

Interim Report

January – June 2012

■ Financial data for the Group¹

- Operating income amounted to SEK 857m (1,041).
- Operating expenses totalled SEK 831m (936).
- Profit before items affecting comparability amounted to SEK 26m (105).
- Items affecting comparability had a negative impact of SEK 68m (neg: 28) on profit, which were primarily related to personnel cut-backs. Before credit reserves, a loss of SEK 42m (profit: 77) was reported.
- The Group has a strong financial position with equity totalling SEK 2.1bn and a Core Tier 1 ratio of 13.1% at the close of the reporting period.

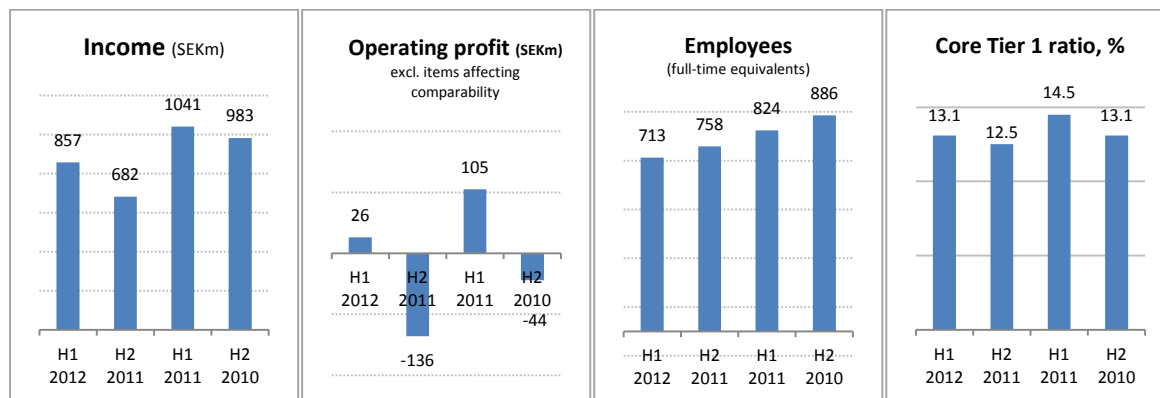
■ Operation

- Thomas Eriksson was appointed President of the Carnegie Group and will assume the position on 15 August.
- Carnegie's Head of Research Peter Lagerlöf was named Sweden's best analyst.
- Carnegie is capturing market shares in the fund market and is displaying an inflow of SEK 1.7bn since the beginning of the year.
- Christian Begby, new President of Carnegie's Norwegian operation, Carnegie ASA.

"During periods of major uncertainty, the need for expert advice is the greatest. Carnegie is an independent advisor and we always put the customer first. We see major demand for alternative investments and fixed-income instruments, which is confirmed through our successful investment in the corporate bond operation."

Pia Marions, President and CFO

Key financial data



1) Based on the operational income statement; see page 4.

Carnegie attracts capital and adjusts the cost level in an uncertain market climate

President and CFO, Pia Marions, comments the report

Uncertainty concerning the economic trend in Europe and the US has continued to dominate the financial markets. Following a strong start to the year, the stock-exchange index fell worldwide during the second quarter, which reduced activities with private individuals and institutional investors.

Under these conditions, Carnegie has performed well. We continue to capture market shares in several segments. Since the beginning of the year, Carnegie has attracted SEK 1.7bn to the fund operation and we are at the top as advisors in the Nordic region for capital raising, mergers and acquisitions in 2012, with respect to the number of transactions completed. Transactions include issue of preference shares/bonds for Eniro and Hemsö, advisor in the largest property transaction ever in Denmark (Carlsberg's divestment of the old brewery premises), advisor for Thrane & Thrane in the public offering from Cobham plc, advisor in the acquisition of Borkum Riffgrund Offshore Wind for Kirkbi and William Demant, advisor in the sale of part of the BTX-Group and JKF Industri for EQT, advisor for Kinnevik in the acquisition of Metro, equity capital market transactions for Spar Nord, Frontline, TDC and William Demant to name a few.

Profit before items affecting comparability amounted to SEK 26m in the first six months of the year, which is an improvement compared with the second half of 2011, but lower than the first half of 2011. We will continue to adjust the operations to increase efficiency and realize synergies. We have a great potential to decrease costs at the same time as we create conditions for growth, particularly within the savings area.

Between year-end 2011 and June 2012, we have reduced costs by an amount corresponding to SEK 250m on an annualised basis. Taking into consideration the measures already implemented and those currently being carried out, we expect to achieve a cost level for 2013 where the operating costs would amount to approximately SEK 1,300m (excluding bonuses, depreciation and amortisation at the Group level and financing costs). The corresponding operating costs for the full-year 2011 amounted to SEK 1,700m, which entails a decrease of SEK 400m on an annualised basis.

During periods of major uncertainty, the need for expert advice is the greatest. Carnegie is an independent advisor and we always put the customer first. We see major demand for alternative investments and fixed-income instruments, which is confirmed through our successful investment in corporate bond operation.

Thomas Eriksson will now be assuming the position of President and CEO and I would like to take the opportunity to welcome him to Carnegie.

Pia Marions,
President and CFO

This is Carnegie

A centre of financial excellence

Carnegie is a leading financial adviser and asset manager with focus on the Nordic region. We are independent in order to guarantee optimal research and advice. We create added value for institutions, corporations and private individuals. Carnegie operates in eight countries and has approximately 700 employees.

SECURITIES & INVESTMENT BANKING

Carnegie targets institutional clients and corporations and offers services within research, equity sales, sales trading, as well as professional advisory services in mergers and acquisitions (M&A) and equity capital market (ECM) transactions. Carnegie has a long-established local presence, with unique understanding and expertise concerning industries and equity markets in the Nordic region. Carnegie's top-ranked research and equity sales cover about 300 Nordic companies and enjoy a globally leading position in Nordic equities.

PRIVATE BANKING & STRUCTURED FINANCE

Carnegie Private Banking & Structured Finance provides comprehensive financial advisory services to institutions, high net worth individuals, small businesses and foundations. This business area offers expertise in such areas as asset allocation, management, law, taxes, pensions and securities trading. Carnegie is one of Sweden's leading arrangers of structured bonds for institutions and private individuals. Fixed Income also offers trading and analysis of interest-bearing bonds and assists companies with raising capital through corporate bonds.

FUNDS

Carnegie Funds specialises in Swedish equities, Nordic bonds and equities in selected emerging markets for investors in fund units and institutions. The funds are invested in a limited number of attractively valued assets – an investment philosophy we refer to as active value management. Approximately 80% of Carnegie Funds' managed assets are four-star or five-star rated by Morningstar.

Operative income statement Carnegie Holding Group

	Jan-Jun		Full-year
(SEKm)	2012	2011	2011
Investment Banking & Securities	456	542	869
Private Banking & Structured Finance	339	397	708
Funds	77	87	158
Other	-16	14	-11
Operative income	857	1 041	1 723
Personnel expenses	-559	-608	-1065
Other expenses	-272	-328	-687
Operative expenses	-831	-936	-1 752
Profit / loss before items affecting comparability	26	105	-29
Items affecting comparability	-68	-28	-237
Profit/loss before credit losses	-42	77	-265
Credit losses, net	0	6	2
Profit/loss before taxes	-42	83	-263
Taxes	-29	-25	9
Profit/loss for the period	-71	57	-254
Average number of employees	725	825	808
Number of employees at year-end (FTE)	713	824	758

Market

Carnegie's income is strongly connected to the trend in global stock exchanges and the general business climate. The Nordic stock exchanges are negatively impacted by the general market turbulence that hit Europe during the second quarter of 2012. As a result, investors became less active and companies are more cautious to structural transactions. In the Nordic region, the number of transactions in mergers and acquisitions (M&A) and equity capital market (ECM) transactions declined during the January – June 2012 period. Private banking and the fund market were negatively impacted by the declining asset values of global stock exchanges during the second quarter. Another effect of the market turbulence is that private individuals and institutions are shifting from saving in equity funds to fixed-income funds.

Financial performance by segment

Investment Banking & Securities

The Investment Banking & Securities business area reported income of SEK 456m (542) during the first six months of 2012. The income decline was due to discontinued operations and lower commission income. At the same time, higher income was reported from the advisory services concerning mergers and acquisitions (M&A) in relation to the corresponding period 2011. Carnegie was advisor in 15 company mergers and acquisitions and, as well as 14 equity capital market transactions during the first half of 2012. In total, Carnegie was the player that implemented the highest number of equity capital market transactions in the Nordic region during the first half of 2012 and the third largest player in company acquisitions and mergers¹.

Private Banking & Structured Finance

The Private Banking & Structured Finance business area reported income of SEK 339m (397) during the first half of 2012. The business area had a stable inflow of customers and capital. However, compared with 2011, income declined in Private Banking primarily due to lower net interest income and lower customer activity. Structured Finance has income in line with the preceding year.

1) Data from Thomson Financial, January – June 2012

Funds

Income for the Funds business area amounted to SEK 77m (87) during the first half of 2012. The decline is related to clients reweighting their portfolios from equity funds to fixed-income funds. Assets under management amounted to SEK 28bn at the end of the six months, which is an increase of SEK 3bn since the beginning of the year. The inflow during the corresponding period was SEK 1.7bn, primarily driven by strong inflow to the fund "Carnegie Corporate Bond". All Carnegie's funds, with one exception, rose in value during the first half of 2012.

Expenses

Operating expenses during the first half of 2012 amounted to SEK 831m (936). Items affecting comparability amounting to a net total of SEK 68m (28) were charged against profit, which were primarily related to personnel cut-backs.

Profit/loss

Before items affecting comparability, operating profit during the first six months of 2012 amounted to SEK 26m (105). As stated above, items affecting comparability totalling SEK 68m (28) were also charged against profit. A loss of SEK 42m (profit: 77) was posted before credit reserves. The net result for the period was a loss of SEK 71m (profit: 57).

Other events

Management changes

Thomas Eriksson new President of Carnegie

The Board of Directors of Carnegie Holding appointed Thomas Eriksson as the new President and CEO in May 2012. Thomas Eriksson has more than 20 years' experience of operations in asset management and long-term saving and joins us from Swedbank Robur where he was President and member of Swedbank's business management team. Thomas Eriksson's previous positions include Head of SEB Private Banking, Head of SEB's and Nordea's equity management in Sweden, as well as responsible for savings in the Nordea Group. Thomas Eriksson will assume the position on 15 August 2012. Carnegie's former President and CEO, Frans Lindelöw, resigned his position in May 2012 and until Thomas Eriksson assumes the position, Pia Marions, CFO of Carnegie, will also be President and CEO.

Change of ownership

Bure sells its holding in Carnegie Holding

In May 2012, Bure Equity entered into an agreement to sell all of its shares in Carnegie Holding to Altor Fund III. Along with Altor Fund III, Bure Equity acquired the shares in the former Carnegie Investment Bank from the Swedish National Debt Office in February 2009. The transaction is contingent upon the receipt of customary regulatory approval and is expected to be completed in the third quarter of 2012. Following the transaction, the ownership distribution will be as follows: Altor Fund III 68%, Carnegie employees 22% and Carhold Holding AB (Öresund/Creades) 10%.

Awards

Carnegie has Sweden's best analysts

Carnegie was awarded the most first-place rankings in various research sectors in Financial Hearing's annual survey of equity houses in Sweden. The survey is based on interviews with the largest institutional investors in Sweden. For the third consecutive year, Peter Lagerlöf was named analyst of the year in Sweden. Carnegie's analysts topped the ranking lists in nine of 19 categories. Carnegie's team has the first place in the following sectors; strategy, macro, pharmaceuticals, health-care equipment & services, IT, forest, small cap, telecom operators and real estate. Carnegie was ranked second or third in an additional seven categories and achieved an overall shared second-place ranking in the survey.

Events after the end of the period

Christian Begby new President of Carnegie's Norwegian operation, Carnegie ASA

Christian Begby, who has worked at Investment Banking within Carnegie for the past two years, has been appointed President for Carnegie's operation in Norway, Carnegie ASA. Christian has extensive experience of Norwegian and Nordic equity markets with more than 20 years in the financial industry. Before Christian joined Carnegie, he worked for 15 years in various positions for Orkla Finans/SEB Enskilda, including as head of corporate finance and analyst manager. Natasja Henriksen, who has been Acting President since September 2011, has been appointed Chief Operating Officer for Carnegie ASA, responsible for support operations.

Risks and uncertainties

General information on risks and uncertainties

The business activities of Carnegie expose the Group to market, credit, liquidity and operational risks. Market risk is defined as the risk of loss due to the effect of, for example, changes in equity prices, interest rates or currency exchange rates. Credit risk is defined as the risk of loss due to a counterparty being unable to meet its obligations. Credit risk mainly arises as a consequence of loans to clients using shares as collateral. Liquidity risk is related to the need for liquidity in the day-to-day operations. Operational risk is the risk of loss resulting from inadequate and/or failed processes and systems, human error or external events. A more detailed description of the Carnegie Group's risk management is presented in the 2011 Annual Report, and on Carnegie's website at www.carnegie.se.

Capital requirement and capital ratio

The table at page seven presents the capital requirement and capital ratio according to the Swedish Financial Supervisory Authority's directive FFFS 2007:5 regarding publication of information on capital adequacy. The capital ratio is calculated as the ratio between the capital base and capital requirement. The capital ratio must not fall below 1 according to the legal requirement.

In the financial companies group, meaning the Carnegie Holding Group, the Tier 1 Capital quotient on 30 June 2012 was 1.6, corresponding to a Tier 1 ratio of 13.1%. A more detailed description of Carnegie's capital adequacy is provided in the 2011 Annual Report, as well as on Carnegie's website at www.carnegie.se.

Capital adequacy

(SEKm)	Carnegie Holding Group	
	June 30	
Capital base ¹	2012	2011
Equity capital	2 086	2 455
Deductions ²	-1 238	-1 260
Anticipated dividend	0	-6
Equity capital in the capital base	848	1 189
Tier II capital (subordinated debt)	410	410
Total capital base	1 257	1 598
Capital requirement		
Capital requirement for credit risk, standardized method	151	198
Capital requirement for equity and interest rate risk	38	70
Capital requirement for currency risk	65	73
Capital requirement for operational risk, base method	263	317
Total capital requirement	516	658
Surplus capital	742	941
Tier I capital quotient	1.6	1.8
Capital quotient	2.4	2.4
Tier 1 ratio %	13.1	14.5
Capital ratio %	19.5	19.5

1) Non audited profit is not included in the capital base

2) Intangible assets and deferred tax assets

Investments

The Group's investments in fixed assets amounted to SEK 6m (11) during the period.

Summary of Parent Company

Total income in the Parent Company for the period amounted to SEK 22m (6). A loss before tax of SEK 19m (loss: 19) was reported for the period. No investments in fixed assets occurred during the period (-). The Parent Company's liquidity, defined as cash and lending to credit institutions, amounted to SEK 2m (3) on 30 June 2012. Equity totalled SEK 2,236m (2,213) on 30 June 2012.

Liquidity

The Group's financing comprises equity, issued bonds and deposits from the public. Equity and bonds account for 25% of the balance-sheet total, deposits from the public for 51% and other liabilities for 24%.

On 30 June 2012, the liquidity reserve for the Carnegie Holding Group was SEK 4,865m and the composition was as follows:

- Bank balances: SEK 4,600m
- Government securities: SEK 171m
- Covered bonds: SEK 93m

The liquidity reserve should always survive periods of market turbulence and must exceed the anticipated outflow of cash during a period of stress. The liquidity reserve on 30 June 2012 accounted for 40% of the balance-sheet total.

Consolidated statements of comprehensive income

(SEKm)	Jan-Jun		Full year
	2012	2011	2011
Commission income	913	1043	1 751
Commission expenses	-126	-130	-230
Net commission income	788	914	1 520
Interest income	84	98	211
Interest expenses	-58	-68	-140
Net interest income	26	30	70
Other dividend income	0	0	0
Net profit from financial transactions	34	96	116
Capital gain from discontinued operations	-	-	26
Total operating income	848	1 041	1 732
Personnel expenses	-615	-645	-1 309
Other administrative expenses	-239	-282	-610
Amortisation of intangible assets and depreciation of tangible fixed assets	-36	-36	-81
Total operating expenses	-890	-964	-2 000
Profit/loss before credit losses	-42	77	-268
Credit losses, net	0	6	5
Profit/loss before tax	-42	83	-263
Taxes	-29	-25	9
Profit/loss for the period	-71	57	-254
Other comprehensive income:			
Translation of foreign operations, net after tax	-10	8	-5
Hedge of net investment in foreign operations	-	-6	-6
Total comprehensive income for the period	-81	59	-264

Consolidated statements of financial position

	30 Jun	30 Jun	31 Dec
(SEKm)	2012	2011	2011
Assets			
Cash and bank deposits with central banks	224	287	265
Negotiable government securities	165	147	144
Loans to credit institutions ¹⁾	5 769	6 212	6 198
Loans to general public	2 757	3 453	2 697
Bonds and other interest-bearing securities	488	479	439
Shares and participations	660	1 405	295
Derivative instruments	77	317	212
Shares in associated companies	3	-	12
Intangible assets	760	789	776
Tangible fixed assets	100	114	111
Current tax assets	10	33	16
Deferred tax assets	562	562	572
Other assets	358	782	573
Prepaid expenses and accrued income	165	377	172
Total assets	12 098	14 957	12 483
Liabilities and shareholders' equity			
Liabilities to credit institutions	262	756	206
Deposits and borrowing from general public ¹⁾	6 779	7 238	6 889
Securities issued	935	935	935
Short positions, shares	426	1 390	314
Derivative instruments	86	360	67
Current tax liabilities	17	75	32
Deferred tax liabilities	91	100	95
Other liabilities	456	521	767
Accrued expenses and prepaid income	494	521	513
Other provisions	58	138	67
Subordinated debt	410	410	410
Shareholders' equity	2 086	2 512	2 189
Total liabilities and shareholders' equity	12 098	14 957	12 483
Pledged assets and contingent liabilities			
Pledged assets	1 169	2 786	831
Contingent liabilities	62	57	91

1) Whereof SEK 530m (Q2 2011: 539, Q4 2011: 505) in client funds.

Consolidated statements of changes in equity

(SEKm)	Jan-Jun		Full year
	2012	2011	2011
Shareholders' equity - opening balance	2 189	2 459	2 459
Dividend paid	-22	-6	-6
Comprehensive income for the period	-81	59	-264
Shareholders' equity - closing balance	2 086	2 512	2 189

Consolidated statements of cash flows

(SEKm)	Jan-Jun		Full year
	2012	2011	2011
Profit before tax	-42	83	-263
Adjustments for items not affecting cash flow	23	46	71
Paid tax	-31	-36	-47
Cash flows from operations before changes in working capital	-50	93	-239
Changes in working capital	-394	76	1337
Cash flows from operations	-444	169	1 098
Sale of subsidiaries	-	-	50
Acquisition of intangible and tangible fixed assets	-6	-11	-31
Cash flows from investing activities	-6	-11	19
Dividend paid	-22	-6	-6
Cash flows from financing activities	-22	-6	-6
Cash flows for the period	-472	152	1 111
Cash and cash equivalents at opening balance ¹⁾	5 572	4 475	4 475
Exchangerate effects on cash and cash equivalents	-43	22	-14
Cash and cash equivalents at closing balance ¹⁾	5 057	4 649	5 572

¹⁾ Excluding cash pledged as collateral.

Income statement of Parent Company

(SEKm)	Jan-Jun		Full year
	2012	2011	2011
Net income	22	6	12
Other external expenses	-5	0	-1
Personnel expenses	-24	-7	-13
Operating profit/loss	-6	0	-1
Interest income	1	0	0
Interest expenses	-11	-19	-30
Result from investments in subsidiaries	-3 ¹⁾	-	76
Profit/loss from financial items	-13	-19	46
Profit/loss before tax	-19	-19	45
Taxes	0	0	0
Profit/loss for the period	-19	-19	45

Statement of comprehensive income

	Jan-Jun		Full year
	2012	2011	2011
Profit/loss for the period	-19	-19	45
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	-19	-19	45

1) Including a dividend income of SEK 70m from Carnegie Fonder AB and a cost for write-down of shares in Carnegie Fonder AB of the same amount.

2) Including a cost of SEK 360m for additional purchase price to the National Debt Office (Riksgälden) and an anticipated dividend of SEK 360m from Carnegie Investment Bank AB. Carnegie Investment Bank AB has an income of SEK 360m from Valot Group AB attributable to its sale of Norrvidden. Accordingly, the effect in the Carnegie Holding Group is zero.

Balance sheet of Parent Company

	30 Jun	30 Jun	31 Dec
(SEKm)	2012	2011	2011
Assets			
Shares and participations in Group companies	2 604	2 638	2 674
Deferred tax assets	1	0	0
Total financial non-current assets	2 605	2 639	2 675
Current receivables from Group companies	98	91	5
Other current receivables	3	431	438
Prepaid expenses and accrued income	0	1	1
Cash and bank	2	3	3
Total current assets	104	526	446
Total assets	2 709	3 165	3 121
Liabilities and shareholders' equity			
Shareholders' equity	2 236	2 213	2 277
Convertible debentures	410	410	410
Trade account payables	0	0	1
Current liabilities to Group companies	27	520	38
Other current liabilities	3	0	369
Accrued expenses and prepaid income	14	21	25
Pension provisions	2	1	2
Other provisions	17	-	-
Total liabilities and shareholders' equity	2 709	3 165	3 121
Pledged assets and contingent liabilities			
Pledged assets	-	400	-
Contingent liabilities	-	-	-

Accounting policies

This report was prepared in accordance with IAS 34, Interim Reporting, the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) for the Group. The Parent Company's financial statements were prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The accounting policies and calculation methods applied in this report are the same as those used in the 2011 Annual Report.

Note that rounding may result in amounts in SEK millions not agreeing when summed. Unless otherwise specified, all comparison figures in the report refer to the corresponding period in 2011.

Review report

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

Certification

The Board of Directors and President hereby certify that the interim report provides a true and fair view of the operations, position and earnings of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Carnegie Holding AB
Stockholm, 14 August 2012

Arne Liljedahl
Chairman

Björn Björnsson
Board member

Fredrik Cappelen
Board member

Harald Mix
Board member

Fredrik Strömholm
Board member

Patrik Tigerschiöld
Board member

Pia Marions
President