Carnegie

INTERIM REPORT 4:2007

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Carnegie is a leading independent investment bank with a Nordic focus. Carnegie provides value-adding services in securities broking, investment banking, asset management, private banking and pension advice, to institutions, corporations and private clients. Carnegie has around 1,100 employees in eight countries and is listed on the Nordic Exchange.

Strong finish to 2007 – Net profit up 25 per cent in fourth quarter[1]

Fourth quarter 2007

- **Total income** increased by 20 per cent to SEK 1,382m (1,149). Excluding income from Max Matthiessen, the increase was 6 per cent.
- **Total expenses** before profit sharing amounted to SEK 627m (433). Excluding Max Matthiessen, expenses amounted to SEK 542m.
- **Net profit** increased by 25 per cent to SEK 335m (267). **Profit per share** amounted to SEK 4.32 (3.85).

Full-year 2007

- **Total income** amounted to SEK 4,340m (4,225).
- **Total expenses** before profit sharing amounted to SEK 2,235m (1,659).
- **Net profit** amounted to SEK 601m (923), corresponding to **profit per share** of SEK 7.90 (13.35)
- **Proposed dividend:** SEK 7.50 (10.50). The capital quotient amounts to 1.59, given the proposed dividend.

Important events during the fourth quarter

- Carnegie ranked number one in Prospera's customer survey of Nordic equity trade.
- Carnegie's mutual funds showed very strong performance, resulting in record-high performance-based income.
- Positive capital inflow within Asset Management.
- Increased market shares within customer-driven equity sales.
- New Board of Directors elected in conjunction with an Extraordinary General Meeting on 21 November.

Important events after the closing date

- Mikael Ericson appointed new CEO to begin during the second quarter.
- Carnegie named Fund Manager of the Year by the Swedish business magazine *Privata Affärer*.

Earnings trend

	Oct-Dec			Jan-Dec		
(SEKm)	**2007**	**2006**	**%**	**2007**	**2006**	**%**
Total income	1 382	1 149	20%	4 340	4 225	3%
Operating profit before profit share	754	716	5%	2 105	2 567	-18%
Profit before tax	459	363	26%	854	1 302	-34%
Net profit	335	267	25%	601	923	-35%
Earnings per share (SEK)	4.32	3.85	12%	7.90	13.35	-41%

1) All comparison figures in this report refer to the corresponding period in the preceding year unless otherwise specified.

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CEO's COMMENTS

Strong finish to the year

There is no doubt that 2007 was a particularly trying year for Carnegie. At the same time, income and profit for the year provide excellent proof of our strength. Income and operating profit were among the highest ever. Carnegie's employees delivered excellent results under pressure, and customers continued to show confidence in us. For this, I am very grateful.

The Asset Management business area reported record earnings during the year as a result of favourable capital inflow and high performance-based income, which in turn is because customers received very favourable returns on their mutual fund investments. The newly established Max Matthiessen business area with its base in long-term savings, delivered excellent results during the three quarters that are included in the consolidated accounts. The high level of customer activity resulted in a favourable trend for Private Banking during 2007. Within Securities, market shares increased within customer-driven equity sales, which resulted in high commission income. In line with market trends, activity was somewhat lower within Investment Banking.

Income during the fourth quarter of 2007 increased by 6 per cent (excluding Max Matthiessen), compared with the corresponding period of 2006 and driven primarily by high performance-based income within Asset Management and higher income from Investment Banking. Profit before tax increased by 14 per cent, excluding Max Matthiessen.

In addition to success in terms of profit during the fourth quarter, we received confirmation in several important areas that customers value our services highly. In customer-survey company Prospera's annual ranking, Carnegie retained its top position in equity brokerage and research in Sweden, and the institutions interviewed ranked us as number one in 13 of a total of 15 sectors. At the beginning of 2008, Carnegie was named Fund Manager of the Year by the business magazine *Privata Affärer*, and the Swedish mutual funds exchange Fondmarknaden named our largest equity fund, Carnegie WorldWide, as Fund of the Year.

In the middle of January, the Board of Directors appointed Mikael Ericson as new President and CEO of Carnegie. Mikael Ericson has a successful career in our industry and will be a strong addition to Carnegie over the coming years. During the time until Mikael assumes his duties, I will work with management to continue to pursue the improvement and development work now in progress with undiminished strength. As a result, the Board has mandated me to initiate a process aiming to evaluate a streamlining of the organization in two strong business areas. In addition, the remuneration structure will be reviewed in order to create systems that best align the interests and risks for shareholders and employees.

The market prospects for 2008 are very difficult to assess due to the uncertainty of economic trends. Nonetheless, we feel secure in knowing that we have a strong position in all business areas and have earned a continued strong mandate and confidence from our customers. During 2008, we will increase the focus on deepening the partnership with Max Matthiessen and developing the savings area further. Overall, Carnegie is well prepared for 2008 with both experienced and newly recruited employees that are strongly motivated to exceed expectations and strengthen our position as the Nordic region's independent and leading investment bank.

Anders Onarheim
Acting CEO

CARNEGIE GROUP

Income statement

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	%	Jan-Dec 2007	Jan-Dec 2006	%
Securities	426	466	-9%	1 521	1 886	-19%
Investment Banking	225	206	10%	683	885	-23%
Asset Management	417	319	31%	1 126	891	26%
Private Banking	154	159	-3%	581	563	3%
Max Matthiessen	159	-	-	428	-	-
Total income	**1 382**	**1 149**	**20%**	**4 340**	**4 225**	**3%**
Personnel expenses	-339	-254	33%	-1 227	-952	29%
Other expenses	-243	-179	36%	-914	-708	29%
Net provisions for credit losses	-45	0	-	-95	0	-
Total operating expenses excluding profit share	**-627**	**-433**	**45%**	**-2 235**	**-1 659**	**35%**
Operating profit before profit share	**754**	**716**	**5%**	**2 105**	**2 567**	**-18%**
Costs of profit-share system[1]	-295	-353	-16%	-1 250	-1 265	-1%
Total expenses	**-923**	**-786**	**17%**	**-3 485**	**-2 923**	**19%**
Profit before taxes	**459**	**363**	**26%**	**854**	**1 302**	**-34%**
Taxes	-124	-96	29%	-254	-379	-33%
Net profit	**335**	**267**	**25%**	**601**	**923**	**-35%**
Earnings per share, SEK	4.32	3.85	12%	7.90	13.32	-41%
Earnings per share, fully diluted, SEK	4.32	3.82	13%	7.90	13.25	-40%
Number of employees, average	1 126	792		1 035	775	
Number of employees, period-end	1 135	798		1 135	798	

Income

Income during the **fourth quarter** of 2007 amounted to SEK 1,382m (1,149). Excluding income from Max Matthiessen, income rose by 6 per cent in relation to the corresponding period in 2006. **Asset Management** increased income by a full 31 per cent to SEK 417m, driven by an increase in assets under management and higher income from performance-based fund products. **Investment Banking** generated income of SEK 225m, an increase of 10 per cent as a result of higher activity in initial public offerings and other equity capital market transactions. **Securities'** income declined by 9 per cent to SEK 426m as a result of lower income from equity finance and a negative trading result. **Private Banking's** income amounted to SEK 154m for the fourth quarter, which was in line with the corresponding period in 2006. **Max Matthiessen,** which was consolidated in the second quarter of 2007, generated income of SEK 159m.

Income for the full-year 2007 amounted to SEK 4,340m (4,225), an increase of 3 per cent compared with 2006. Excluding income from the acquisition of Max Matthiessen, this was a decline of 7 per cent. The decline was related to lower income from Investment Banking and Securities. The negative income effect of the downward adjusted trading position within Securities amounted to SEK 280m (250). Income from the savings area increased, and the three business areas Asset Management, Private Banking and Max Matthiessen accounted for about 50 per cent of the Group's income during 2007.

The number of employees increased by 337 since 1 January 2007 and amounted to 1,135 at year end. The increase was primarily a result of the acquisition of Max Matthiessen, which at 31 December 2007 had 325 employees.

1) SEK 1,075m of the expenses for the profit-sharing system for 2007 of SEK 1,250m, is available for distribution to the employees and SEK 175m is related to the write-offs of the claim against the profit-sharing system for the period 2005-2006.

Expenses and net profit

For the fourth quarter 2007, **expenses before profit sharing** amounted to SEK 627m (433). Expenses during the fourth quarter included costs for Max Matthiessen totalling SEK 85m, a credit provision of SEK 45m, a fine to the Stockholm Stock Exchange of SEK 7m and other items affecting comparability of about SEK 50m.

Expenses before profit sharing for the full-year amounted to SEK 2,235m (1,659). Included in expenses for 2007 were costs for the new Max Matthiessen business area during three quarters totalling SEK 247m, credit provisions of SEK 95m, fines to the Financial Supervisory Authority (FSA) and the Stockholm Stock Exchange totalling SEK 57m, a provision of SEK 25m for client-related disputes and other items affecting comparability of about SEK 50m. Adjusted for these items, expenses rose by about 6 per cent compared with the full-year 2006.

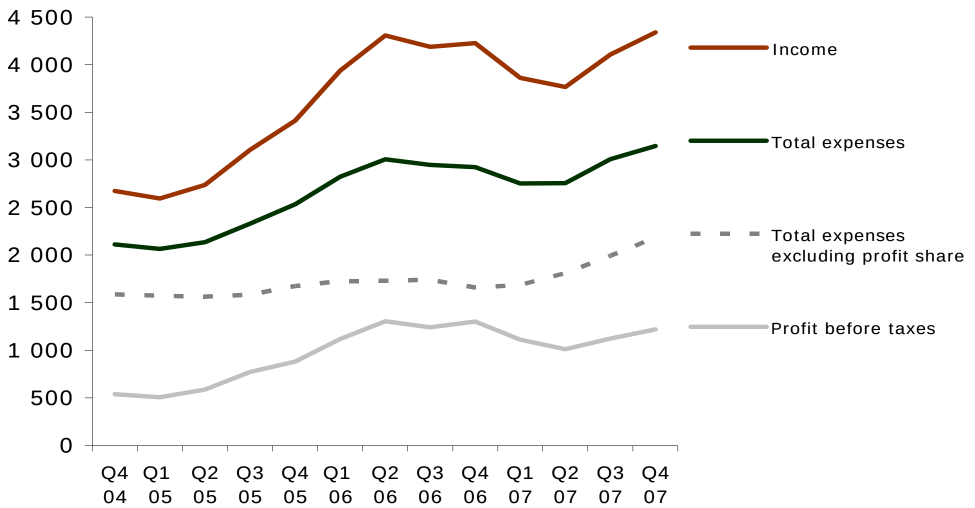
Profit before taxes for the fourth quarter of 2007 amounted to SEK 459m (363). The increase was attributable to higher operating profit and lower costs for the profit-sharing system. In the fourth quarter, the value of management's decision to forego its profit share[1] reduced costs in the profit-sharing system by SEK 68m, corresponding to 6.8 per cent of profit sharing in 2007.

Profit before tax for the full-year 2007 amounted to SEK 854m (1,302). The effects of the reduction of trading profits by SEK 280m and the write-down of a claim of SEK 175m on the profit-sharing system for the period from 2005 to 20006 were charged against earnings. The total effects of the trading events thus amounted to SEK 455m for the full-year 2007. The corresponding effect of the reduction of trading profits for 2006 amounted to SEK 125m.

Expenses for the profit-sharing system during 2007 amounted to SEK 1,250m (1,265). During 2007, a write-off of the claim against the profit-sharing system for the period 2005-2006 of SEK 175m is included. Accordingly, funds distributable to the employees amount to SEK 1,075m. The decision by the management team to forego profit sharing reduced expenses in the profit-sharing system by SEK 68m.

Income, expenses and net profit[2]

Rolling four-quarter figures (SEK m)



1 On 10 June 2007, the management group at that time decided to forego profit sharing for 2007. This decision reduced Carnegie's costs for 2007 by SEK 68m.

2 Excluding a non-recurring write-off of SEK 315m in the second quarter of 2007, a fine from the Swedish Financial Supervisory Authority of SEK 50m in the third quarter of 2007 and a fine from the Stockholm Stock Exchange of SEK 7m in the fourth quarter.

Market

After a strong first six months, the stock market trend was significantly weaker and more volatile in most markets during the third and fourth quarters, which was a result of rising concern in credit markets combined with increased uncertainty regarding global economic trends. During the fourth quarter, the Nordic index fell by 7 per cent, thus showing a weaker trend than the world market index which declined by 3 per cent. The value of the Stockholm Stock Exchange declined by 11 per cent, the Copenhagen Stock Exchange declined by 8 per cent, the Helsinki Stock Exchange declined by 6 per cent, while the Oslo Stock Exchange only fell 1 per cent. For the full-year, the Nordic market index rose by a full 12 per cent, 7 percentage points better than the world market index.

The market for mergers and acquisitions (M&A) increased by 33 per cent in the fourth quarter in relation to the third quarter, but was about 55 per cent lower than during the corresponding period in 2006. Viewed over the full-year 2007, the value of publicly announced deals in the Nordic region declined by 16 per cent in relation to 2006. The market for equity capital market (ECM) transactions during the fourth quarter was 8 per cent lower than during the corresponding period of 2006, but overall, 2007 was a very strong year for ECM transactions, with growth 40 per cent higher than 2006.

Carnegie's market position

Customer surveys and external evaluations show that Carnegie generally retained or improved its market positions during 2007. During the fourth quarter, Carnegie received further confirmation of this in several surveys from the customer survey company Prospera. Carnegie was ranked as number one in equity trading in the Nordic region. Within equity research in Sweden, Carnegie was ranked number one in 13 of 15 sectors.

The Swedish business magazine *Privata Affärer* named Carnegie as Fund Manager of the Year 2007 in January 2008. The favourable trend for Carnegie's mutual funds was noted on the Fondmarknaden mutual fund exchange, which named Carnegie WorldWide as the best global fund in 2007. For the full-year 2007, 87 per cent of the capital under management exceeded benchmark indices. Within Asset Management, 95 per cent of capital under management in Carnegie's ranked mutual funds had a 4- or 5-star rating (with 5 as the highest). In November 2007, Prospera ranked Asset Management in Norway in second place among the largest institutions.

Capital coverage requirements

New capital requirement rules ("Basel II")

On February 1, 2007, new capital requirement rules, Basel II, were introduced in Sweden. These rules are based on the Basel Accord and were introduced throughout the EU according to the regulations of the EU's Bank Directive and Capital Coverage Directive. The new rules have meant that the capital requirement is more closely linked than previously to the institution's specific risk profile. Another significant change is that a special capital requirement has been added for operational risks in addition to the already existing capital requirements for credit risks and market risks.

Credit risks in Basel II may be calculated either according to the institution's own internal model, which must be approved by the Swedish Financial Supervisory Authority, or according to a simpler standardised method. Carnegie uses a standardized method. This method allows, to a substantially greater extent than before (Basel I), the subtraction of securities posted as collateral in the calculation of the capital requirement for credit risks, leading to a reduced capital requirement.

The rules for market risk are largely unchanged in Basel II with the exception that counterparty risks in the trading portfolio are now reported as a credit risk. Carnegie uses the standardised method to calculate capital requirement for market risk.

Carnegie has chosen to calculate the capital requirement for the operational risks by using the basic indicator approach.

Capital requirements and capital quotient

Capital requirements and the capital quotient are listed below in accordance with the Swedish Financial Supervisory Authority's regulations FFFS 2007:5 regarding disclosure of information about capital requirement and in accordance with the new capital coverage rules in Basel II. One difference compared with the previous Basel I rules is that risks associated with operations are now calculated as a capital requirement instead of as risk-weighted assets. Capital quotient is calculated as the quotient between capital base and capital requirements. The capital quotient may not be less than 1. Carnegie's aim is that the capital quotient shall not be less than 1.5.

Capital requirement and capital quotient

	31 December	
Capital base (TSEK)	**2007**	**2006**
Shareholders' equity	2 974 618	2 041 973
Anticipated dividend	-581 580	-813 045
Intangible assets	-957 550	-19 048
Deferred tax assets	-272 554	-123 743
Tier 1 capital	**1 230 104**	**1 086 137**
Tier 2 capital	486 838	476 250
Total capital base	**1 649 772**	**1 562 387**
Capital requirement (TSEK)		
Capital requirement for credit risk according to standardized method	231 660	702 983
Capital requirement for stock- and interest rate risk	164 879	292 331
Capital requirement for currency risk	42 416	38 684
Capital requirement for operational risk	598 950	-
Total minimum capital requirement	**1 037 905**	**1 033 997**
Surplus capital	611 867	528 390
Capital quotient according to new rules (Basel II)	1.59	1.51
Capital ratio according to old rules (Basel I)		12.6%

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 main part of Carnegie's assets are marketable securities inventories (marked-to-market or at theoretical values), lending to the public and loans to credit institutions. As a consequence of this, Carnegie's working capital fluctuates significantly between the financial statement dates. In 2007, the change in working capital was SEK 1,244m (-1,406). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 476m in 2007 (1,013). The difference compared to 2006 is mainly attributable to lower operating profit.

Investments affecting cash flow were attributable to the acquisition of Max Matthiessen totalling SEK 134m (0), sale of the subsidiary Capital C amounting to SEK 10m (0), acquisition of intangible assets corresponding to an expense of SEK 23m (-1) and acquisition of tangible assets corresponding to an expense of SEK 43m (-34).

Redemption of subscription warrants during the year increased shareholders' equity by SEK 200m (142), while the dividend approved by the 2007 Annual General Meeting reduced shareholders' equity by SEK 813m (634). After adjustment for exchange-rate differences of SEK 265m (-90) in cash and cash equivalents, the effect was that cash flow increased by SEK 1,295m (-921).

The Parent Company in summary

The Parent Company D. Carnegie & Co AB had no major income from operations during 2007. The loss before financial items amounted to SEK 39m (-27). Profit before tax was SEK 518m (575). At 31 December 2007, cash and cash equivalents amounted to SEK 5m (43). The Parent Company's investments affecting cash flow amounted to SEK -10m (4) and consisted of an investment in the subsidiary Max Matthiessen. Shareholders' equity amounted to SEK 2,407m (1,544) at 31 December 2007.

Risks and uncertainty factors

The business activities of the Carnegie Group expose Carnegie to market, credit, funding and operational risks. Market risk is defined as the risk of loss due to changes in market prices, e.g. changes in equity prices, interest rates, or currency exchange rates. Credit risk is defined as the risk of loss due to counterparty defaults on loans. Credit risk arises foremost as a consequence of loans to customers using shares as security. Funding risk is related to the need for liquidity in the day-to-day operations. Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, alternatively human error or external events.

Carnegie's exposure towards shares and share derivatives include items on the asset side of the balance sheet as well as on the liability side. As of 31 December 2007, the total value of such assets and liabilities amounted to SEK 25,934m, of which SEK 17,908m consisted of shares and SEK 8,027m consisted of derivative instruments. Book values of assets and liabilities correspond to market values. The shareholdings consist of both short and long positions in shares mainly listed in Sweden and on international markets. Derivative instruments consisted of holdings and issued forward contracts, call options, put options and warrants. Of the total position, 78 per cent was valued based on market values, while 22 per cent was valued based on theoretical values. Theoretical values are used if market prices are unavailable or of poor data quality.

As of 31 December 2007, none of the derivative instruments included in the portfolio of shares and derivatives have a maturity beyond 2012. Maturities were less than one year for 68 per cent of the positions, between one and two years for 20 per cent and more than two years for 12 per cent.

Adjustments of financial data

The comparison figures for the balance sheet at 31 December 2006 has been adjusted. The adjustments were attributable to reclassification of equities and derivatives, changed accounting of net and gross positions in equities and derivatives and the reduction of trading positions attributable to 2005 and 2006. The adjustments affected the balance sheet according to the table below. Only the reduction of trading positions had an effect on earnings, according to information previously communicated. Other adjustments of balance sheet and income statement items in conjunction with the reduction of the trading positions are available in a file containing adjusted financial data per year and per quarter that may be downloaded from Carnegie's website at www.carnegie.se/ir.

Adjustments of balance sheet at December 31, 2006

(SEKm)	Reported	Reclassifi-cations	Net/Gross amount	Adjustement of trading position	Adjusted balance sheet
Shares and participations	14 173	-421	1 482	-	15 234
Derivative instruments	1 786	348	1 102	-22	3 215
Other assets	25 629	-	-	-	25 629
Total assets	**41 588**	**-73**	**2 584**	**-22**	**44 077**
Short positions in shares	9 419	-568	-814	-	8 037
Derivative instruments	3 121	495	3 398	328	7 342
Tax liabilities	190	-	-	-49	141
Accrued expences	1 381	-	-	-175	1 206
Other liabilities	25 310	-	-	-	25 310
Shareholders' equity	2 168	-	-	-126	2 042
Total liabilities and shareholders' equity	**41 588**	**-73**	**2 584**	**-22**	**44 077**

Other events during the fourth quarter

Extraordinary General Meeting on 21 November 2007

In view of the Financial Supervisory Authority's requirement that Carnegie Investment Bank AB should convene an Extraordinary General Meeting to consider the Board of Directors' composition, the Board of Directors also called another Extraordinary General Meeting in D.Carnegie & Co. At that meeting on 21 November 2007, the Carnegie shareholders took the following decisions:

- to appoint a Board of Directors consisting of six members in accordance with the Nomination Committee's proposal. The number of Board members was thus reduced from eight to six. Anders Fällman was elected Chairman and Jan Kvarnström Vice Chairman of the Board of Directors.
- to instruct the Board of Directors to evaluate how the 2008 share program should be adjusted.
- to allow the decision from the Extraordinary General Meeting in August regarding deviation from the 50 per cent principle in the profit-sharing system to be retained in its current formulation.

See the minutes from the Extraordinary General Meeting at www.carnegie.se/ir.

Carnegie fined by the Disciplinary Council of the OMX Nordic Exchange

In the aftermath of the events relating to Carnegie's trading operations, the OMX Nordic Exchange initiated an investigation. The objective was to review Carnegie in its capacity as an exchange member based on suspicion of market manipulation performed by three traders and in its capacity of an exchange-listed company based on disclosure of information. After completing its investigation, the Disciplinary Council of the OMX Nordic Exchange on 28 November 2007 fined Carnegie Investment Bank AB of SEK 5m for market manipulation and the listed company D.Carnegie & Co AB of SEK 1.8m for inadequacy in the initial disclosure of information regarding these events.

Events after the closing date

Mikael Ericson new President of Carnegie

On 17 January, the Board of Directors of D.Carnegie & Co. appointed Mikael Ericson new President and CEO. Mikael Ericson will assume his position on 1 May 2008. Mikael Ericson comes most recently from Handelsbanken, where he has been Vice President since 2006 and manager of Handelsbanken Capital Market since 2003. Between 1987 and 1993, he worked as a broker of fixed-income instruments at Carnegie. Since 2006, he has been Chairman of the Mutual Fund Brokers Association. Anders Onarheim will remain as acting CEO of Carnegie until Mikael Ericson assumes his position and then return to his previous position.

Dividend

The Board of Directors propose that the Annual General Meeting approve a dividend of SEK 7.50 (10.50) per share, corresponding to a total dividend payment of SEK 582m (813). The proposal entails a reduction of 3 SEK per share from the preceding year and corresponds to 95 per cent of profit per share 2007. The reduction is due to lower net profit in 2007.

Financial reporting in 2008

First quarter 2008	25 April 2008
Second quarter 2008	18 July 2008
Third quarter 2008	24 October 2008

Press conference / Webcast

Anders Onarheim, Carnegie's acting CEO, and Bo Haglund, acting CFO, will present the year-end report at a press conference on 7 February at 10:00 a.m. at Carnegie's head office at Västra Trädgårdsgatan 15 in Stockholm.

The press conference will be broadcast live on the web at www.carnegie.se. It is also possible to participate by telephone at +46 8 505 202 70 (Sweden) or +44 (0) 208 817 9301 (UK).

Contact persons

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

This information is such that D.Carnegie AB must disclose in accordance with the Securities and Clearing Operations Act. The information was submitted for publication on 8 February 2008 at 08.00 CET.

Business Area - Securities

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	%	Jan-Dec 2007	Jan-Dec 2006	%
Income from client activities	427	435	-2%	1 729	1 730	0%
Net interest income	9	18	-49%	110	90	21%
Trading result	-11	13	-	-317	66	-
Total income	**426**	**466**	**-9%**	**1 521**	**1 886**	**-19%**
Personnel expenses	-123	-121	1%	-477	-421	13%
Other expenses	-112	-81	39%	-454	-315	44%
Net provisions for credit losses	-45	0		-95	-1	
Total operating expenses excluding profit share	**-280**	**-203**	**38%**	**-1 025**	**-737**	**39%**
Operating profit before profit share	**146**	**263**	**-44%**	**496**	**1 150**	**-57%**
Costs of profit-share system	-55	-130	-58%	-535	-566	-5%
Total expenses	**-334**	**-332**	**1%**	**-1 560**	**-1 302**	**20%**
Business area profit before taxes	**92**	**134**	**-32%**	**-40**	**584**	**-**
Operating profit margin, %	22%	29%		-3%	31%	
Number of employees, average	360	344		360	336	
Number of employees, period-end	360	349		360	349	

Income

Income during the fourth quarter amounted to SEK 426m, a decline of 9 per cent, compared with the corresponding period in 2006. Customer-related income was virtually unchanged, while net interest income was lower and trading operations reported a small loss.

Customer-related income includes commissions, income from equity finance and equity capital market (ECM) related transactions. During the fourth quarter, lower income from equity finance was offset by increased income from ECM-related transactions and high commission income. Risks in the trading portfolio were further reduced during the quarter, although losses continued. The high market volatility during the fourth quarter negatively affected the trading portfolio in Sweden.

Securities' income for the full-year 2007 amounted to SEK 1,521m (1,886). The adjustment of the trading position had a negative effect on revenues of SEK 280m (250). Customer-related income was at the same level as in 2006. Commission income increased as a result of higher volumes.

Expenses and profit before tax

For the fourth quarter of 2007, expenses before profit sharing amounted to SEK 280m (203). The increase was attributable to credit provisions totalling SEK 45m and fines to the Stockholm Stock Exchange of SEK 7m. Profit before tax for the fourth quarter amounted to SEK 92m (134).

For the full-year 2007, expenses before profit sharing amounted to SEK 1,025m (737). The increase was primarily related to the following items: a provision of SEK 25m attributable to customer-related disputes, credit provisions of SEK 95m, fines to the Financial Supervisory Authority and the Stockholm Stock Exchange totalling SEK 57m and a greater average number of employees within the business area.

The loss before tax for the full-year 2007 amounted to SEK 40m (584). The effects on profit of the adjustment of the trading result by SEK 280m and a write-down of a claim on the profit-sharing system for the period from 2005 to 2006 of SEK 175m were charged against profit before tax for 2007. In total, the effects of the trading events amounted to an expense of SEK 455m for the full-year 2007. The corresponding effect on the adjusted trading result for 2006 was an expense of SEK 125m.

Market and Carnegie's position

The equity markets were volatile during the fourth quarter as a consequence of concern over increasing credit risks and lower growth in the global economy. The Nordic equity market declined by 7 per cent, measured from the closing of the third quarter and thus showed a weaker trend than the world market index, which declined by 3 per cent. For the full-year 2007, the Nordic market index increased by 12 per cent, 7 percentage points better than the world market index. The differences between the various markets were substantial. Helsinki increased by 25 per cent, Oslo by 14 per cent and Copenhagen by 7 per cent, while the Stockholm market declined by 7 per cent.

Trading in the Nordic markets was 18 per cent higher in the fourth quarter of 2007, compared with the corresponding period in 2006, and for the full-year, trading increased by 28 per cent.

Carnegie has a very strong position in institutional client-driven activities on the Nordic exchanges. This position was strengthened during the year, and in Sweden Carnegie is the largest player, with 17 per cent of the client-driven equity sales according to the customer-survey company Prospera.

According to official statistics, Carnegie was the third largest player in terms of turnover in 2007, with a Nordic market share of 5.3 per cent. In relation to 2006, this share declined by 1.3 percentage points as a result of reduced trading activity and an increase in the number of institutions with direct market access (DMA). DMA is a service that Carnegie does not offer.

External customer surveys

Carnegie is a much appreciated supplier of equity brokerage services for Nordic companies, which is confirmed by both internal and customer surveys and external evaluations. In Prospera's Nordic survey published in November 2007, Carnegie received an overall ranking of number one and was pleased to retain the top position in Sweden, according to Prospera. In the same survey, Carnegie topped 13 of 15 sectors in analysis services (strategy, macro, banking and insurance, pharmaceuticals, telecom operators, telecom, IT, steel, property, engineering, automotive, retail and SMEs) and was ranked number two in the remaining two sectors. Carnegie attained an overall number two position in Norway and in Denmark Carnegie was ranked number two the in category large institutions.

Business Area - Investment Banking

	Oct-Dec			Jan-Dec		
(SEKm)	2007	2006	%	2007	2006	%
ECM fees	123	103	19%	294	398	-26%
Net income from financial positions	0	1	-	0	3	-
Advisory fees	102	101	1%	388	484	-20%
Total income	**225**	**206**	**10%**	**683**	**885**	**-23%**
Personnel expenses	-44	-39	13%	-166	-167	-1%
Other expenses	-30	-25	22%	-102	-102	0%
Total operating expenses excluding profit share	**-74**	**-63**	**17%**	**-268**	**-269**	**0%**
Operating profit before profit share	**151**	**142**	**6%**	**415**	**616**	**-33%**
Costs of profit-share system	-60	-70	-15%	-184	-304	-39%
Total expenses	**-134**	**-134**	**0%**	**-453**	**-573**	**-21%**
Business area profit before taxes	**92**	**72**	**28%**	**231**	**312**	**28%**
Operating profit margin, %	41%	35%		34%	35%	
Number of employees, average	134	131		133	128	
Number of employees, period-end	132	132		132	132	

Income

For the fourth quarter of 2007, income amounted to SEK 225m, an increase of 10 per cent, compared with the corresponding period in 2006. Despite uncertainty in the market, Carnegie showed relatively strong growth in M&A transactions, ECM-related transactions and initial public offerings (IPO). Carnegie executed two of the year's most successful IPOs in the Nordic region during the fourth quarter: Pronova (Norway) and East Capital Explorer (Sweden).

Income for the full-year 2007 amounted to SEK 683m, a decline of 23 per cent, compared with the very strong income in 2006. The change was due to lower activity in advisory services, M&A transactions and IPOs, as well as ECM transactions.

Expenses and profit before tax

Total expenses for the fourth quarter amounted to SEK 74m (63). Profit before taxes during the fourth quarter amounted to SEK 92m, an increase of 28 per cent.

Total expenses before profit sharing for 2007 amounted to SEK 268m, which was unchanged in relation to the previous year. The business area reported a profit before tax of SEK 231m (312) for the full year.

Market

The market for equity capital market (ECM) transactions during the fourth quarter was 8 per cent lower than during the corresponding period of 2006. In total, 2007 was a very strong year for ECM transactions, with a volume of USD 26 billion, an increase of 40 per cent in relation to 2006. The number of IPOs increased by 23 per cent during 2007, a total of 65 transactions. The total value of these transactions was USD 5 billion, a decline of 25 per cent.

The market for M&A transactions increased by 33 per cent during the fourth quarter compared with the third quarter, down 55 per cent from 2006. In total, the transaction volume was about USD 27 billion during the fourth quarter. Viewed over the full year, the value of publicly announced Nordic M&A transactions was about USD 102 billion, a decline of 16 per cent in relation to 2006. The number of transactions amounted to 576, which was unchanged, compared with 2006.

Carnegie's market position

Equity capital market transactions (ECM)

In the market for ECM-related transactions in the Nordic region as measured by the number of transactions, Carnegie ranked as number two (number one) with 31 (31) transactions. Measured in value, Carnegie ranked as number two (number two) during 2007, with a transaction volume corresponding to USD 2.8 billion (3.0).

2007		
Adviser	USD million	#
1. SEB Enskilda	3,138	40
2. Carnegie	2,832	31
3. UBS	2,252	4
4. ABG Sundal Collier	1,670	21
5. Deutsche Bank	1,331	1
6. Pareto Securities	1,123	19
7. JP Morgan	788	2
8. Goldman Sachs	623	5
9. Evli Bank	498	4
10. Lehman Brothers	496	3
Total Market	**18,751**	**135**

2006		
Adviser	USD million	#
1. Carnegie	3,044	31
2. Enskilda	2,336	34
3. Pareto Securities	2,303	23
4. Morgan Stanley	1,667	4
5. Danske Markets	1,528	4
6. UBS	1,215	5
7. Deutsche Bank	938	5
8. ABG Sundal Collier	749	10
9. DnB NOR	594	5
10. Handelsbanken	553	3
Total Market	**17,376**	**108**

2005		
Adviser	USD million	#
1. Carnegie	2,016	35
2. Merrill Lynch	1,825	2
3. Enskilda	1,610	33
4. Goldman Sachs	1,572	7
5. Citi	1,544	3
6. ABN AMRO	921	7
7. Nordea	700	3
8. Morgan Stanley	690	2
9. UBS	572	3
10. First Securities	457	10
Total Market	**13,395**	**104**

Mergers, acquisitions and divestments (M&A)

Carnegie was the advisor in a total of 33 publicly announced M&A transaction during the full-year 2007, which put Carnegie in fourth position in the Nordic region. Measured by value, these transactions amounted to USD 8.9 billion (14.1), which put Carnegie in eleventh place (seventh)

2007		
Adviser	USD million	#
1. Goldman Sachs	21,336	14
2. SHB	17,111	36
3. SEB Enskilda	16,030	50
4. Citi	15,454	11
5. Morgan Stanley	15,117	15
6. Merrill Lynch	14,229	10
7. Deutsche Bank	13,401	9
8. JP Morgan Chase	12,262	18
9. RBC Capital Markets	10,172	2
10. ABG Sundal Collier	10,166	20
11. Carnegie	8,938	33
Total market with advisers	103,749	586
Total market w/o advisers	27,900	1,819
Total market	**131,649**	**2,405**

2006		
Adviser	USD million	#
1. Morgan Stanley	56,951	15
2. Goldman Sachs & Co	45,201	9
3. Lehman Brothers	42,071	7
4. Enskilda	27,455	65
5. Deutsche Bank	15,825	15
6. Citi	14,460	18
7. Carnegie	14,052	43
8. ABN AMRO	10,695	21
9. JP Morgan	10,141	15
10. Credit Suisse	9,152	9
Total market with advisers	126,591	575
Total market w/o advisers	17,133	1,419
Total market	**143,724**	**1,994**

2005		
Adviser	USD million	#
1. Goldman Sachs & Co	33,305	16
2. JP Morgan	32,248	25
3. Deutsche Bank	30,691	25
4. Enskilda	26,953	62
5. Morgan Stanley	24,168	25
6. Citi	19,688	14
7. ABN AMRO	17,376	28
8. Merrill Lynch	16,888	8
9. UBS	11,709	14
10. Carnegie	10,610	44
Total market with advisers	114,923	510
Total market w/o advisers	10,682	1,222
Total market	**125,605**	**1,732**

Source: Thomson Financial

Business Area - Asset Management

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	%	Jan-Dec 2007	Jan-Dec 2006	%
Regular fees	138	108	28%	581	512	13%
Performance fees	70	105	-34%	188	150	25%
Total fees from mutual funds	**208**	**213**	**-2%**	**769**	**662**	**16%**
Regular fees	51	40	28%	180	157	15%
Performance fees	158	66	140%	177	71	149%
Total fees from discretionary fund management	**209**	**106**	**98%**	**357**	**228**	**57%**
Total income	**417**	**319**	**31%**	**1 126**	**891**	**26%**
Personnel expenses	-57	-46	24%	-199	-173	15%
Other expenses	-38	-32	18%	-144	-139	4%
Total operating expenses excluding profit share	**-95**	**-79**	**21%**	**-343**	**-312**	**10%**
Operating profit before profit share	**322**	**240**	**34%**	**783**	**579**	**35%**
Costs of profit-share system	-129	-119	9%	-348	-286	22%
Total expenses	**-225**	**-197**	**14%**	**-691**	**-597**	**16%**
Business area profit before taxes	**192**	**122**	**58%**	**435**	**293**	**48%**
Operating profit margin, %	46%	38%		39%	33%	
Period-end assets under management (SEK bn)	139	114		139	114	
- whereof mutual funds	64	56		64	56	
- whereof discretionary fund managemement	75	59		75	59	
Number of employees, average	141	137		138	134	
Number of employees, period-end	143	137		143	137	

Income

Income during the fourth quarter amounted to SEK 417m, an increase of 31 per cent, compared with the corresponding period in 2006. Performance-based income increased by a total of 33 per cent to SEK 228m during the fourth quarter of 2007. This performance-based income was primarily attributable to discretionary management mandates and to the very successful Carnegie WorldWide Long/Short hedge fund. Some 25 per cent of the assets under management within Asset Management (discretionary as well as in mutual funds) has a performance-based fee structure.

Income for Asset Management amounted to SEK 1,126m for the full-year 2007, an increase of 26 per cent, compared with 2006, driven by sharply increased performance-based income and by an increase in assets under management.

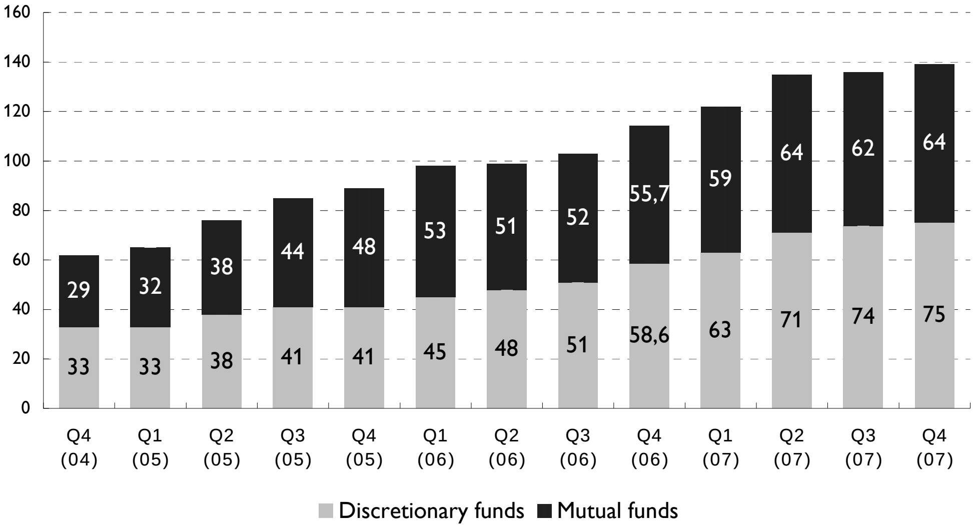
Expenses and profit before taxes

For the fourth quarter of 2007, total expenses before profit sharing amounted to SEK 95m (79), while profit before tax amounted to SEK 192m (122). For the full-year 2007, expenses before profit sharing amounted to SEK 343m (312). Profit before tax increased by a full 48 per cent to SEK 435m.

Assets under management

Assets under management include discretionary managed capital and mutual funds. At the end of the fourth quarter, assets under management amounted to SEK 139 billion, an increase of SEK 25 billion since 1 January 2007 and an increase of SEK 3 billion since the end of the third quarter. The increase since 1 January consisted of an inflow of SEK 10 billion and value growth of SEK 15 billion.

Assets under management, quarterly trend (SEK billions)



Market

After a strong first half of the year, the trend in the world's stock markets was significantly weaker in the third and fourth quarters. When the year was summed up, the world market index had increased by 5 per cent. Inflow of capital to equity funds in the Nordic region was strong at the beginning of the year, but due to increased market uncertainty, the trend reversed and became a net outflow during the second half of 2007. In contrast to the market as a whole, Carnegie succeeded in reporting growth in assets under management over the entire year.

Carnegie's rating and product development

Carnegie's mutual funds continued to perform very well relative to indices, and when measured on a full-year basis, 87 per cent of assets under management and more than two thirds of the mutual funds showed better returns than the relevant benchmark indices. Carnegie's largest individual fund, Carnegie WorldWide (Lux) generated a return of 28 per cent since 1 January 2007, fully 19 percentage points better than the benchmark index. The Carnegie WorldWide Long/Short hedge fund exceeded its benchmark index by 11 percentage points since 1 January. Similarly, growth market mutual funds developed favourably. Carnegie East European (Lux), for example, increased by 31 per cent since the beginning of the year, while benchmark index increased by 18 per cent.

According to external valuations, more than 95 per cent of assets under management in Carnegie's rated equity funds were rated with four or five stars[1]. Two of Carnegie's mutual funds are rated AAA and one AA in Standard & Poor's valuation.

1.) Source: Morningstar and Fondmarknaden. See January 2007. Five stars is the highest rating.

Business Area - Private Banking

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	%	Jan-Dec 2007	Jan-Dec 2006	%
Total income	**154**	**159**	**-3%**	**581**	**563**	**3%**
Personnel expenses	-54	-48	12%	-203	-191	6%
Other expenses	-39	-41	-4%	-148	-152	-3%
Net provisions for credit losses	0	0	-	0	1	-
Total operating expenses excluding profit share	**-93**	**-89**	**5%**	**-351**	**-341**	**3%**
Operating profit before profit share	**61**	**70**	**-13%**	**230**	**222**	**4%**
Costs of profit-share system	-22	-35	-36%	-102	-109	-6%
Total expenses	**-115**	**-123**	**-7%**	**-453**	**-451**	**1%**
Business area profit before taxes	**39**	**35**	**10%**	**128**	**112**	**14%**
Operating profit margin, %	25%	22%		22%	20%	
Client volume (SEK bn)	54	55		54	55	
Number of employees, average	171	180		173	177	
Number of employees, period-end	175	180		175	180	

Income

Private Banking's income is derived from commissions, management fees, net interest income and insurance commissions that are generated within discretionary and advisory management assignments. Income during the fourth quarter amounted to SEK 154m, 3 per cent lower than during the corresponding period of 2006, which was a consequence of the weak market trend.

Total income during the full-year 2007 amounted to SEK 581m, an increase of 3 per cent in relation to 2006. The client base was refined, and customer activity was high during the year. Profitability improved in both Sweden and Denmark.

Expenses and profit before tax

Total expenses before profit sharing for the fourth quarter of 2007 amounted to SEK 93m (89), while profit before tax increased by 10 per cent to SEK 39m (35), compared with the fourth quarter of 2006.

Total expenses before profit sharing for the full-year 2007 amounted to SEK 230m, a marginal increase, compared with 2006. Profit before tax increased by 14 per cent during 2007 and amounted to SEK 128m.

Market

The market for services within Private Banking was weak in line with general economic trends during the fourth quarter. Many clients elected to reduce exposure to the equity market, resulting in lower transaction-driven income. Carnegie Private Banking recommended a defensive investment strategy to its clients during the latter part of 2007, which included hedge funds, guarantee products and increased exposure outside the Nordic region. This gave client portfolios and advantage relative to the general market trend.

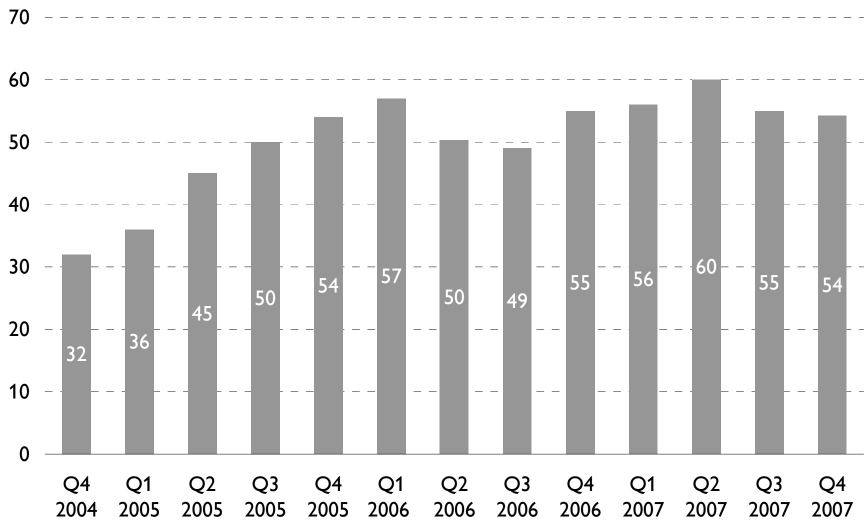
Viewed over the full-year 2007, the market was favourable with high client activity. Carnegie succeeded in increasing sales of structured products and other alternative asset classes. As a result, more stable income flows are generated, reducing dependency on stock market fluctuations.

Client volume

Private Banking's client volume consists of the gross value of all private client accounts including all types of securities, equity funds, deposits and lending. At 31 December 2007, the private client volume amounted to SEK 54.2 billion, virtually unchanged since 1 January and at the end of the third quarter.

Of the client volume, approximately SEK 1.5 billion is attributable to management assignments for which Asset Management has the advisory assignment and is thus also included in assets under management in the Asset Management business area.

Client volume, quarterly trend (SEK billions)



Business Area - Max Matthiessen

(SEKm)	Oct-Dec 2007	Apr-Dec 2007	Pro forma[1] Jan-Dec 2007	Pro forma[1] Jan-Dec 2006
Commission	108	327		
Other fund and asset-based income	51	101		
Total income	**159**	**428**	**562**	**516**
Personnel expenses	-62	-182		
Other expenses	-23	-66		
Net provisions for credit losses	0	0		
Total operating expenses excluding profit share	**-85**	**-247**	**-330**	**-351**
Operating profit before profit share	**74**	**181**	**232**	**165**
Costs of profit-share system	-30	-80		
Total expenses	**-115**	**-328**		
Profit before taxes	**44**	**100**		
Operating profit margin, %	28%	23%		
Number of employees, average	320	309		
Number of employees, period-end	325	325		

Income

Max Matthiessen's income consists of advisory fees and income from long-term savings solutions. This income is based on insurance premium, capital and commission income. Income with long duration is generally prioritized to create a sustainable profitability. This includes income that derives from underlying capital or recurring premiums. Max Matthiessen was consolidated in Carnegie as of the second quarter. For the fourth quarter of 2007, income amounted to SEK 159m, to be compared with SEK 133m for the third quarter and SEK 136m for the second quarter of 2007. In terms of profits, the fourth quarter of 2007 was the best ever for Max Matthiessen.

Expenses and profit before tax

Max Matthiessen's total expenses before profit sharing during the fourth quarter of 2007 amounted to SEK 85m. Profit before tax was SEK 44m, to be compared with SEK 27m in the third quarter and SEK 29m in the second quarter of 2007.

Market

Following strong growth during the first half of the year driven by increased asset value, the total value of savings showed a weaker trend during the third and fourth quarters. Max Matthiessen has a market-leading position as an advisor in the area of company-financed pension and life insurance solutions in Sweden. The ambition is also to increase Max Matthiessen's market shares and advisory income within such privately financed savings as mutual fund savings, structured products and within the Swedish PPA system.

1) The pro forma figures were prepared with consideration taken to the legal changes that occurred in conjunction with the acquisition. Pro forma figures are only available for the full-year 2006.

Client volume

Max Matthiessen has about 12,000 ongoing company-based assignments in which it acts as an advisor to the companies and all or portions of their personnel on issues relating to pensions and life insurance. These relations are normally of a long-term and relatively stable nature. In total, the insurance capital that Max Matthiessen administers amounts to about SEK 90 billion. The inflow of capital to Max Matthiessen's own services; the allocation service Navigera, the trading service for mutual funds and structured products and the new PPA service is strong, and the assets within these services amounted to about SEK 15.0 billion at the end of the fourth quarter, an increase of about SEK 4 billion since 1 January 2007.

During the fourth quarter, a number of new client offerings were developed in cooperation with Carnegie Private Banking. One example is a newly launched deposit account insurance, a savings form much in demand in the market due to its tax advantages.

Segmental reporting

(SEKm)	Total 2007	Total 2006	Securities 2007	Securities 2006	Investment Banking 2007	Investment Banking 2006	Asset Management 2007	Asset Management 2006	Private Banking 2007	Private Banking 2006	Max Matthiessen Q2-Q4 (07)
Total income	**4 340**	**4 225**	**1 521**	**1 886**	**683**	**885**	**1 126**	**891**	**581**	**563**	**428**
Personnel expenses	-1 227	-952	-477	-421	-166	-167	-199	-173	-203	-191	-182
Other expenses	-914	-708	-454	-315	-102	-102	-144	-139	-148	-152	-66
Net provisions for credit losses	-95	0	-95	-1					0	1	0
Total operating expenses excluding profit share	**-2 235**	**-1 659**	**-1 025**	**-737**	**-268**	**-269**	**-343**	**-312**	**-351**	**-341**	**-247**
Operating profit before profit share	**2 105**	**2 567**	**496**	**1 150**	**415**	**616**	**783**	**579**	**230**	**222**	**181**
Costs of profit-share system	-1 250	-1 265	-535	-566	-184	-304	-348	-286	-102	-109	-80
Total expenses	**-3 485**	**-2 923**	**-1 560**	**-1 302**	**-453**	**-573**	**-691**	**-597**	**-453**	**-451**	**-328**
Profit before taxes	**854**	**1 302**	**-40**	**584**	**231**	**312**	**435**	**293**	**128**	**112**	**100**
Taxes	-254	-379									
Net profit	**601**	**923**									

Reporting by segment

Carnegie reports by segment in accordance with IAS 14. Carnegie defines the company's business areas as segments. In interim reports, information is reported according to the above. The annual report presents information relating to assets, shares in associated companies, liabilities, investments and amortization attributable to primary segments, as well as information on secondary segments, defined here as geographic areas, relating to income, assets and investments.

Statutory consolidated income statement

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Commission income	1 371	1 055	4 447	3 894
Commission expenses	-62	-55	-285	-182
Net Commission income	**1 309**	**1 000**	**4 162**	**3 712**
Interest income	265	201	967	666
Interest expenses	-268	-252	-1 033	-617
Net interest income	**-3**	**-51**	**-66**	**49**
Dividends received	0	0	1	1
Net profit from financial transactions	75	200	243	464
Total income	**1 382**	**1 149**	**4 340**	**4 225**
Personnel Costs	-634	-607	-2 477	-2 217
Other general administrative expenses	-230	-164	-845	-643
Depreciation of tangible and amortisation of intangible fixed assets	-14	-15	-68	-64
Total expenses	**-878**	**-786**	**-3 390**	**-2 924**
Operating profit before provisions for credit losses	**504**	**363**	**950**	**1 302**
Provisions for credit losses, net	-45	0	-95	0
Profit before taxes	**459**	**363**	**855**	**1 302**
Taxes	-124	-96	-254	-379
Net profit	**335**	**267**	**601**	**923**
Earnings per share (SEK)	4.32	3.85	7.9	13.35
Earnings per share, fully diluted (SEK)	4.32	3.82	7.9	13.25
Average number of shares	77 543 956	69 291 335	76 092 096	69 090 025
Number of shares related to outstanding warrants	-	1 976 530	-	1 976 530
Total number of shares, incl effect of issued warrants	77 543 956	69 902 877	76 092 096	69 645 478

Statutory consolidated balance sheet

(SEKm)	31 December 2007	31 December 2006
Assets		
Cash and bank deposits in central banks	457	480
Loan to credit institutions	12 557	7 753
Loans to general public	7 897	8 403
Bonds and other interest bearing securities	984	1 915
Shares and participations	10 939	15 234
Derivative instruments	2 083	3 215
Intangible fixed assets	958	48
Tangible fixed assets	99	75
Other assets	8 489	6 392
Prepaid expenses and accrued income	626	562
Total assets	**45 089**	**44 077**
Liabilities and shareholders' equity		
Liabilities to credit institutions	12 547	15 762
Deposits and borrowing from general public	9 918	8 092
Short positions in shares	7 440	8 037
Derivative instruments	5 944	7 342
Other liabilities	4 183	680
Accrued expenses and prepaid income	1 527	1 646
Provisions	68	-
Subordinated loan	487	476
Shareholders' equity	2 975	2 042
Total liabilities and shareholders' equity	**45 089**	**44 077**

Changes in shareholders' equity

(SEKm)	31 December 2007	31 December 2006
Shareholders' equity - opening balance, previously reported	2 042	1 721
Restated equity related to 2005		-36
Dividend (Q1)	-813	-634
Translation differences	49	-72
New share issue - acquisition of Max Mattiessen	896	-
Exercised warrants	200	142
Net profit for the period	601	923
Shareholders' equity - closing balance	**2 975**	**2 042**

Statements of changes in financial position

(SEKm)	Jan-Dec 2007	Jan-Dec 2006
Cash flow from operations before changes in working capital	476	1 013
Changes in working capital	1 244	-1 406
Cash flow from current operations	**1 720**	**-393**
Cash flow from investment activities	**78**	**-36**
Excercised warrants	200	142
Distributed dividend	-813	-634
Cash flow from financing activities	**-613**	**-492**
Cash flow for the period	**1 185**	**-921**
Liquid funds at the beginning of the period	8 233	9 244
Exchange differences in foreign subsidiaries	265	-90
Liquid funds at the end of the period	**9 683**	**8 233**

Income statement of parent company

(SEKm)	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Administrative expenses	-18	-9	-39	-27
Operating profit	**-18**	**-9**	**-39**	**-27**
Financial items				
Anticipated dividend from Group companies	582	600	582	600
Interest income from Group companies	1	4	10	15
Sale/write-down of financial fixed assets		1	-	-2
Interest expenses on subordinated loan	-6	-5	-24	-22
Foreign exchange differences	-7	5	-11	9
Profit before taxes	**552**	**596**	**518**	**575**
Taxes	17	-4	17	-5
Net profit	**569**	**592**	**535**	**570**

Balance sheet of parent company

(SEKm)	31 December 2007	31 December 2006
ASSETS		
Fixed assets		
Financial assets		
Shares in Group companies	2 130	1 224
Deferred tax assets	13	14
Total financial assets	**2 143**	**1 238**
Total fixed assets	**2 143**	**1 238**
Current assets		
Current receivables		
Receivables from Group companies	762	750
Other receivables	1	1
Prepaid expenses and accrued income	5	5
Total current receivables	**768**	**756**
Cash and bank	5	43
Total current assets	**773**	**799**
TOTAL ASSETS	**2 916**	**2 037**
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Restricted equity		
Share capital *	155	139
Statutory reserve	531	531
Unrestricted equity		
Share premium reserve	1 217	138
Retained earnings	504	737
TOTAL SHAREHOLDERS' EQUITY	**2 407**	**1 544**
SUBORDINATED LOAN	**487**	**476**
Current liabilities		
Accounts payable	4	1
Tax liabilities	-	1
Accrued expenses and prepaid income	18	15
Total current liabilities	**22**	**16**
TOTAL LIABILITIES	**22**	**16**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2 916**	**2 037**

*Number of shares 77 543 956 /69 525 070 as per 31 Dec 2007 / 31 Dec 2006

The acquisition of Max Matthiessen

As of 20 March and accordance with the agreement announced on 12 January 2007, Carnegie in completed the acquisition of all shares and voting rights in Max Matthiessen (Max Matthiessen Holding AB), Sweden's market-leading independent advisor within security savings. The transaction was subject to certain conditions and approval by the authorities. All conditions have now been satisfied. The acquisition was financed through a non-cash issue of Carnegie shares directed to the sellers of the shares in Max Matthiessen. At the Board meeting on 20 March 2007, the Board of Directors of Carnegie therefore took decision to increase the Company's share capital by at most SEK 12,084,712 through the issue of at most 6,024,356 new shares, which were subscribed by the shareholders of Max Matthiessen and paid in kind in the form of all shares in Max Matthiessen. The acquisition value was based on 6,042,356 shares valued at the closing price of the Carnegie share at 20 March plus transaction costs of SEK 10m for a total of SEK 906m. Max Matthiessen was consolidated in Carnegie as of 31 March with an earnings effect as of 1 April 2007.

Acquisition analysis - Max Matthiessen

In conjunction with the acquisition, an acquisition analysis was prepared according to the purchase method. In the acquisition analysis, intangible assets meeting the requirements according to IFRS 3 and IAS 38 for reporting separately from goodwill were identified in the form of brands, IT systems and customer relations with a total value of SEK 381m. IT systems and customer relations are considered to have a useful lifetime of 5 and 15 years, respectively and will be amortised over those periods. The brand is considered to have an indeterminate useful lifetime. The reported values with respect to brand and goodwill will be assessed annually or more frequently to determine if there are indications that their value has declined. The preliminary acquisition analysis presented in conjunction with the interim report for the first quarter was adjusted. The adjustment did not result in any essential change.

Acquisition analysis

Total no of shares offered, (thousand shares)	6,042
Carnegie share price, closing 20 March 2007	148.25
Purchase prise (SEKm)	896
Expenses relating to the acquisition (SEKm)	10
Total purchase price (SEKm)	**906**
Net assets acquired (SEKm)	592
Goodwill (SEKm)	317

Net assets acquired (SEKm)	Carrying amount in Max M	Fair value adjustment	Net asset acquired (fair value)
Liquid funds	144		144
Other assets	463		463
Liabilities	-288		-288
Trademark		252	252
IT systems		25	25
Client stock		104	104
Less deferred tax liabilities		-107	-107
Net assets acquired (SEKm)	**318**	**274**	**592**
Goodwill			317
Total purchase price (SEKm)			**906**

	Total	Deferred tax	Net	Economic life	Annual amor.
Goodwill	313	-	313	-	-
Trademark	252	71	181	-	-
IT systems	25	7	18	5	5
Client stock	104	29	75	15	7
Total intangible assets (SEKm)	**694**	**107**	**587**		**12**

Key financial data

	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Earnings per share (SEK)	4.32	3.85	7.9	13.35
Earnings per share, fully diluted (SEK)	4.32	3.82	7.9	13.25
Dividend per share	7.50	10.50	7.50	10.50
Book value per share (SEK)	38.36	29.37	38.36	29.37
Share price (SEK)	125.5	147.50	125.50	147.50
Price/earnings multiple	15.9	11.0	15.9	11.0
Number of shares at period-end[1]	77 543 956	69 525 070	77 543 956	69 525 070
Average number of shares[1]	77 543 956	69 291 335	76 092 096	69 090 025
Number of shares related to outstanding warrants	-	1 976 530	-	1 976 530
Total number of shares, incl effect of issued warrants	77 543 956	69 902 877	76 092 096	69 645 478
Profit margin,	24%	23%	14%	22%
Return on equity, (12 month)			22%	55%
Total assets (SEKm)	45 089	44 077	45 089	44 077
Margin lending (SEKm)	7 897	8 403	7 897	8 403
Deposits and borrowing from general public (SEKm)	9 918	8 092	9 918	8 092
Solvency ratio, [2]		12.6%		12.6%
Capital adequacy ratio[3]	1.59	1.51	1.59	1.51
Number of employees, average	1 126	792	1 035	775
Number of employees, period-end	1 135	798	1 135	798
Period-end assets under management (SEK billion)	139	114	139	114

1) In line with the decision on the AGM in March 29, 2007 Carnegie issued 935,000 limited preference shares. The shares may be converted into common shares for the use in Carnegie's Long Term Share Programme 2008/2011. If shares are allocated to employees according to this programme, the value of such shares will be charged as a cost to the 2008 income statement. Up until such time, preference shares, which are held by Carnegie, represents no dilution for Carnegie shareholders.

2) Solvency ratio calculated according to Basel II from first quarter of 2007.

3) For more information, see pages 5-6.

Definitions of key data

Profit per share	Profit for the period divided by the average number of shares.
Profit per share after dilution	Profit for the period divided by the average number of shares, including full dilution effect of issued warrants. The profit for the period is divided by the total number of shares, including the number of issued shares corresponding to the estimated current value (at the current share price) of issued subscription warrants.
Average number of shares	The total number of shares, included any new issues, as a weighted average during the period.
Number of shares entitled to dividend	Total number of outstanding shares on the record date.
Total number of shares, including effects of subscription warrants	The total number of shares including the number of issued shares corresponding to the estimated current value (at the current share price) of issued subscription warrants.
Share price	Share price (closing price) on the closing date.
P/E ratio	Share price divided by earning per share for the most recent 12 months.
Profit margin	Profit before taxes as a percentage of total income (including income from associated companies and other significant holdings).
Return on equity	Profit for the most recent 12 months as a percentage of average shareholders' equity.
Regulatory capital base	Tier I plus Tier II capital.
Tier I capital	Shareholders' equity plus the equity portion of untaxed reserves less goodwill, any proposed dividend, deferred tax assets, intangible assets and any repurchased shares.
Tier II capital	Subordinated loans up to 50 per cent of Tier I capital.
Risk-weighted assets	Book value of assets valued in accordance with the Swedish Financial Supervisory Authority's capital adequacy rules.
Tier I ratio	Tier I capital as a percentage of risk-weighted assets.
Capital adequacy ratio	Total regulatory capital base (Tier I plus Tier II capital) as a percentage of risk-weighted assets.
Capital quotient	Total regulatory capital (Tier I plus Tier II capital) divided by the total capital requirement for credit risk, market risk and operational risk.
Average number of employees	Total number of paid working hours for all employees divided by the normal number of working hours per employee for the entire period.
Number of employees on closing date	The number of full-time equivalents on the closing date.

Note that rounding effects can result in amounts in SEKm not adding up correctly.

Other

Accounting principles

The report is prepared in accordance with IAS 34 Interim Reporting, RR 31 Interim Reporting for Corporate Groups issued by the Swedish Financial Accounting Standards Council and the Annual Accounts Act for Credit Institutions and Securities Companies. The Parent Company reports according to the Annual Accounts Act and RR 32:06. The accounting principles and calculation methods applied in this report are the same as those used in the 2006 Annual Report.

As of January 1, 2007, Carnegie applies IFRS 7 Financial Instruments: Disclosure and IAS 1 Presentation of Financial Statements. IFRS 7 does not result in any change with respect to reporting of financial instruments. On the other hand, disclosure requirements for financial instruments were increased. In respect of IFRS 7, the disclosure requirements in IAS 1 were also increased. Descriptions must include information about the capital base, external capital requirements and the extent to which these requirements are fulfilled. The extended requirements according to IFRS 7 and IAS 1 will affect Carnegie's annual report for 2007.

In consideration of the acquisition of Max Matthiessen, the accounting principles presented in the 2006 Annual Report were supplemented with the principles presented below.

Income

Commission income includes commissions for brokering personal insurance and security products. This income is received from insurance companies when insurance premiums are paid by the client company. Earned but not yet received commission income is calculated and recognized as revenue in the closing accounts for each period. For new insurance sales, the company receives a sales commission. Normally, the company has annulment liability in the case that the client terminates the insurance. Accordingly, repayment claims pertaining to received commission income due to annulment of insurance policies is reported. Commission income that relates to income for insurance advice and similar services are reported in the income statement when the services have been performed and it is probable that the future economic benefits will accrue to the company and these benefits can be calculated in a reliable manner.

Reserves for annulment risk relating to commission income and contingent liabilities

A sales commission is received for the sale of new insurances. Normally, there is an annulment liability in cases where the client terminates the insurance. The insurance companies have the right to reduce commission payments to Max Matthiessen for annulments occurring in the period, regardless of whether the broker is an employee of Max Matthiessen or an independent agent. For own employees, provisions are allocated for this annulment liability based on the estimated repayment claims pertaining to received commission income due to annulment of insurance. With respect to agents, Max Matthiessen has a right of recourse, which is a contracted right to charge the agents for its costs for annulments deriving from their business. If Max Matthiessen cannot utilize this right of recourse, Max Matthiessen incurs the annulment expense. The company's annulment liability with respect to independent agents is calculated according to the same principles as for employees and reported as a contingent liability.

Certification

The Board of Directors and the President hereby certify that this interim report presents a fair overview of the operations, financial position and earnings of the Parent Company and the Group and that it describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

D. Carnegie & Co AB (publ)

Stockholm 6 February 2008

Anders Fällman
Chairman of the Board

Jan Kvarnström
Vice Chairman of the Board

Mai-Lill Ibsen
Board member

Björn C. Andersson
Board member

Catharina Lagerstam
Board member

Patrik Tigerschiöld
Board member

Anders Onarheim
Acting CEO

Review report

Introduction
We have reviewed the year-end report for D. Carnegie & Co AB (publ), reg. No. 556498-9449 for the period from 1 January 2007 until 31 December 2007. The preparation and presentation of these accounts in accordance with IAS 34 and the provisions of the Swedish Annual Accounts Act is the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express a conclusion on this year-end report, based on our review.

Scope of the review
We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Appointed Auditor of the Entity issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the year-end financial information, in all essential respects, has not been prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and for the Parent Company's part in accordance with the Annual Accounts Act.

Stockholm den 6 februari 2008

Deloitte AB

Jan Palmqvist

Authorised public accountant

CARNEGIE SHARE

Larger shareholders 31 December 2007	Votes and capital, %
Franklin-Tempelton Funds	7.8%
Catella funds	5.5%
ABG Sundal Collier ASA	5.4%
Moderna Fonder[1]	4.9%
Swedbank Robur Funds	4.7%
Första AP-fonden	2.4%
SEB funds	1.6%
Nordea funds	1.6%
Radar fund	1.5%
Skandia Liv	1.3%
Other	63.3%
Total	**100.0%**

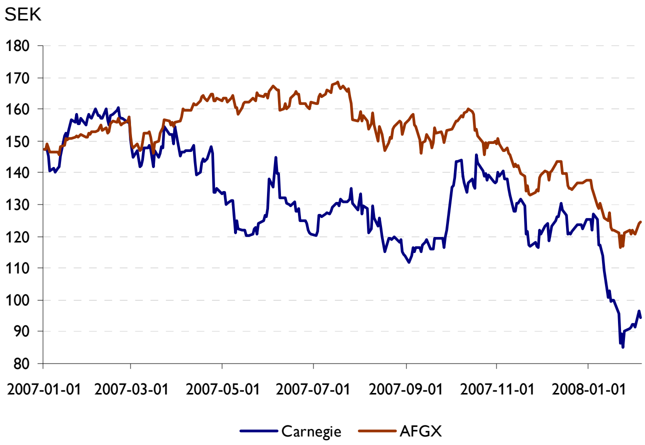
Source: SIS-Ägarservice

1) According to information, the shares are controlled by Invik & Co AB. Invik & Co AB controls a total of 10.2 per cent of the capital through direct ownership of shares or indirectly through options according to the disclosure notice dated 16 November 2007.

Employee shareholdings

Employee shareholdings, including the holdings of former Max Matthiessen employees, are estimated at 10 per cent of the total number of outstanding shares at 31 December 2007. Employees at Carnegie must follow external and internal rules for trading. Trading in the Carnegie share is only permitted during open periods, which begin the day after publication of Carnegie's interim reports and end the day before the last month in the reporting period.

Share price development 1 Jan. 2007 – 5 Feb. 2008



Share information (SEK)	
Market value 31 Dec. 2007 (SEKm)	9 731
Share price 31 December 2007	126
Year high 2007	161
Year low 2007	112
All time high	188
All time high date	25 April 2006

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