interim report January-March	27 April
Interim report January-June	14 July
Interim report January-September	26 October

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

<i>(SEK million)</i>	<i>Oct - Dec 2004</i>	<i>Oct - Dec 2003</i>	<i>Jan - Dec 2004</i>	<i>Jan - Dec 2003</i>	<i>Chg.</i>
<i>Income statement</i>					
Securities	340	247	1,202	915	31%
Investment Banking	188	110	511	368	39%
Asset Management & Private Banking	276	224	959	798	20%
<i>Total income<sup>1)</sup></i>	<i>805</i>	<i>581</i>	<i>2,672</i>	<i>2,081</i>	<i>28%</i>
Personnel expenses	-247	-187	-883	-779	13%
Redundancy expenses	-	-15	-	-61	
Other expenses	-181	-148	-710	-634	12%
Net provisions for credit losses	0	0	1	1	
<i>Total operating expenses excluding profit-share</i>	<i>-428</i>	<i>-349</i>	<i>-1,591</i>	<i>-1,472</i>	<i>8%</i>
<i>Operating profit before result from principal investments and profit-share</i>					
	377	232	1,081	608	78%
Result from principal investments	-7	1	-21	-6	
<i>Operating profit before profit-share</i>	<i>370</i>	<i>234</i>	<i>1,059</i>	<i>603</i>	<i>76%</i>
Allocation to profit-share system	-182	-114	-524	-287	83%
<i>Total expenses</i>	<i>-610</i>	<i>-463</i>	<i>-2,115</i>	<i>-1,760</i>	<i>20%</i>
<i>Profit before taxes</i>	<i>188</i>	<i>120</i>	<i>535</i>	<i>315</i>	<i>70%</i>
Taxes	-32	-43	-139	-104	34%
<i>Net profit</i>	<i>157</i>	<i>77</i>	<i>396</i>	<i>211</i>	<i>87%</i>
Earnings per share (SEK)	2.35	1.15	5.93	3.17	
Earnings per share, fully diluted (SEK)	2.32	1.14	5.87	3.14	

1) 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.

### Market environment

The positive market sentiment in the global stock markets in the beginning of 2004 was in the second half year replaced by a more cautious view, mainly on the back of a higher bond yield, higher oil prices and a weaker USD. During the fourth quarter, renewed strong stock market performance could be seen after the drop in the oil price and the future prospects of a stabilising USD. The Nordic stock markets outperformed the global indices, and Carnegie Nordic index was up by 17%, after an increase of 7% in the last quarter of 2004.

Equity turnover in the Nordic stock markets increased by 37 per cent from last year, mainly due to the sharp increase in the first part of the year. In the fourth quarter, Nordic turnover increased by 27 per cent Y/Y, up 18% from the previous quarter. The Nordic ECM volume increased to USD 15.7 billion in 2004, from USD 2.8 billion for the full year 2003, with the main part of the volume generated in the first part of 2004. The transaction volume in the Nordic M&A-market was 10 per cent below last year, while the number of transactions increased substantially. The net flow to equity funds in Sweden was SEK 20 billion (SEK 29 billion), after a net inflow for the quarter around zero.

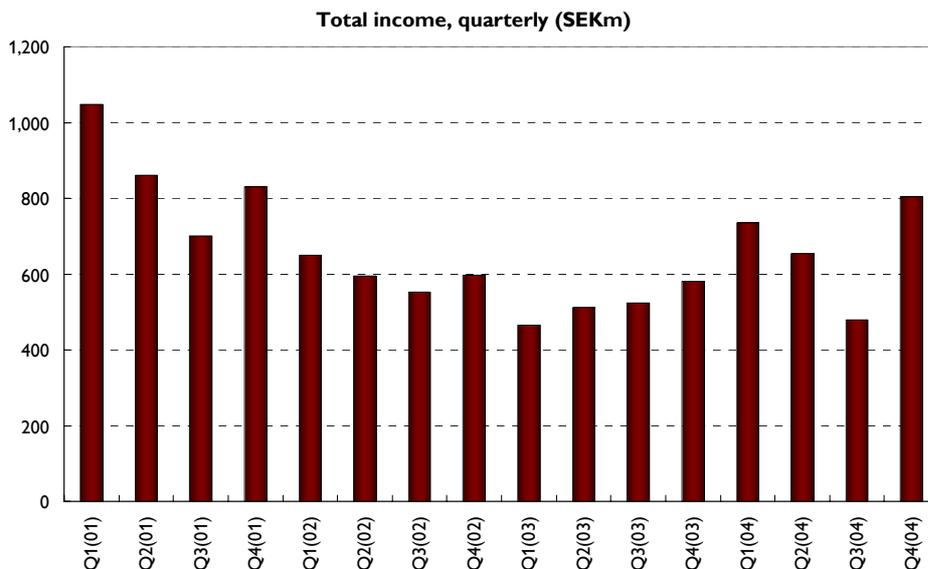


## Market position

Carnegie's share of the aggregate turnover on the Nordic Stock Exchanges was 7.8 % in 2004, ranking Carnegie as the second largest market participant in the Nordic region. Among the full service providers, Carnegie strengthened its relative position<sup>2</sup>. In Nordic M&A, Carnegie was ranked number 1 (1) in terms of number of announced transactions in 2004. In terms of volume, Carnegie was ranked number 4 (2), highest ranked among the Nordic investment banks.<sup>3</sup> Over 80% of the assets under management in rated equity mutual funds held 4- or 5-star rankings<sup>4</sup> at year-end.

## Income

Total income in 2004 was SEK 2,672 million (SEK 2,081 million), an increase of 28 per cent from the previous year. Total income in the fourth quarter was SEK 805 million, and included an unrealised gain of SEK 48 million related to Carnegie's holding in Copenhagen Stock Exchange. Income in Securities was up 26 per cent from 2003, excluding the effect from the CSE-holding. After a strong fourth quarter in Investment Banking which generated income of SEK 188 million, income was up 39% for the full year 2004 to SEK 511 million, despite the decrease of 10% in the value of M&A-transactions in the Nordic region. Asset Management & Private Banking income was up 20% to SEK 959 million in 2004, of which SEK 276 million in the fourth quarter. Performance fees amounted to SEK 48 million (SEK 10 million), of which SEK 35 million in the last quarter (SEK 10 million).



## Total expenses and estimated cost base for 2005

Total expenses before profit-share in 2004 was SEK 1,591 million (SEK 1,472 million), up 8 per cent from last year. **Personnel expenses** included non-recurring expenses of SEK 60 million, mainly reflecting the reorganisation of the operations. Excluding non-recurring expenses, personnel expenses in 2004 reflected an underlying increase in personnel expenses of around 5%. Although the average number of employees was unchanged from the previous year, personnel turnover increased during 2004 and the net change includes a total of about 120 new recruitments.

**Other expenses** increased by 12% in 2004 and included the depreciation of Carnegie's commitment in Capital C of a total of SEK 32 million. The Y/Y cost increase of 22% in the last quarter reflects that all

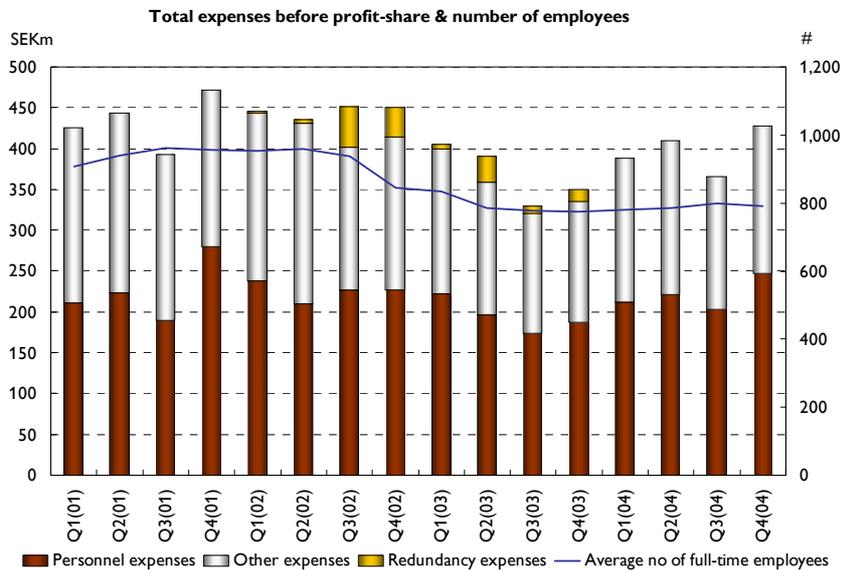
<sup>2</sup> Source: Prospera, January 2005.

<sup>3</sup> Source: Thomson Financial Securities Data, January 2005.

<sup>4</sup> Morningstar, Fondmarknaden and W-rating, January 2005.



IT investments were temporarily put on hold during the group wide IT review conducted in 2003, resulting in lower cost levels especially in the second half of 2003.



Following the change programme, One Carnegie, implemented during the last few years, some initiatives are still in the process of being implemented and will continue to contribute to cost efficiency, while growth in some areas will over time have an impact on the cost base. Based on the current market outlook, **management’s estimated cost range for 2005 is SEK 1,500-1,600 million.**

Result from principal investments of a total of SEK -21 million in 2004 includes Carnegie’s share in result from associated companies and mainly reflects the result from Capital C<sup>5</sup>. Carnegie’s 50 per cent share of the result in Capital C was SEK -12 million in 2004 (SEK -6 million). The negative result in 2004 reflected mainly redundancy expenses in Capital C in the third quarter following the decision to develop a modified version of the after-trade system. After the redundancy programme, total expenses and income in Capital C will break even. Carnegie’s total net commitment at 31 December 2004 amounts to a total of SEK 89 million, which will be depreciated over the next three years.

The result from principal investments in 2004 also included write-offs of SEK 7 million related to the shareholding in Startupfactory, and SEK 2 million related to the divestment of Carnegie Investimentos, an asset management company in Portugal.

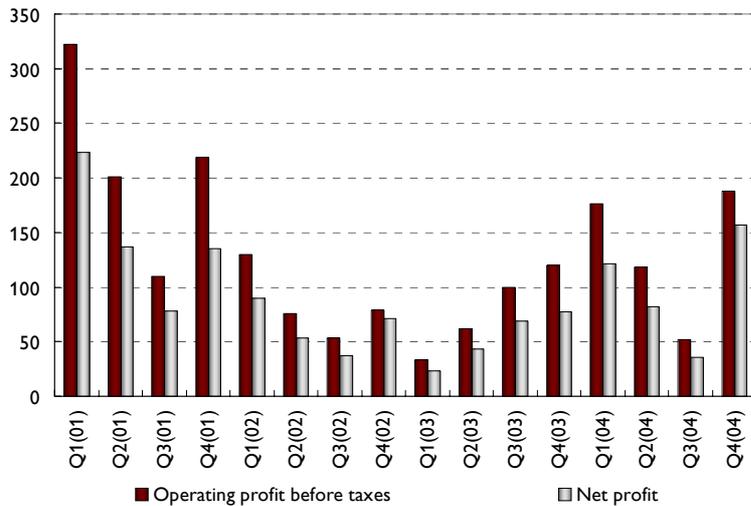
Allocation to the profit-share system for 2004 was SEK 524 million (SEK 287 million), following the fixed formula for profit-share allocation.<sup>6</sup>

### Quarterly operating profit

The last quarter of the year showed a considerable improvement in operating profit. The operating profit before profit-share improved to SEK 1,059 million (SEK 603 million), a Y/Y increase of 76 per cent, reflecting the considerable leverage in the business.

<sup>5</sup> Capital C is a software development company owned 50/50 by Carnegie and Alfred Berg ABN AMRO with the aim to develop securities post-trade processing systems for the Nordic markets.

<sup>6</sup> The formula states that 50 per cent of the Group’s operating profit before profit-share, after deduction of a STIBOR-related return on shareholders’ equity, is allocated to the profit-sharing system. 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 employees on a discretionary basis.



### Net profit and return on equity

Total taxes amounted to SEK 139 million, corresponding to a tax rate of 26% (33%). The tax rate for 2004 was estimated at 31% and the deviation reflects tax-free capital gains and a larger share of earnings generated in countries with lower corporate tax rates. The net profit for 2004 increased by 87% to SEK 396 million (SEK 211 million), corresponding to a return on equity of 33 per cent (17 per cent).

### 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 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 2004, the change in working capital was SEK -2,325 million (SEK 2,627 million). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 469 million in 2004 (SEK 210 million). Capital expenditure in 2004 amounted to SEK 18 million (SEK 37 million). See page 23 for further information.

### Risk-weighted assets and Tier 1 ratio

Risk-weighted assets decreased by 7 % during the last quarter to SEK 4.6 billion. Credit risks accounted for about 70% of total risk-weighted assets. The regulatory capital base at 31 December 2004 increased slightly from the previous quarter to SEK 774 million, due to declining deferred tax assets and a positive effect from foreign exchange differences in shareholders' equity. Slightly lower risk-weighted assets and higher regulatory capital increased the Tier 1 ratio to 16.8% at 31 December 2004 excluding proposed dividend. The Tier 1 ratio at December 2003 was 18.0%, using the current definition of regulatory capital.

### Dividend policy and effects from the Basel II Accord

The current dividend policy states that it is Carnegie's intention, in the long term, to pay dividends that allow for a conservative Tier 1 ratio at the beginning of each new financial year. A conservative Tier 1 ratio is considered to be 15 per cent in the medium term. When recommending the annual dividend, to be proposed to the AGM, the Board also takes into account distributable funds, the market situation and other capital requirements, as well as any other factors it may consider relevant.



It is the Board's view that the principles behind Carnegie's dividend policy should remain intact, also when Basel II is implemented in Sweden at the end of 2006, i.e. that excess capital above a desired and prudent level of regulatory capital should be distributed as dividend. With existing knowledge about the future regulatory framework, and subject to changes following the local implementation, it is the Board's intention to substitute the current Tier 1 target with a capital adequacy target, thus enabling supplementary capital<sup>7</sup> in addition to the primary capital. The capital adequacy target in the new regulatory environment is anticipated to be lower than 15 per cent, and it is the Board's intention to adjust to the new regulatory environment primarily through using subordinated debt.

The Board's proposal to the Annual General Meeting is a dividend of SEK 5.93 (SEK 3.16), which corresponds to a pay-out ratio of 100 % (100%).

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<sup>7</sup> 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.



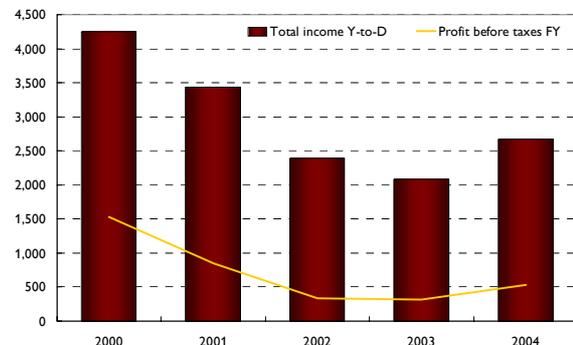
**KEY DATA**

Oct - Dec 2004 Oct - Dec 2003 Jan - Dec 2004 Jan - Dec 2003

Earnings per share (SEK)	2.35	1.15	5.93	3.17
Earnings per share, fully diluted (SEK)	2.32	1.14	5.87	3.14
Dividend per share (proposed dividend)			(5.93)	3.16
Book value per share (SEK)	-	-	19.9	17.2
Share price (SEK)	-	-	86.0	71.0
Price/earnings multiple	-	-	14.5	22.4
Price/book multiple	-	-	4.3	4.1
Number of shares at period-end	66,701,600	66,701,600	66,701,600	66,701,600
Average number of shares	66,701,600	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	4,800,000
Total number of shares, incl effect of issued warrants	67,470,558	67,242,860	67,470,558	67,242,860
Compensation/income ratio, %	54%	52%	53%	51%
Cost/income ratio, %	76%	79%	80%	85%
Operating margin, %	24%	21%	20%	15%
Profit margin, %	20%	13%	15%	10%
Return on equity, (12 mo) %			33%	17%
Total assets (SEK million)			23,009	14,618
Margin lending (SEK million)			6,612	3,120
Deposits and borrowing from general public (SEK million)			5,424	5,145
Shareholders' equity (SEK million)			1,325	1,145
<i>Total regulatory capital base (SEK million)</i>			774	918
-Shareholders' equity			1,325	1,145
-Goodwill			-12	-17
-Intangible fixed assets			-28	-
-Deferred tax assets			-115	-
-Dividends			-396	-211
-Profit after tax and foreign exchange differences			-	-
<i>Total risk-weighted asset (SEK million)</i>			4,601	4,037
Risk-weighted assets (Credit risks)			3,274	2,710
Risk-weighted assets (Market risks)			1,327	1,327
Tier I Ratio, %			16.8%	22.7%
Capital adequacy, %			16.8%	22.7%
Number of employees, average	792	775	791	793
Number of employees, period-end	779	774	779	774
Period-end assets under management (SEK billion)*			62	55

Key ratios 2000-2004	2000	2001	2002	2003	2004
Net profit (SEK million)	1,090	572	250	211	396
Earnings per share (SEK)	17.21	8.76	3.75	3.17	5.93
Earnings per share, fully diluted (SEK)	17.21	8.76	3.75	3.14	5.87
Dividend per share	13.57	8.57	8.93	3.16	5.93
Tier 1 ratio *)	10.0%	20.0%	20.4%	22.7%	16.8%
Capital adequacy	13.0%	20.0%	20.4%	22.7%	16.8%

\*) 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

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 26). 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 (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 1 ratio:	Regulatory capital base (or Tier 1 capital) as a percentage of risk-weighted assets.
Capital adequacy ratio:	Total regulatory capital base (Tier 1 capital 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.

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

## Accounting policies

This interim report has been prepared in accordance with recommendation RR 20, Interim Reports, of the Swedish Financial Accounting Standards Council and complies with the regulations of the Swedish Financial Supervisory Authority. The accounting principles and calculation methods used in this report are the same as those used in the 2003 Annual Report, except for the introduction of the Employee Benefit Standard, which had no impact on net profit or equity

### *Adoption to IAS/IFRS standards*

It is Carnegie's opinion that the transition to IAS/IFRS standards will not have any material effect on Carnegie's reporting. For Carnegie, the most significant effect from the transition relates to goodwill. According to IAS/IFRS, amortization 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 2004, which amounted to SEK 5 million, was restated and no write-down was required. The total effect from the transition would be that Carnegie's net profit for 2004 would increase by SEK 5 million to SEK 401 million, and earnings per share would increase to SEK 6.01. Shareholders' equity would then increase to SEK 1,330 million. The adoption would not have any impact on cash-flow for 2004.

Carnegie's first financial report in accordance with IAS/IFRS standards will be the Interim Report for the first quarter 2005. The effects of the transition to IFRS that are accounted for are preliminary and based on the current International Financial Reporting Standards, IFRS, as endorsed by the European commission (EC), which may change up and until 31 December, 2005.



### **The parent company in summary**

Total income in the parent company D. Carnegie & Co AB in 2004 was SEK 0 million (SEK 4 million), and the company was showing a loss before financial items of SEK -10 million (SEK -46 million).

Including an anticipated dividend of SEK 396 million (SEK 225 million), the profit before taxes was SEK 458 million (SEK 249 million). At 31 December 2004, cash and liquid assets amounted to SEK 91 million (SEK 133 million). No capital expenditure was made during the period (SEK 0.4 million).

Shareholders' equity adjusted for the equity part (72%) of untaxed reserves at 31 December 2004 was SEK 1,120 million (SEK 991 million).



## Securities

<i>(SEK million)</i>	<i>Oct - Dec 2004</i>	<i>Oct - Dec 2003</i>	<i>Jan - Dec 2004</i>	<i>Jan - Dec 2003</i>	<i>Chg.</i>
Net commission income	216	201	840	695	21%
Underwriting fees	13	9	92	18	
Net interest income	26	21	75	95	-21%
Proprietary trading and market making	93	33	239	166	44%
Net interest income from financial positions	-16	-14	-52	-70	-25%
Other income from financial positions	0	-4	1	10	
<i>Net income from financial positions</i>	<i>77</i>	<i>15</i>	<i>187</i>	<i>106</i>	<i>76%</i>
Other fees	8	0	8	0	
<i>Total income</i>	<i>340</i>	<i>247</i>	<i>1,202</i>	<i>915</i>	<i>31%</i>
Personnel expenses	-99	-77	-358	-319	12%
Redundancy expenses	-	-7	-	-25	
Other expenses	-79	-65	-304	-262	16%
Net provisions for credit losses	0	0	0	1	
<i>Total operating expenses excluding profit-share</i>	<i>-178</i>	<i>-150</i>	<i>-662</i>	<i>-606</i>	<i>9%</i>
<i>Business area operating profit before profit-share</i>	<i>162</i>	<i>98</i>	<i>540</i>	<i>309</i>	<i>75%</i>
Allocation to profit-share system	-80	-48	-267	-147	
<i>Total expenses</i>	<i>-257</i>	<i>-198</i>	<i>-929</i>	<i>-753</i>	<i>23%</i>
<i>Business area profit before taxes</i>	<i>83</i>	<i>50</i>	<i>273</i>	<i>162</i>	<i>69%</i>
Cost/income ratio, %	76%	80%	77%	82%	
Operating margin, %	24%	20%	23%	18%	
Number of employees, average	319	320	320	322	
Number of employees, period-end	314	318	314	318	

## Market environment

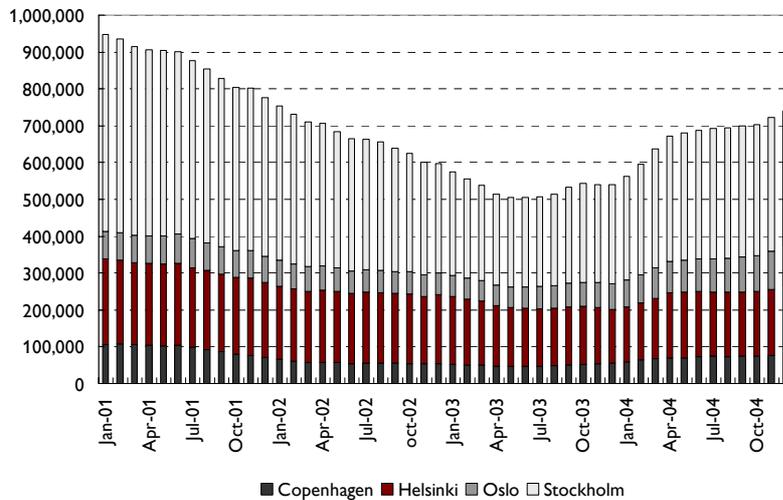
The Nordic stock markets outperformed the global indices in 2004, and Carnegie Nordic index was up by 17%, after an increase of 7% in the last quarter of 2004. The local market indices in Sweden and Norway showed double-digit developments, while the increases in KFX and HEX were moderate. OSEAX in Norway showed the best development, supported by increasing oil prices.

<b>Share indices dev. (%) 1)</b>	<b>Q4(04)</b>	<b>FY 2004</b>
KFX Copenhagen - Denmark	4%	8%
Totalindeks Oslo - Norway	8%	38%
HEX General - Finland	9%	4%
SAX - Sweden	7%	18%

1) Source: SIX



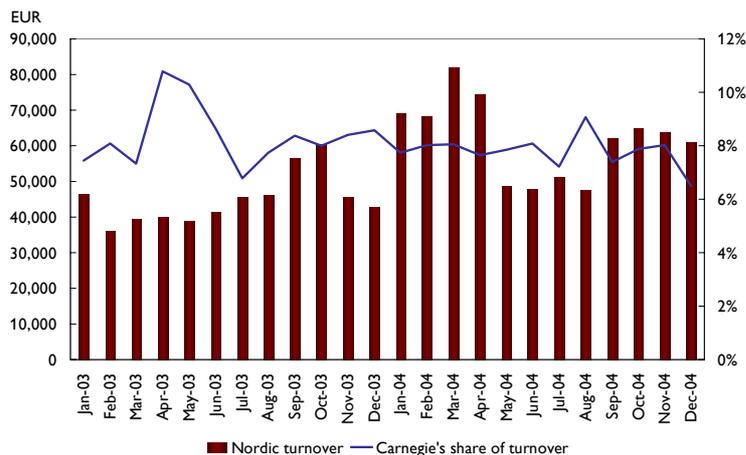
### Turnover in the Nordic stock exchanges, rolling 4-quarters



Equity turnover in the Nordic stock markets in 2004 increased by 37 per cent from previous year, mainly due to the sharp increase in the first part of the year. Turnover in the last quarter was up 27 per cent Y/Y and increased by 18 per cent from the previous quarter.

### Market position

Carnegie's share of the total turnover on the Nordic stock exchanges was 7.8 per cent in 2004, a decline from 8.3 per cent in 2003. Discount brokers gained market share in relation to the full service firms, especially in the beginning of the year. In the full service segment however, Carnegie strengthened its relative position. Recent external rankings (Prospera, Starmine) indicate improved or retained positions in all Nordic markets, with rankings in the very top, varying between a number 1 to 4 position. The reorganisation of Carnegie's research department in the last couple of years together with further improvement of the teamwork between sales and research are thus beginning to be proven.



Share of turnover	FY 04
1 Enskilda Securities *	8.1%
2 Carnegie	7.8%
3 Fischer & Partners	5.9%
4 Handelsbanken Markets	5.6%
5 Morgan Stanley	5.1%
6 Nordea Securities **	4.9%
7 Alfred Berg ABN Amro	4.4%
8 Danske Bank ***	4.0%
9 Deutsche Bank	3.6%
10 Kaupthing	3.6%

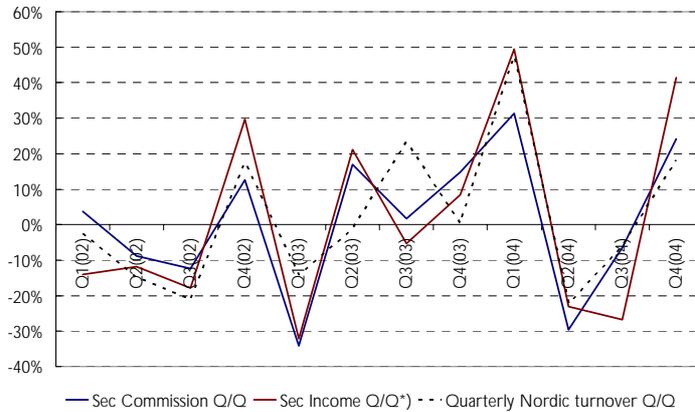
\* Includes SEB entities  
 \*\* Includes other Nordea entities  
 \*\*\* Includes other Danske Bank entities



## Income

Securities income in 2004 increased by 31 per cent Y/Y to SEK 1,202 million. Commission income accounted for SEK 840 million and increased by 21 per cent from last year.

### Quarterly change (Q/Q), Nordic stock market turnover, total income and commission in Securities

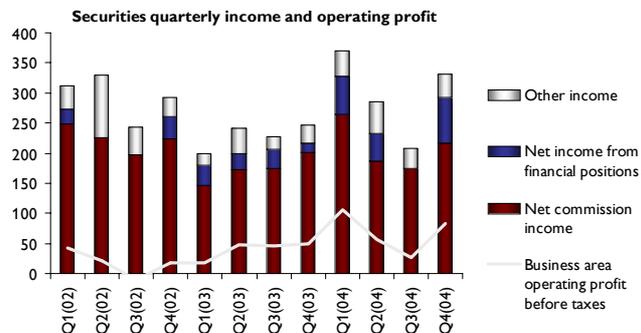


\*) Securities total income, excluding the unrealised gain from the holding in CSE in Q4(04).

The graph illustrates the change from the previous quarter in Nordic stock market turnover, Securities total income and net commission. Although there is an overall correlation, deviations occur due to changes in the mix of commission-bearing client volumes and proprietary trading volume, as well as the volume through discount brokers and full service providers.

Carnegie's net commission in the last quarter 2004 was SEK 216 million, up by 23 per cent from the previous quarter, which is slightly above the overall turnover development at the Nordic stock exchanges, which increased by 18%. Net commission generated from non-Nordic clients in 2004 accounted for around 46 per cent of the total commission volume from institutional clients.

Income from proprietary trading and market making was SEK 239 million in 2004 (SEK 166 million), and included an unrealised gain of SEK 48 million related to Carnegie's holding of 3.8% in Copenhagen Stock Exchange, following the offering presented by OMX Group in December 2004. The book value of the holding was at 31 December SEK 58 million. The fixed income operations accounted for 10% of total income from proprietary trading and market making excluding the unrealised gain from the holding in CSE.



Underwriting fees increased substantially in 2004 and amounted to SEK 92 million (SEK 18 million), reflecting completed IPOs and secondary placings mainly in the first half of the year.

## Expenses and profit before taxes

Total expenses before profit-share amounted to SEK 662 million in 2004, up 9 per cent from the previous year. Operating profit before profit-share was SEK 540 million (SEK 309 million), of which SEK 162 million was generated in the fourth quarter. The business area generated profit before taxes of SEK 273 million in 2004, a 69 per cent increase Y/Y.

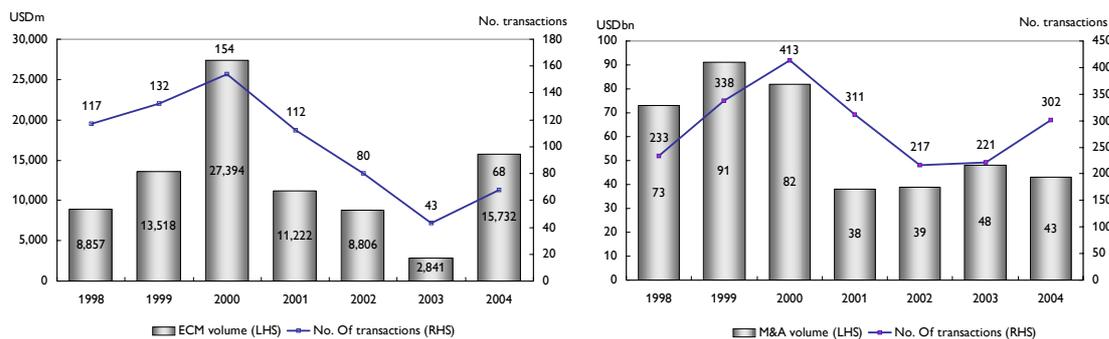


## Investment Banking

(SEK million)	Oct - Dec 2004	Oct - Dec 2003	Jan - Dec 2004	Jan - Dec 2003	Chg.
Underwriting fees	21	15	139	67	109%
Net income from financial positions	4	10	8	21	
Advisory fees	164	85	363	281	29%
<b>Total income</b>	<b>188</b>	<b>110</b>	<b>511</b>	<b>368</b>	<b>39%</b>
Personnel expenses	-46	-32	-162	-146	11%
Redundancy expenses	-	-4	-	-16	
Other expenses	-26	-22	-103	-104	-1%
<b>Total operating expenses excluding profit-share</b>	<b>-71</b>	<b>-59</b>	<b>-265</b>	<b>-266</b>	<b>0%</b>
<b>Business area operating profit before profit-share</b>	<b>117</b>	<b>51</b>	<b>246</b>	<b>102</b>	<b>141%</b>
Allocation to profit-share system	-58	-25	-122	-49	
<b>Total expenses</b>	<b>-129</b>	<b>-83</b>	<b>-386</b>	<b>-315</b>	<b>23%</b>
<b>Business area profit before taxes</b>	<b>59</b>	<b>26</b>	<b>124</b>	<b>53</b>	<b>133%</b>
Cost/income Ratio, %	68%	76%	76%	85%	
Operating margin, %	32%	24%	24%	15%	
Number of employees, average	141	141	139	148	
Number of employees, period-end	141	141	141	141	

## Market environment

In 2004, the transaction volume of equity offerings in the Nordic region increased to USD 15 billion, as compared to USD 2.8 billion for the full year 2003. The IPO-activity, with 10 IPOs in the first half of 2004, slowed down significantly in the second half of the year. The Nordic M&A transaction value was 10 per cent below last year, although the number of transactions increased sharply by 36%. In total, 302 (221) transactions were announced (with advisers) with a corresponding transaction value of USD 43 billion (USD 48 billion).





## Market position

In the Nordic M&A-market, Carnegie was in 2004 ranked as number 1 (1) in terms of number of announced M&A-transactions with 36 transactions corresponding to a transaction value of USD 6.2 billion (USD 8.5 billion). In terms of transaction value, Carnegie was ranked as No 4 (2), and as No 1 among the Nordic investment banks.

2004			2003		
Adviser	USD million	#	Adviser	USD million	#
1. JP Morgan Chase	10,167	20	1. Danske Markets	11,114	3
2. Goldman Sachs	9,278	10	2. Carnegie	8,548	36
3. UBS	8,768	19	3. Enskilda	7,978	35
4. Carnegie	6,209	36	4. ABG Sundal Collier	6,864	17
5. Morgan Stanley	5,271	8	5. Nordea	6,155	20
6. Lehman Brothers	4,369	4	6. Deutsche Bank	5,524	13
7. Deutsche Bank	4,080	11	7. JP Morgan Chase	4,610	5
8. Lazard	3,671	7	8. Merrill Lynch	4,468	6
9. SHB	3,656	27	9. ABN Amro	4,123	13
10. ABG Sundal Collier	3,536	13	10. UBS	3,937	4
Total market with advisers	42,954	302	Total market with advisers	47,791	221
Total market w/o advisers	10,424	1,187	Total market w/o advisers	10,100	1,074
<b>Total Market</b>	<b>53,378</b>	<b>1,489</b>	<b>Total Market</b>	<b>57,892</b>	<b>1,295</b>

Source: Thomson Financial Securities Data, 4 January 2005.

## Income

Income for 2004 increased by 39 per cent to SEK 511 million, after a strong fourth quarter with SEK 188 million in recorded income.

Quarterly income in Investment Banking varies substantially due to the fact that the assignments vary considerably in size and duration. There can also be substantial lags between announcement, completion and recording of income.

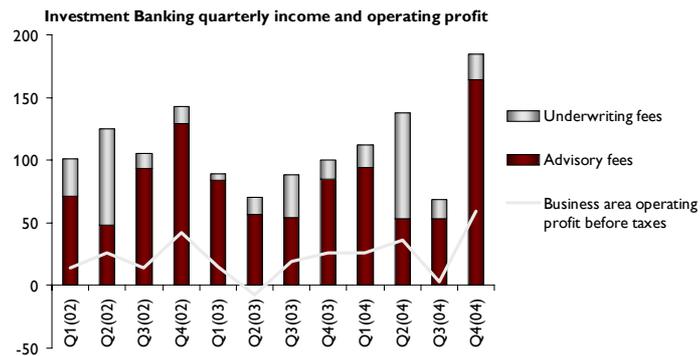
Underwriting fees increased

substantially during 2004, due to the increased activity in the first half of the year. Advisory fees increased sharply in the last quarter to SEK 164 million. In the fourth quarter, 14 M&A-transactions were announced with Carnegie as adviser, to be compared to 12 transactions in the previous quarter.

In 2004, Carnegie launched a total of 38 structured financial products, linked to different assets (including equities, fixed income, credit and hedge funds) and with different risk profiles. The aggregate transaction value amounted to SEK 5.3 billion.

## Expenses and profit before tax

Total expenses before profit-share in 2004 were SEK 265 million, unchanged from the previous year. The business area increased profit before taxes by 133 per cent to SEK 124 million (SEK 53 million), of which SEK 59 million (SEK 26 million) was generated in the last quarter.





## Asset Management & Private Banking<sup>8</sup>

<i>(SEK million)</i>	<i>Oct - Dec 2004</i>	<i>Oct - Dec 2003</i>	<i>Jan - Dec 2004</i>	<i>Jan - Dec 2003</i>	<i>Chg.</i>
Net commission income	87	76	304	265	15%
Net interest income	28	20	109	86	27%
Net income from financial positions	9	11	36	42	-13%
Regular fees	72	65	281	233	21%
Performance fees	17	7	27	7	
<i>Total fees from mutual funds</i>	<i>89</i>	<i>72</i>	<i>308</i>	<i>240</i>	<i>29%</i>
Regular fees	21	19	82	74	10%
Performance fees	18	4	21	4	
<i>Total fees from discretionary fund management</i>	<i>38</i>	<i>23</i>	<i>103</i>	<i>78</i>	<i>32%</i>
Advisory fees	26	23	99	88	13%
<i>Total income</i>	<i>276</i>	<i>224</i>	<i>959</i>	<i>798</i>	<i>20%</i>
Personnel expenses	-103	-77	-363	-314	16%
Redundancy expenses	-	-3	-	-19	
Other expenses	-76	-60	-303	-268	13%
Net provisions for credit losses	0	0	1	0	
<i>Total operating expenses excluding profit-share</i>	<i>-179</i>	<i>-141</i>	<i>-665</i>	<i>-601</i>	<i>11%</i>
<i>Business area operating profit before profit-share</i>	<i>98</i>	<i>84</i>	<i>295</i>	<i>197</i>	<i>49%</i>
Allocation to profit-share system	-48	-41	-146	-94	
<i>Total expenses</i>	<i>-227</i>	<i>-181</i>	<i>-810</i>	<i>-695</i>	<i>17%</i>
<i>Business area profit before taxes</i>	<i>50</i>	<i>43</i>	<i>149</i>	<i>103</i>	<i>44%</i>
Cost/income ratio, %	82%	81%	84%	87%	
Operating margin, %	18%	19%	16%	13%	
Period-end assets under management (SEK billion)			62	55	
- whereof mutual funds			29	25	
- whereof discretionary fund management			33	30	
Number of employees, average	332	314	332	323	
Number of employees, period-end	324	315	324	315	

### Market environment

Global stock markets were strong in the first quarter, supported by unexpected improvements in corporate earnings on both sides of the Atlantic. After the positive start of the year, concerns rose about the surging oil prices and stock markets performed poorly in the second and third quarters. In the last quarter, renewed strong stock market performance could be seen on the back of a sharp drop in oil prices and eased fears for hard landings in the US and China. There were large differences in performance in different sectors, and large flows from sector rotation could be seen, mainly in the first part of the year. The net flow into equity funds in Sweden was SEK 20 billion in 2004 (SEK 29 billion), with a large part of the inflow in the first part of the year.

### Organisational changes

During 2004, the separation of the business area into two new entities was initiated. From the first quarter 2005, Asset Management and Private Banking will report as separate business areas.

<sup>8</sup> The new business areas Private Banking and Asset Management will be reported separately from the first quarter 2005.



## Asset Management

### *Clients and products*

Asset Management provides high-quality asset management products based on a research-driven, structured and focused investment strategy to mainly institutional investors and to retail investors, reached through external distribution networks. All products aim to bring high value to the clients by providing high return potential and innovatively constructed portfolios, tailored to the clients' needs.

The product range includes discretionary asset management products, 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 year-end about 80 per cent of the total assets under management was invested into equity-oriented products. The strength of the products derives from a strong performance culture and long tradition in active portfolio management, combined with a Nordic base. The equity products are focused in terms of number of stocks and the investment style is founded on a thematic view to investments, combined with stock picking based on in-depth knowledge of all portfolio holdings.

During 2004 the product range was expanded with structured asset management products, and a team was recruited for the development of a real estate fund, adding a new asset class to the product range. Carnegie Asset Management offers allocation services to Max Matthiessen, leading in pension advisory services in Sweden. This co-operation was further strengthened in 2004 through a new agreement, in which Carnegie will provide fund products and tailored investment solutions to Max Matthiessen and Carnegie's fund products will be offered through Max Matthiessen's sales organisation, reaching 135,000 clients in Sweden.

### *Rating*

The overall performance in Carnegie's investment products was strong in 2004. At the end of the period, mutual funds representing approximately 80% of Carnegie's total assets under management in rated equity funds held 4- or 5-star ratings.<sup>9</sup> Performance was better or equal to benchmark for about 70 per cent of the assets under management in Carnegie's rated equity funds. During 2004, the largest product, Carnegie WorldWide, outperformed with more than 3%, and European Equities outperformed with 15%, which rendered an award in Morningstar's ranking. The hedge fund product, which was launched in 2003, (Carnegie WorldWide Long/Short) had an outstanding performance with 19% for 2004.

### *Assets under management*

Assets under management (AUM) includes discretionary managed portfolios and mutual funds, and amounted to SEK 62 billion at 31 December 2004, an increase of SEK 2 billion during the last quarter, in total due to increasing asset values. From the beginning of the year, the increase in AUM of SEK 7 billion reflected a net inflow of SEK 3 billion, and a value increase of SEK 4 billion.

### *Asset Management pro forma result 2004*

Total pro forma income in Asset Management in 2004 was SEK 492 million. The pro forma income from **mutual fund products** was SEK 366 million in 2004 and included SEK 17 million in performance fees. Income from mutual funds is generated from funds distributed through external networks (such as SkandiaLink, Fennia and Danske Bank) as well as from products sold through Carnegie's organisation. Fund products distributed through third parties generate a net

<b>Asset Management (SEK million)</b>	<b>pro forma 2004</b>
Income from mutual funds	366
- of which performance fees	17
Income from discretionary asset management	109
- of which performance fees	18
Other income	17
<b>Total income</b>	<b>492</b>
Expenses before profit-share	-292
<b>Operating profit before profit-share</b>	<b>200</b>
No of employees at year-end	132
AUM at year-end:	
Mutual fund products	29 billion
Discretionary mandates	33 billion
<b>Total assets under management</b>	<b>62 billion</b>

<sup>9</sup> Source: Morningstar, Fondmarknaden and W-rating, January 2005. Five stars is the maximum ranking.



fee after distribution costs. Income from **discretionary mandates** was SEK 109 million and included performance fees of SEK 18 million. About 12 per cent of the total assets under management (discretionary mandates as well as mutual funds) have a performance-related fee structure. **Other income** in 2004 of SEK 17 million was mainly generated from asset management advisory services.

The organisation comprises 132 employees in Denmark, Sweden, Norway and Finland. Total expenses before profit-share was SEK 292 million, and the pro forma operating profit before profit-share was SEK 200 million.

## **Private Banking**

### ***Clients and products***

Carnegie has been providing a full range of private banking services to Nordic expatriates through Banque Carnegie Luxembourg for more than ten years. All activities towards private clients outside the Nordic region are co-ordinated through Banque Carnegie Luxembourg, and include operations in London and, from 2004, a subsidiary in Switzerland.

Carnegie's private banking concept includes both internally and externally managed products. From this product range, well-diversified portfolios are created with varying risk profiles – depending on the clients' needs. Carnegie assists clients in protecting and enhancing the value of their wealth, either through tailor-made discretionary account management or personalised advisory services including securities brokerage, tax advice and tax return services, succession planning as well as legal and insurance advice. Private Banking offers a high-quality, personal and dedicated service to high-net-worth individuals.

### ***Client volume***

The Private Banking client volume represents the gross value of all portfolios managed on behalf of private clients, both discretionary and advisory accounts, and also includes all types of securities, mutual funds, borrowing and lending. The Private Banking client volume amounted to SEK 31 billion at 31 December 2004, up 3 billion from the beginning of the year, and included SEK 6 billion in Carnegie's discretionary mandates or mutual funds, included in the AUM figure presented by Asset Management.

### ***Private Banking pro forma result 2004***

Private Banking income is generated from commission from advisory accounts, discretionary fees, mutual fund fees, interest net and advisory fees from legal and insurance advice. Total income in 2004 was SEK 467 million.

<b>Private Banking (SEK million)</b>	<b>pro forma 2004</b>
Total income	467
Expenses before profit-share	-372
Operating profit before profit-share	95
No of employees, year-end	192
Client volume, year-end	31

Total expenses before profit-share was SEK 372 million and included redundancy expenses following the reorganisation of the operations in Sweden in the second half of 2004. The number of employees in Private Banking was 192 at year-end. From 2005 the operations in Carnegie Pension Consulting, comprising pension-related advisory services with 12 employees, will be transferred to Max Matthiessen, Sweden's leading pension adviser. Through a co-operation agreement, Carnegie Private Banking gains access to a targeted client segment in Max Matthiessen's network.

The pro forma operating profit before profit-share in 2004 was SEK 95 million.



#### **Business area Asset Management & Private Banking – income and expenses 2004**

Income for the total business area Asset Management & Private Banking in 2004 was SEK 959 million, up 20 per cent from the previous year, mainly reflecting the increase in assets under management of 13 per cent and related performance fees, and increased commission generated in the private banking brokerage activity in the first part of 2004. In the fourth quarter total income amounted to SEK 276 million, up 23 per cent Y/Y.

Total expenses before profit-share for the 2004 amounted to SEK 665 million, up 11 per cent from the previous year. Profit before taxes in 2004 was SEK 149 million, up by 44 per cent Y/Y, of which SEK 50 million was generated in the fourth quarter.

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#### **D. Carnegie & Co AB (publ)**

Stockholm, 3 February 2005

A handwritten signature in blue ink, appearing to read "Karin Forseke", with a stylized flourish at the end.

Karin Forseke  
Chief Executive Officer



## Auditors' examination

We have reviewed this year-end report and fourth-quarter report 2004 in accordance with Swedish generally accepted standards for such reviews. A review is significantly less in scope than an examination in accordance with generally accepted auditing standards. During our review nothing came to our attention to indicate that the year-end report and interim report does not comply with the requirements pertaining to listed companies and the Annual Accounts Act.

Stockholm, 3 February 2005

## KPMG Bohlins AB

Anders Ivdal  
Authorised Public Accountant

### Summary

(SEK in millions)	Q1(01) 2001	Q2(01) 2001	Q3(01) 2001	Q4(01) 2001	Q1(02) 2002	Q2(02) 2002	Q3(02) 2002	Q4(02) 2002	Q1(03) 2003	Q2(03) 2003	Q3(03) 2003	Q4(03) 2003	Q1(04) 2004	Q2(04) 2004	Q3(04) 2004	Q4(04) 2004
<b>Consolidated Income Statement Data:</b>																
Securities income	561	398	293	363	312	275	226	293	199	241	228	247	369	284	208	340
Investment Banking income	238	226	192	245	101	122	99	145	97	74	87	110	114	139	70	188
Asset Management & Private Banking income	248	237	216	223	236	197	227	159	169	196	210	224	252	229	202	276
<b>Total income</b>	<b>1,047</b>	<b>860</b>	<b>701</b>	<b>831</b>	<b>649</b>	<b>594</b>	<b>552</b>	<b>597</b>	<b>464</b>	<b>511</b>	<b>524</b>	<b>581</b>	<b>735</b>	<b>653</b>	<b>480</b>	<b>805</b>
Personnel expenses	-211	-224	-190	-280	-238	-210	-227	-227	-222	-196	-174	-187	-212	-221	-203	-247
Redundancy expenses	-	-	-	-	-2	-5	-50	-36	-6	-31	-9	-15	-	-	-	0
Other expenses	-214	-220	-203	-192	-206	-221	-175	-187	-177	-163	-147	-148	-176	-189	-163	-181
Net credit losses	0	0	0	-2	0	-1	1	-3	0	0	1	0	0	0	0	0
<b>Total expenses before profit-share</b>	<b>-425</b>	<b>-443</b>	<b>-394</b>	<b>-475</b>	<b>-446</b>	<b>-436</b>	<b>-450</b>	<b>-454</b>	<b>-405</b>	<b>-389</b>	<b>-330</b>	<b>-349</b>	<b>-388</b>	<b>-409</b>	<b>-366</b>	<b>-428</b>
<b>Operating profit before result from principal investments and profit-share</b>	<b>622</b>	<b>417</b>	<b>307</b>	<b>356</b>	<b>204</b>	<b>158</b>	<b>102</b>	<b>143</b>	<b>59</b>	<b>122</b>	<b>195</b>	<b>232</b>	<b>347</b>	<b>243</b>	<b>114</b>	<b>377</b>
Result from principal investments	-6	-28	-101	69	38	-21	-9	1	-3	-4	0	1	-1	-6	-7	-7
<b>Operating profit before profit-share</b>	<b>616</b>	<b>389</b>	<b>207</b>	<b>425</b>	<b>242</b>	<b>137</b>	<b>93</b>	<b>144</b>	<b>56</b>	<b>118</b>	<b>195</b>	<b>234</b>	<b>346</b>	<b>237</b>	<b>107</b>	<b>370</b>
Allocation to profit-share system	-294	-188	-97	-206	-111	-61	-40	-65	-23	-56	-95	-114	-170	-119	-54	-182
<b>Total expenses excl principal investment</b>	<b>-719</b>	<b>-631</b>	<b>-491</b>	<b>-681</b>	<b>-557</b>	<b>-497</b>	<b>-490</b>	<b>-519</b>	<b>-428</b>	<b>-445</b>	<b>-424</b>	<b>-463</b>	<b>-558</b>	<b>-528</b>	<b>-420</b>	<b>-610</b>
<b>Operating profit before taxes</b>	<b>322</b>	<b>201</b>	<b>110</b>	<b>219</b>	<b>130</b>	<b>76</b>	<b>53</b>	<b>79</b>	<b>33</b>	<b>62</b>	<b>100</b>	<b>120</b>	<b>176</b>	<b>118</b>	<b>52</b>	<b>188</b>
Taxes	-100	-65	-32	-84	-40	-24	-17	-8	-10	-19	-31	-43	-55	-37	-16	-32
<b>Net profit</b>	<b>223</b>	<b>137</b>	<b>78</b>	<b>135</b>	<b>90</b>	<b>53</b>	<b>37</b>	<b>71</b>	<b>23</b>	<b>43</b>	<b>69</b>	<b>77</b>	<b>121</b>	<b>82</b>	<b>36</b>	<b>157</b>
<b>Consolidated Balance Sheet Data:</b>																
Margin lending	2,996	3,104	2,297	2,409	2,567	2,207	1,895	2,820	1,594	2,206	1,969	3,120	3,286	3,227	3,222	6,612
Total assets	13,547	14,225	12,557	19,129	15,549	12,789	11,940	12,444	11,177	13,846	14,411	14,618	15,817	17,450	18,194	23,009
Deposits and borrowing from general public	6,426	5,908	6,268	5,561	5,143	5,117	4,711	5,016	4,614	5,883	5,131	5,145	5,403	5,281	4,762	5,424
Shareholders' equity	961	1,681	1,798	1,880	1,388	1,452	1,492	1,568	982	1,012	1,065	1,145	1,067	1,141	1,170	1,325
<b>Operating Data and Key Ratios:</b>																
Earnings per share	3.51	2.13	1.17	2.03	1.35	0.79	0.55	1.06	0.34	0.64	1.04	1.15	1.82	1.22	0.54	2.35
Average number of shares, million	63.4	64.2	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7
Cost/income ratio, %	69	76	82	76	81	87	90	87	93	88	81	79	76	82	89	76
Compensation/income ratio, %	48	49	48	54	51	48	58	55	53	50	51	52	52	52	54	54
Operating margin, %	31	24	18	24	19	13	10	14	7	12	19	21	24	18	11	24
Tier 1 ratio, %	12.1	19.3	23.0	20.0	23.1	25.2	25.5	20.4	23.6	20.6	18.2	22.7	14.5	14.1	14.8	16.8
Capital adequacy, %	15.8	19.3	23.0	20.0	23.1	25.2	25.5	20.4	23.6	20.6	18.2	22.7	14.5	14.1	14.8	16.8
Number of full-time equivalent employees (aver)	908	940	961	955	954	959	937	846	835	786	777	775	779	785	800	792
Period-end assets under management (SEK billio)	70	76	62	67	65	56	47	47	44	49	52	55	62	63	60	62



<i>Segmental reporting</i> <i>(SEK million)</i>	<i>Total</i>		<i>Securities</i>		<i>Investment Banking</i>		<i>Asset Management &amp; Private Banking</i>		<i>Principal Investments</i>	
	12M(04)	12M(03)	12M(04)	12M(03)	12M(04)	12M(03)	12M(04)	12M(03)	12M(04)	12M(03)
<i>Income statement</i>										
Net commission income	1,144	960	840	695	-	-	304	265	-	-
Underwriting fees	231	85	92	18	139	67	-	-	-	-
Net interest income	184	182	75	95	-	-	109	86	-	-
Net income from financial positions	231	168	187	106	8	21	36	42	-	-
Fees from mutual funds	308	240	-	-	-	-	308	240	-	-
Fees from discretionary fund management	103	78	-	-	-	-	103	78	-	-
Advisory fees	462	368	-	-	363	281	99	88	-	-
Other fees	8	0	8	0	-	-	-	-	-	-
<i>Total income</i>	<i>2,672</i>	<i>2,081</i>	<i>1,202</i>	<i>915</i>	<i>511</i>	<i>368</i>	<i>959</i>	<i>798</i>	-	-
Personnel expenses	-883	-779	-358	-319	-162	-146	-363	-314	-	-
Redundancy expenses	-	-61	-	-25	-	-16	-	-19	-	-
Other expenses	-710	-634	-304	-262	-103	-104	-303	-268	-	-
Net provisions for credit losses	1	1	0	1	-	-	1	0	-	-
<i>Total operating expenses excluding profit-share</i>	<i>-1,591</i>	<i>-1,472</i>	<i>-662</i>	<i>-606</i>	<i>-265</i>	<i>-266</i>	<i>-665</i>	<i>-601</i>	-	-
<i>Operating profit before result from principal investments and profit-share</i>	<i>1,081</i>	<i>608</i>	<i>540</i>	<i>309</i>	<i>246</i>	<i>102</i>	<i>295</i>	<i>197</i>	-	-
Result from principal investments	-21	-6	-	-	-	-	-	-	-21	-6
<i>Operating profit before profit-share</i>	<i>1,059</i>	<i>603</i>	<i>540</i>	<i>309</i>	<i>246</i>	<i>102</i>	<i>295</i>	<i>197</i>	<i>-21</i>	<i>-6</i>
Allocation to profit-share system	-524	-287	-267	-147	-122	-49	-146	-94	11	3
<i>Total expenses</i>	<i>-2,115</i>	<i>-1,760</i>	<i>-929</i>	<i>-753</i>	<i>-386</i>	<i>-315</i>	<i>-810</i>	<i>-695</i>	<i>11</i>	<i>3</i>
<i>Profit before taxes</i>	<i>535</i>	<i>315</i>	<i>273</i>	<i>162</i>	<i>124</i>	<i>53</i>	<i>149</i>	<i>103</i>	<i>-11</i>	<i>-3</i>
Taxes	-139	-104								
<i>Net profit</i>	<i>396</i>	<i>211</i>								

### Segmental reporting

Carnegie presents segmental reporting according to the recommendation, RR 25, from the Swedish Financial Accounting Standards Council. 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. 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>Oct - Dec 2004</i>	<i>Oct - Dec 2003</i>	<i>Jan - Dec 2004</i>	<i>Jan - Dec 2003</i>
<i>Commission income</i>	653	504	2,248	1,731
Interest income	89	73	326	296
Interest expenses	-53	-46	-199	-189
<i>Net interest income</i>	36	27	127	107
Dividends received	0	0	5	1
Net profit from financial transactions	107	53	284	244
Other income	8	0	8	0
<i>Total income</i>	805	584	2,672	2,083
General administrative expenses	-595	-442	-2,054	-1,683
Depreciation of tangible and amortisation of intangible fixed assets	-15	-21	-63	-78
<i>Total expenses</i>	-610	-463	-2,117	-1,761
<i>Operating profit before provisions for credit losses</i>	195	122	555	322
Provisions for credit losses, net	0	0	1	1
Write-down of financial fixed assets	-7	-	-7	-
<i>Operating profit</i>	188	122	549	323
Result from associated companies	1	-2	-14	-8
<i>Profit before taxes</i>	188	120	535	315
Taxes	-32	-43	-139	-104
<i>Net profit</i>	157	77	396	211
Earnings per share (SEK)	2.35	1.15	5.93	3.17
Earnings per share, fully diluted (SEK)	2.32	1.14	5.87	3.14
Average number of shares	66,701,600	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	4,800,000
Total number of shares, incl effect of issued warrants	67,470,558	67,242,860	67,470,558	67,242,860



*Statutory consolidated balance sheet  
(SEK millions)*

	<i>Dec 31 2004</i>	<i>Dec 31 2003</i>
<i>Assets</i>		
Cash and bank deposits in central banks	128	226
Loan to credit institutions	2,961	4,964
Loans to general public	6,612	3,120
Bonds and other interest bearing securities	1,305	1,027
Shares and participations	6,576	3,338
Shares and participations in associated companies	5	5
Intangible fixed assets	40	59
Tangible fixed assets	77	108
Other assets	5,102	1,529
Prepaid expenses and accrued income	204	243
<i>Total assets</i>	<i>23,009</i>	<i>14,618</i>

*Liabilities and shareholders' equity*

Liabilities to credit institutions	7,397	3,208
Deposits and borrowing from general public	5,424	5,145
Other liabilities	7,822	4,330
Accrued expenses and prepaid income	801	536
Provisions	241	254
Shareholders' equity	1,325	1,145
<i>Total liabilities and shareholders' equity</i>	<i>23,009</i>	<i>14,618</i>

*Changes in shareholders' equity  
(SEK millions)*

	<i>Dec 31 2004</i>	<i>Dec 31 2003</i>
Shareholders' equity - opening balance	1,145	1,568
Dividend (Q1)	-211	-596
Translation differences	-6	-39
Net profit for the period	396	211
<i>Shareholders' equity - closing balance</i>	<i>1,325</i>	<i>1,145</i>

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

	<i>Group</i>	
	<i>Jan - Dec 2004</i>	<i>Jan - Dec 2003</i>
<i>Current operations</i>		
Cash flow from operations before changes in working capital	469	210
Changes in working capital	-2,325	2,627
<i>Cash flow from current operations</i>	<i>-1,856</i>	<i>2,838</i>
Cash flow from investment activities	-20	-37
Distributed dividend	-211	-596
<i>Cash flow for the period</i>	<i>-2,087</i>	<i>2,204</i>
Liquid funds at the beginning of the year	5,189	3,037
Exchange differences in liquid funds	-15	-52
<i>Liquid funds at the end of the period</i>	<i>3,088</i>	<i>5,189</i>



## Ownership structure

<i>Owner structure, 31 December 2004</i>	<i>No of shares</i>	<i>Votes and capital</i>
Employees 1)	10,670,000	16%
Foreign institutions	34,733,849	52%
Swedish institutions	17,100,219	26%
Private individuals, excluding employees	4,197,532	6%
<b>Total</b>	<b>66,701,600</b>	<b>100%</b>

<i>Larger shareholders, 31 December 2004</i>	<i>No of shares</i>	<i>Votes and capital</i>
Burdarás HF	13,405,880	20.1%
Carnegie employees 1)	10,670,000	16.0%
Didner & Gerge aktiefonder	2,840,000	4.3%
Schroder Investment Management Ltd	2,500,000	3.7%
Robur fonder	2,337,248	3.5%
Andra AP-fonden	1,714,571	2.6%
SHB/SPP Fonder & Livförsäkringar	1,484,005	2.2%
Carnegie Personal AB 2)	1,422,761	2.1%
Firstnordic fonder	1,265,068	1.9%
Första AP-fonden	1,052,900	1.6%
Lannebo fonder	779,400	1.2%
Skandia	694,900	1.0%
Länsförsäkringar	549,000	0.8%
United National Joint Staff Pension Fund	426,000	0.6%
Baillie Gifford European Small Cap Fund	423,000	0.6%
<b>Sub-total</b>	<b>41,564,733</b>	<b>62.3%</b>
Other	25,136,867	37.7%
<b>Total</b>	<b>66,701,600</b>	<b>100.0%</b>

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.

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 was estimated at 16 per cent of the total number of shares outstanding at 31 December, 2004. All previously locked-in shares were released on 1 January, 2004, and 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 shareholdings in Carnegie have to comply with 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 2005, all dates inclusive:

4 February – 28 February

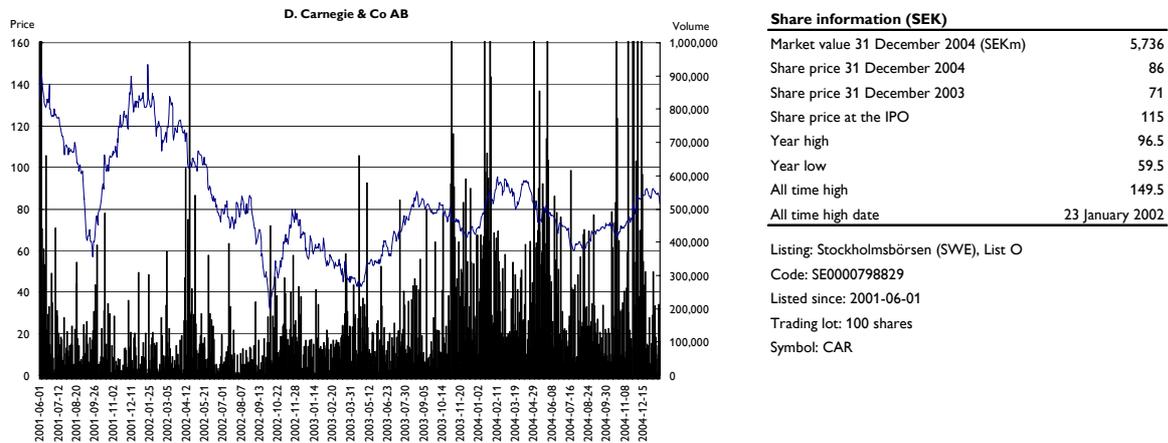
28 April – 31 May

15 July – 31 August

27 October – 30 November

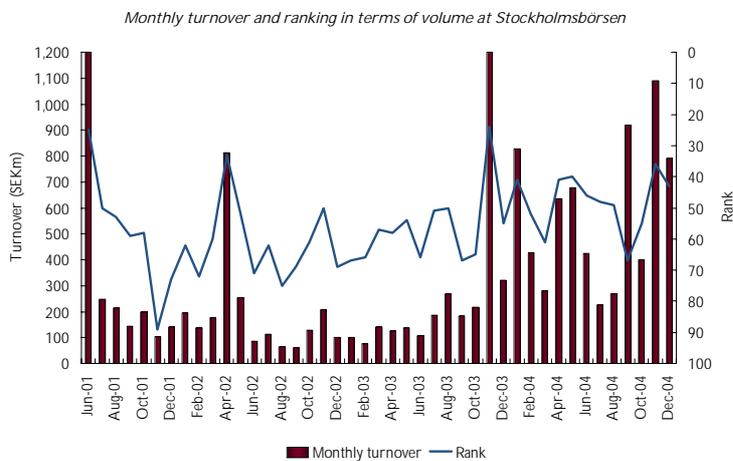


## Share price development and turnover 1 June 2001 – 24 January 2005



### Turnover and market capitalisation of free float

The average monthly turnover in the Carnegie share for 2004 was SEK 580 million (SEK 255 million). The increase includes the effect from the release of transfer restricted employee shares in January 2004 (which resulted in a free float of 100 per cent of total number of shares outstanding), as well as a number of larger placings. On 30 April 2004, Singer & Friedlander divested the remaining part of its Carnegie shares in a placing of about 3 million shares. During November and December 2004, Icelandic investment company Burdarás acquired a total of 13.3 million shares, corresponding to 20 per cent of the total shares outstanding, and making Burdarás Carnegie's largest shareholder.



The turnover rate shows the total turnover in relation to market capitalisation of free float. Total turnover 2004 amounted to SEK 6,965 million (SEK 3,057 million Carnegie's turnover rate in relation to free float for 2004 was 134 per cent (127 per cent)).



## Warrant programmes

At year-end, there were three warrant programmes outstanding; 2002/2005, which was approved by the EGM on 28 November 2001, 2003/2006, approved by the AGM on 14 March, 2002, and 2004/2007, approved by the AGM on 13 March, 2003. The value of the warrants issued during 2004 was SEK 15.2 million (the value of the warrants issued 2003 was 11.8 million), as estimated by external advisors at issuance using a Black-Scholes formula. Total social security expenses related to the warrant programme in 2004 amounted to SEK 2.2 million (SEK 1.6 million).

<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.

The aggregate dilution effect in terms of profit per share is calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR18). 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 1 per cent, based on the share price at 31 December 2004 (SEK 86).