



Press release

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Revaluation of trading positions causes a negative effect on Carnegie' net profit of SEK 128 million

Due to violation of internal rules overestimated trading results have been discovered in Carnegie's trading department in Stockholm. Carnegie has therefore made a revaluation of its trading positions. The result from applying a conservative revaluation shows a negative effect on the trading result of SEK 370 million. The effect on the net profit can be estimated to SEK 128 million.

Proprietary trading through position-taking is a normal part of Carnegie's securities operations. The basis for such position-taking is to utilize what Carnegie considers unwarranted valuation differences in the market. It may involve different combinations of cash and derivative financial instruments. The positions are valued at market prices where such exist. In situations where reliable market prices do not exist, following normal market practice, valuation is performed using relevant theoretical models and reasonable assumptions.

Management has recently established that violations of prescribed prudent valuation principles have taken place in the proprietary trading department. This has resulted in an overestimation of trading results during 2007. Applying conservative valuation principles for the trading portfolio results in a downward value adjustment of SEK 370 million, with an estimated effect on net profit of SEK 128 million. This will affect the result for the first and the second quarter 2007. Carnegie posted a net profit for the first quarter 2007 of SEK 211 million.

Carnegie management and board take this matter very seriously. The violations of the trading department rules are deemed to be intentional in order to overestimate results. The head of the trading department has already left Carnegie. As a consequence of the above Carnegie has established a group that will review the risk management systems.

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