

Carnegie Investment Bank AB

(Org nr 516406-0138)

2006 Annual Report

Administration Report

The Board of Directors and Managing Director of Carnegie Investment Bank AB, (Carnegie) submit herewith the annual accounts and consolidated financial statements for the operations during the 2006 financial year. Carnegie Investment Bank AB is a wholly-owned subsidiary of D. Carnegie & Co AB, the parent company in the Carnegie Group, listed on OMX, the Nordic stock exchange, with registered office in Stockholm.

Operations during 2006

Carnegie is an independent Nordic investment bank operating in Securities, Investment Banking, Asset Management and Private Banking pursuant to licence from the Swedish Financial Supervisory Authority. In addition to the operations conducted in subsidiaries (see Note 16) Carnegie conducts operations in the form of branch offices in Finland, Norway and the UK .

Market development

The Nordic equity markets ended 2006 on a strong note, with the MSCI Nordic index up 20 per cent, outperforming both Europe and the US. In 2006, aggregate equity turnover on the Nordic stock exchange increased with 44 per cent, which is a record level of EUR 1,350 billion. The Norwegian market showed the highest turnover increase with 69 per cent mainly due to high activity in corporate transactions. In 2006, Nordic Merger & Acquisitions, M&A, activity continued to break records, achieving a volume of USD 128 billion, an increase of some 19 per cent over 2005, the previous record year. While the Nordic ECM market was unchanged in terms of volume, a total of 35 (26) initial public offerings were launched in the Nordic region during 2006, with an aggregate value of USD 6 billion. In the end of the first half year, the decrease in the stock markets, caused fairly large outflows from equity oriented mutual funds. In Sweden, subscriptions from PPM lead to net inflow of SEK 23 billion.

Market position

Carnegie's share of the aggregate turnover on the Nordic Stock Exchanges was 6.6 per cent 2006, ranking Carnegie as the second largest market participant in the Nordic region. In the recent Prospera ranking of Nordic equity houses, Carnegie's market share of the Nordic commission pool, in the targeted Tier 1 client segment, was around 11 per cent. In Investment Banking, Carnegie was ranked No 7 (No 10) in terms of volume of Nordic M&A transactions and No 1 (No 1) in the Nordic ECM market. In Asset Management, Carnegie's fund performance was better than its benchmark indices for around 94 (90) per cent of assets under management in mutual equity funds.

Results

Total income for 2006 was SEK 4,488 million (3,514), an increase of 28% from last year, reflecting a strong equity market and good performance across all business areas. Total expenses increased by 18% to 3,026 million (2,566). The operating profit before taxes increased by 55% to SEK 1,463 million (943). Net profit increased by 57% from last year to SEK 1,053 (671) million.

In the parent company, total income for 2006 was SEK 1,960 million (1,523), an increase of 29 % from last year, reflecting a strong equity market and good performance across all business areas. Total expenses increased by 12% to SEK 1,016 million (1,426). Net profit before taxes increased by 53% from last year to SEK 1,016 million (663). Net profit increased by 43% from last year to SEK 913 (638) million.

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 majority of Carnegie's assets are marketable securities inventories (marked-to-market daily), margin lending and short-time deposits. As a consequence of this, Carnegie's working capital fluctuates significantly between the financial statement dates. In 2006, the change in working capital was SEK -1,805 million (SEK 5,728 million). A more relevant measure of the liquidity is the cash flow from operations before changes in working capital, which was SEK 1,095 million in 2006 (SEK 729 million). Capital expenditure in 2006 amounted to SEK 40 million (SEK 85 million).

Employees, salaries and work environment

The average number of employees, salaries and compensation in the Group and Parent Company are set forth in Note 6.

Carnegie's constant challenge is to recruit and retain the most talented individuals through continuous work with active leadership, clear objectives and competitive incentives to create working environment that provides the best possible opportunities for personal and professional growth. Carnegie's overall goal for the working environment is for the employees to be in good physical and mental health. The working environments policy is handled within the day-to day operations. All employees have access to preventive company health service. Carnegie supports meaningful spare time activities such as athletic sports, culture and social gatherings. Through active work with the quality of the working environment the job satisfaction increases, which lowers the sick leave and improves the availability for Carnegie's clients.

Environmental work

Carnegie's goal is to promote a sustainable environment that will create conditions for a better society for future generations. Carnegie pursues its environmental aims through the continuous adaptation of activities, improvement of the methods and constant updating of the way knowledge and information is managed with regards to environmental issues. Carnegie's core activities themselves have little effect on the environment. For example, the staff requires office premises and IT equipment, and consumes various goods, resources and energy. Carnegie has adopted an environmental policy applicable to all Swedish operations of which relevant areas shall be recognised in all of Carnegie's operations. The two main areas identified for further activities are assessment and reduction of Carnegie's environmental impact, together with training and encouragement of staff. Carnegie conducts on an annual basis environmental reviews in order to follow up the policy. Measures that have been taken so far include office premises, waste management, energy consumption and procurement.

Capital Base and dividend proposal

The Board of Directors resolve to propose a dividend of SEK 600 million. As a result of the dividend proposal, the Tier 1 ratio would be 21,3%. Taking into consideration the current market conditions and the potential growth opportunities in the operations, the assessment, in line with the Swedish Companies Act, is that the proposed dividend does not limit the company to fulfil its obligations and to carry out the business plan.

Allocation of profit, (SEK)

Parent Company

At the disposal of the Annual General Meeting (SEK):

Unrestricted shareholders' equity	2 489 006 566
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The Board of Directors and the CEO propose that the profits be allocated as follows (SEK):

A dividend of SEK	600 000 000
To be carried forward	1 889 006 566

<i>Total</i>	<i>2 489 006 566</i>
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The financial position of the Company and the Group as of 31 December 2006 and 2005, and the profit from the operations for the 2006 and 2005 financial years are set forth below in the Statement of Income and Balance Sheet, and notes to the financial statements.

Key ratios and five-year summary for the Parent Company (SEK million)

	2006	2005	2004	2003	2002
Statement of Income					
Commission income, net	1 482	1 178	1 034	655	970
Net interest income	-58	18	49	32	63
Other operating Income	536	328	139	81	65
<i>Total income</i>	<i>1 960</i>	<i>1 523</i>	<i>1 222</i>	<i>768</i>	<i>1 098</i>
Administrative expenses	-1 591	-1 404	-1 212	-822	-997
Depreciation/amortisation	-11	-22	-32	-39	-36
Credit losses	0	-5	1	-	-3
<i>Total expenses</i>	<i>-1 602</i>	<i>-1 431</i>	<i>-1 244</i>	<i>-861</i>	<i>-1 036</i>
<i>Operating profit</i> ¹	<i>358</i>	<i>93</i>	<i>-22</i>	<i>-94</i>	<i>62</i>
Balance sheet					
<i>Assets</i>					
Shares and participations	13 599	6 092	6 173	3 201	678
Loans to general public	7 176	2 862	4 261	1 838	1 273
Unsettled trade receivables	5 729	2 594	3 369	329	1 143
Other assets	7 781	9 932	4 792	4 831	2 916
<i>Total Assets</i>	<i>34 285</i>	<i>21 480</i>	<i>18 595</i>	<i>10 199</i>	<i>6 010</i>
<i>Liabilities and equity</i>					
Borrowing from general public	4 593	3 809	2 531	2 782	2 188
Unsettled trade liabilities	244	301	20	476	480
Other liabilities	26 719	15 393	6 696	5 790	2 775
Subordinated loans	-	-	-	-	92
Equity	2 729	1 977	1 725	1 151	475
<i>Total Liabilities and Equity</i>	<i>34 285</i>	<i>21 480</i>	<i>18 595</i>	<i>10 199</i>	<i>6 010</i>
Key Ratios					
Return on capital employed, % ²	9,5%	7,0%	Negative	Negative	16,1%
Income/expense ratio ³	1,26	1,05	Negative	Negative	1,04
Capital adequacy ratio, % ⁴	21,3	34,8	39,1%	31,3%	18,2%
Average number of employees	443	440	455	388	478
Operating profit per employee, SEK Thousand	808	211	Negative	Negative	129

¹ Based on market-valued stock portfolio.

² Operating profit as a percentage of the total opening book value of equity (minus dividends paid during the year).

³ Operating income excluding net interest income, divided by operating expenses.

⁴ The capital adequacy ratio is calculated in accordance with the directives of the Swedish Financial Supervisory Authority.

STATUTORY INCOME STATEMENT
(SEK thousands)

	Note	Group		Parent	
		2006	2005	2006	2005
Commission income		3,897,867	3,121,246	1,504,380	1,193,758
Commission expense		-182,279	-162,774	-22,653	-16,159
Net commission income	2	3,715,588	2,958,472	1,481,727	1,177,599
Interest income		665,382	363,224	346,447	187,224
Interest expenses		-611,086	-287,121	-404,489	-169,429
Net interest income	3	54,296	76,103	-58,042	17,795
Dividend received	4	853	1,677	-	-
Net profit from financial transactions	5	717,832	478,079	536,090	328,069
Total income	1	4,488,569	3,514,331	1,959,775	1,523,463
General administrative expenses	6, 23	-2,961,959	-2,510,203	-1,591,485	-1,403,974
Depreciation of tangible and amortisation of intangible fixed assets	7	-64,521	-56,178	-11,248	-21,655
Total expenses		-3,026,480	-2,566,382	-1,602,734	-1,425,629
Operating profit before provisions for credit losses		1,462,089	947,950	357,041	97,834
Provisions for credit losses, net	8	491	-4,860	491	-4,860
Operating profit		1,462,580	943,090	357,533	92,974
Result from associated companies	15	-	68	-	-
Write-down of shares in subsidiaries	16	-	-	-	-16,000
Anticipated dividends	9	-	-	658,715	586,186
Profit before taxes		1,462,580	943,159	1,016,248	663,160
Taxes	10	-409,756	-272,071	-103,090	-25,182
NET PROFIT		1,052,824	671,088	913,158	637,978
Earnings per share (SEK)		2,632.06	1,677.72	-	-
Dividend per share (SEK) ¹⁾		1,500.00	1,650.00	-	-

¹⁾ 2006 is proposed dividend

Note that certain numerical information may not sum due to rounding.

STATUTORY BALANCE SHEET
(SEK thousands)

	Note	Group		Parent	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
ASSETS					
Cash and bank deposits in central banks		479,610	316,126	10,095	5,746
Loans to credit institutions	13	7,710,518	8,935,007	4,373,496	5,997,124
Loans to general public	13, 14	8,905,810	4,428,280	7,175,956	2,861,962
Bonds and other interest bearing securities	11, 12	1,914,996	1,827,667	3,158	3,050
Shares and participations	11	14,172,562	7,089,072	13,598,833	6,091,707
Shares and participations in associated companies	15	-	-	-	-
Shares in Group companies	16	-	-	1,048,001	1,038,501
Intangible fixed assets	17	44,617	83,063	2,517	5,648
Tangible fixed assets	18	75,184	65,853	30,216	29,173
Other assets	11, 19	8,165,567	7,592,989	7,784,782	5,177,368
Prepaid expenses and accrued income	21	556,976	446,632	257,845	269,384
TOTAL ASSETS		42,025,840	30,784,689	34,284,900	21,479,663
Collateral pledged for own liabilities					
Securities		14,374,130	6,215,240	14,083,678	5,463,984
Securities owned by customers		8,718,780	3,521,285	7,781,885	1,791,595
Other assets		5,176,906	3,599,359	2,147,222	1,585,741
Standardised options					
Blocked assets in customer accounts		122,057	79,330	122,057	79,330
Securities loaned		14,102,936	1,720,334	14,102,936	1,720,334

STATUTORY BALANCE SHEET
(SEK thousands)

	Note	Group		Parent	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities to credit institutions	13	15,765,479	8,829,861	14,635,234	7,585,582
Deposits and borrowing from general public	13	8,741,664	7,429,585	4,592,847	3,809,185
Other liabilities	11, 20	13,245,277	11,644,630	11,380,505	7,506,411
Accrued expenses and prepaid income	22	1,806,353	1,212,995	947,307	600,684
TOTAL LIABILITIES		39,558,773	29,117,072	31,555,893	19,501,862
PROVISIONS					
Deferred taxes	10	22,385	15,308	-	1,297
TOTAL PROVISIONS		22,385	15,308	-	1,297
SHAREHOLDERS' EQUITY					
Share capital (400 000 shares)		200,000	200,000	200,000	200,000
Restricted reserves ¹⁾		54,568	60,891	40,000	40,000
Unrestricted reserves ²⁾		1,137,289	720,331	1,575,849	1,098,526
Net profit		1,052,824	671,088	913,158	637,978
TOTAL SHAREHOLDERS' EQUITY		2,444,681	1,652,310	2,729,007	1,976,504
TOTAL LIABILITIES AND SHAREHOLDERS' EQU		42,025,840	30,784,689	34,284,900	21,479,663
Contingent liabilities		73,168	3,717	69,493	-
Guarantees		193,918	654,047	120,350	500,000
Securities borrowed		17,618,559	7,820,267	17,567,428	7,715,710

¹⁾ Reserves that can not be distributed to the shareholders.

²⁾ Accumulated net profits.

**CHANGE IN SHAREHOLDERS' EQUITY, GROUP
(SEK thousands)**

	Share capital	Restr. reserves	Translation differences	Unrestricted reserves including net profit	Total
Opening balance 2005	200,000	59,786	-18,630	1,083,613	1,324,769
Dividend				-395,755	-395,755
Appropriation to other reserves		1,105		-1,105	-
Foreign exchange difference			52,208		52,208
Net profit				671,088	671,088
Closing balance 2005	200,000	60,891	33,578	1,357,841	1,652,310
Dividend				-660,000	-660,000
Appropriation to other reserves		-6,323		6,323	-
Group contribution received				-23,250	-23,250
Group contribution's tax effect				6,510	6,510
Shareholders contribution				500,000	500,000
Foreign exchange difference			-83,713		-83,713
Net profit				1,052,824	1,052,824
Closing balance 2006	200,000	54,568	-50,135	2,240,248	2,444,681
				2006	2005
Dividend per share (SEK) ¹⁾				1,500.00	1,650.00

1) 2006 is proposed dividend

**CHANGE IN SHAREHOLDERS' EQUITY, PARENT COMPANY
(SEK thousands)**

	Restricted reserves		Unrestricted Reserves		Total
	Share capital	Restricted reserves	Retained earnings	Net profit	
Opening balance 2005	200,000	40,000	729,232	755,686	1,724,918
Appropriation of profit			755,686	-755,686	-
Dividend			-395,755		-395,755
Group contribution received, gross			13,379		13,379
Group contribution's tax effect			-4,016		-4,016
Net profit				637,978	637,978
Closing balance 2005	200,000	40,000	1,098,526	637,978	1,976,504
Appropriation of profit			637,978	-637,978	-
Dividend			-660,000		-660,000
Effect of merger*			-475		-475
Shareholders contribution			500,000		500,000
Group contribution received			-250		-250
Group contribution's tax effect			70		70
Net profit				913,158	913,158
Closing balance 2006	200,000	40,000	1,575,849	913,158	2,729,007
				2006	2005
Dividend per share (SEK) ¹⁾				1,500.00	1,650.00

*The loss of merger of TSEK -475 is due to the merger of Carnegie Pension Structuring AB 556606-7756, Gallerie Gustaf Adolf AB 556047-2069 and Carnegie Going Forward AB 556616-8018, on August 16, 2006

1) 2006 is proposed dividend

**CASHFLOW STATEMENTS, GROUP AND PARENT COMPANY
(SEK thousands)**

	Group		Parent	
	2006	2005	2006	2005
Current operations				
Operating profit ¹⁾	1,462,580	943,091	357,533	92,974
Adjustment for items not included in cash flow				
Amortisation, depreciation and write-down	64,521	49,050	11,248	20,695
Other	0	0	0	0
Current taxes	-432,131	-262,795	-139,188	-21,256
	-367,610	-213,745	-127,939	-561
Cash flow from operations before changes in working capital	1,094,969	729,345	229,593	92,414
Increase (-)/decrease (+) in operational assets				
Loans to general public	-4,477,143	2,261,511	-4,312,404	1,393,422
Securities inventory	-7,170,095	-1,059,089	-7,504,113	72,028
Current receivables	-608,876	-2,991,069	-2,558,672	-895,988
Increase (+)/decrease (-) in operational liabilities				
Borrowing from general public	1,312,548	1,886,130	784,993	1,273,557
Liabilities to credit institutions	6,936,329	1,411,120	7,053,173	489,868
Current liabilities	2,201,884	4,219,574	4,223,956	978,526
	-1,805,353	5,728,178	-2,313,067	3,311,414
Cash flow from operations	-710,383	6,457,524	-2,083,475	3,403,827
Investment activities				
Sale of fixed assets	2,815	6,250	1,031	1,830
Investment/acquisition of associated and other con	-	-1,771	-	5,950
Investment in group companies	-	-	-9,500	2,242
Acquisition of fixed assets	-39,772	-85,223	-10,386	-7,947
Cash flow from investment activities	-36,957	-80,744	-18,855	2,075
Financing activities				
Effect of merger	-	-	-475	-
Shareholders contribution	500,000	-	500,000	-
Group contribution	-23,250	-	-250	13,379
Dividends from subsidiaries	-	-	658,715	586,186
Distributed dividend	-660,000	-395,755	-660,000	-395,755
Cash flow from financing activities	-183,250	-395,755	497,990	203,810
Cash flow for the year	-930,589	5,981,026	-1,604,339	3,609,712
Liquid funds at the beginning of the year	9,210,445	3,086,688	6,002,870	2,345,767
Exchange differences in liquid funds	-89,727	142,731	-14,941	47,390
Liquid funds at the end of the year²⁾	8,190,128	9,210,445	4,383,591	6,002,870
1) Interest paid	537,363	282,261	332,887	164,068
Interest received	620,878	377,382	335,534	179,019
2) Liquid funds:				
Cash and bank deposits in central banks	479,610	316,126	10,095	5,746
Loans to credit institutions	7,710,518	8,935,007	4,373,496	5,997,124
Liquid funds with maturities exceeding three months	-	-40,688	-	-
Available liquidity at the end of the year	8,190,128	9,210,445	4,383,591	6,002,870

Accounting Policies

Applicable legislation and accounting standards

The consolidated income statement and balance sheet and the disclosures relating to these have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council accounting standard RR 1-29 and its Emerging Issues Task Force pronouncements and the regulations of Swedish Financial Supervisory Authority (2005:33).

The financial statements are presented in Swedish crowns (SEK), which is also the parent company's functional currency.

The Group

Consolidation policies

The consolidated financial statements include the parent and all companies in which the parent company has, directly or indirectly, a controlling influence. The parent company owns in all cases, directly or indirectly shares and participations in the companies comprised in the consolidated financial statement. The consolidated financial statements have been prepared in accordance with the purchase method of accounting and the subsidiaries' financial reports are included in the Group consolidation as from the acquisition date and are included until the controlling influence ceases.

The consolidated financial statements have been prepared in SEK. The current method is used when translating the financial statements of the subsidiaries into SEK from their functional currency. Foreign subsidiaries' assets and liabilities have been translated at the closing exchange rates. The income statement has been translated at the average exchange rates for the accounting year. Translation differences are charged or credited directly to the shareholders' equity of the Group. Accumulated translation differences are included in shareholders' equity as a foreign currency translation reserve.

Translation differences that arise in connection with translation of foreign net investments and the related effects of hedging the net investments are from 2005 recognised directly in the foreign currency translation reserve included in shareholders' equity.

Associated companies

In the consolidated financial statements investments in associated companies, i.e. all companies in which the parent company, without owning a company as a subsidiary, direct or indirect has a controlling influence have been accounted for in accordance with the equity method. Thus, the investment is carried at an amount equal to the ownership interest in the associate's equity adjusted for unamortised positive or negative differences between the cost of acquisition and the fair value of the net assets acquired. In the consolidated income statement, the Group's share of the associate's results of operations and net finance income/cost is accounted for as "Result from associated companies". The Group's share of the associates' tax expense is included in the tax expense accounted for in the consolidated income statement. The equity method is applicable until the controlling influence ceases.

Untaxed reserves

In the consolidated balance sheet, the untaxed reserves accounted for in the legal entities' balance sheets, have been recognized as deferred tax liability and as part of other reserves including net profit. The deferred tax liability has been calculated using the tax rate applicable in the jurisdictions involved.

Measurement Policies Applied

Revenue recognition

All purchases and sales are recognised using trade date accounting. Commissions include commission income, underwriting fees and advisory fees and are recognised on a continuous basis. Performance fees and fixed fees regarding the business areas Investment Banking, Asset Management and Private Banking business have been recognised in accordance with the terms of the client agreements. Net profit from financial transactions includes realised gains and losses and unrealised gains arising from changes in fair values of shares, bonds, derivatives and other securities. The dividends are recognised in accordance with the terms of payment. Amounts in foreign currencies have been translated on demand. Assets and liabilities in foreign currencies have been translated at the closing exchange rate. Translation differences are charged in the income statement to “Net result from financial transactions”.

Expenses

General administrative expenses, employee’s benefits, other personnel expenses and borrowing costs are expensed in the period in which they have occurred.

Operating lease commitments are expensed continuous over the period of contract and relate mainly to rental of premises. The net present value of the agreements has not been estimated. There are no finance lease commitments within the group.

Incentive programmes

All outstanding employee incentive programmes are warrant programmes. All warrants were distributed free of charge, without any vesting conditions regarding the employee’s rights to the instrument. At grant date, the value of the warrants was calculated by using the Black Scholes formula for option valuation. These valuations were carried out by external advisors. The valuations are also the basis for the calculation of social security expenses. In Sweden and Luxembourg social security expenses are charged at grant date. In other countries where Carnegie has employees, social security expenses are charged when the warrants are sold or exercised by the employee. Carnegie has not granted any loans or guarantees with respect to the incentive programmes, nor entered into any hedging transactions for changes in the value of payments that may arise from these programmes.

Allocation to profit-share system

Allocation to profit-share system is expensed in the same period that it has occurred.

Pension obligations

All pension obligations within the Group are defined contribution plans. Special employer’s contribution is provided for in the same period as it has occurred. Certain individual pension obligations are covered by endowment insurances and have previously been recognized at fair value among “Other assets” and with the corresponding value as “Pension obligations”. These pension obligations are covered by insurance policies and Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees. The payment of fixed premiums under such contracts is the settlement of the employee benefit obligation, rather than an investment to meet the obligation. Consequently, according to RR 29, Carnegie has no longer an asset or a liability and therefore treats such payments as contributions to a defined contribution plan.

Income taxes

Income taxes include current tax and deferred tax recognised as income or expense. The tax effect from capitalised loss carry forwards and deductible temporary differences (between the tax base of an asset or a liability and its carrying amount in the balance sheet) are deferred to the extent they are related to deductions, approved by the tax authorities, and are deemed to be used. Deferred tax asset/-liability is recognised for all temporary differences. The measurement of deferred taxes is based on how the temporary differences can be utilised. Deferred tax calculations are based on standard tax rates and rules applicable in the jurisdictions involved and decided at reporting date.

Cash and cash equivalents

Cash and cash equivalents consist of cash, balances with central banks, loans to credit institutions payable on demand and short-term liquid investments with a maturity less than three months from the date of acquisition, and which are only exposed to an insignificant risk of changes in value.

Loans to general public

Loans to general public have been tested for impairment and uncollectability individually. Assets in this category are measured at accrued acquisition value. Provisions for uncollectability have been recognised when the pledges, undertaking or other guarantees are estimated not to cover the amounts due. The criteria's for write-down of a confirmed credit loss is losses confirmed due to bankruptcy or arrangement of composition.

Other financial instruments

Financial instruments are measured and recognised in the Group's accounts in accordance with the rules specified in IAS 39. Financial instruments that are recognised in the balance sheet include, on the assets side, liquid funds, accounts receivable, shares and other equity instruments, loan receivables, bond premiums and derivatives. Liabilities and shareholders' equity include accounts payable, issued debt and equity instruments, borrowing and derivatives. Financial instruments are initially recognised at cost which corresponds to the instrument's fair value plus transaction costs for all instruments except those classified as financial assets, which are recognised at fair value in Income Statement. Fair values are mainly determined by reference to published price quotations in an active market or are estimated using a valuation technique. The way in which they are recognised depends on how the financial instruments are classified, as described below.

A financial asset or financial liability is entered in the balance sheet when the company becomes engaged by contract. Accounts receivable are entered in the balance sheet when an invoice has been issued. Liabilities are entered when the counterparty has performed and the agreed liability is due for payment, even if an invoice has not yet been received. Accounts payable are entered when an invoice is received. A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or ceases. The same applies for a portion of a financial asset. A financial liability is removed from the balance sheet when the undertakings in the agreement have been fulfilled or extinguished. The same applies to a portion of a financial liability.

IAS 39 places financial instruments in different categories. The classification of financial instruments depends on the reason for their acquisition. The categories are as follows:

Financial assets recognised at fair value in Income Statement

This category consists of two sub-groups: financial assets held for trading and other financial assets that the company initially decided to invest in this category. Derivatives that are independent and embedded derivatives are classified as held for trading, except when they are used in hedge accounting. Assets in this category are measured at fair value and changes in fair value are recognised in Income Statement.

Financial liabilities recognised at fair value in Income Statement

This category consists of financial liabilities held for trading and derivatives that are not used for hedge accounting. Liabilities in this category are measured at fair value and changes in fair value are recognised in Income Statement.

Loan receivables and accounts receivable

This category consists of financial assets that are non-derivative with fixed payments, that are not quoted on an active market and that are not intended for trading. Assets in this category are measured at the accrued acquisition value.

Other financial liabilities

Financial liabilities not held for trading are measured at their accrued acquisition value. The accrued acquisition value is based on the effective rate of interest determined when the liability originated. Gains or losses, as well as direct issue costs are allocated over the life of the liability.

Derivatives used in hedge accounting

All derivatives are recognised at fair value in the balance sheet. Changes in fair value are recognised in Income Statement when the fair value is hedged. When net investments in foreign currencies are hedged, changes in the fair value are recognised in equity until the hedged item is recognised in Income Statement.

Intangible fixed assets

Intangible fixed assets consist of goodwill and capitalised expenses relating to software development recognised according to RR 15 and RR 17. Goodwill is measured at acquisition value less accumulated amortisations and impairment losses. The recognised amounts will be measured at every balance sheet date to determine whether there is an indication that the asset may be impaired. If there is such an indication, the asset's recoverable value is assessed as the higher of its value in use and net selling price. The asset is written down if the recoverable amount is less than the carrying amount.

Amortisation of goodwill and capitalised expenses is carried out according to plan based on the asset's value at acquisition and assessed useful life. Capitalised software development costs are amortised at a rate of 20-33 per cent per year.

Tangible fixed assets

Tangible fixed assets are measured at acquisition value less accumulated depreciation and impairment losses. Tangible fixed assets consist of refurbishment costs, IT equipment and other office equipment.

Depreciation and amortization charges are based on cost and allocated over the estimated useful life of the asset. Refurbishment costs are depreciated at 5-10 per cent per year. IT equipment and other office equipment are depreciated at 20-33 per cent per year.

Investments in subsidiaries

The holdings of the parent company in foreign subsidiaries are recognised at cost less accumulated write-downs.

Anticipated dividend

The anticipated dividend from subsidiaries is recognised in cases where formal decisions have been made by the Annual General Meetings or where the parent company, in some other way, has full control over the decision process before the parent company publishes its financial reports.

Group contributions and shareholders' contributions

The accounting for Group and shareholders' contributions is in accordance with the standards issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force pronouncements. Thus, capital contributions (including their tax effects) between Group entities are recognised in accordance with their economic substance, i.e. as changes in equity. Shareholders' contributions are recognised as increases in carrying amount of the parent company's investment.

Segmental reporting

The business areas of the Carnegie Group are reported in accordance with the current internal organizational and management structure and its system of internal financial reporting.

Carnegie has defined the business areas as primary segments. The format for Note 1 in the annual report is the operational reporting. Information regarding assets, proportion of equity in associated companies, liabilities, investments and depreciations related to the primary segments is also included. In addition to this information about income, assets and liabilities are reported on the basis of geographical area, which is defined as secondary segments.

Segment revenues, results, asset and liabilities include items directly attributable to a segment as well as common resources are allocated to each business area on a reasonable basis. Allocation to the profit-sharing system is accounted for in each business area on a fixed percentage basis, for the purpose of segmental analysis. Actual profit-share allocation is based on the full year results and distributed on a discretionary basis.

Unallocated items comprise result from investment in associated companies and principal investments.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and if its existence will be confirmed by one or more uncertain future events only, or when there is a commitment that is not recognised as a liability because it is not likely that an outflow of resources will be required.

NOTES TO FINANCIAL STATEMENT - GROUP AND PARENT COMPANY

(Note 1 in SEK millions, other notes in SEK thousands)

NOTE 1 – INCOME STATEMENT PER BUSINESS AREA AND BY GEOGRAPHICAL AREA

	Total		Securities		Investment Banking		Asset Management		Private Banking	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Total income	4,488	3,514	2,149	1,503	885	733	891	791	563	486
Total operating expenses excluding profit-share	-1,636	-1,662	-714	-718	-269	-267	-312	-327	-341	-350
Operating profit before profit-share	2,852	1,852	1,436	786	616	467	579	463	222	136
Profit-share	-1,390	-909								
Total expenses	-3,026	-2,571								
Operating profit before taxes	1,463	943								
Taxes	-410	-272								
NET PROFIT	1,053	671								
No. of full-time equivalent employees, average	775	747	336	313	128	127	134	135	177	171
Total assets	42,026	30,785	31,823	19,462	1,125	2,686	987	1,673	8,091	6,965
Liabilities	39,581	29,132	30,915	19,472	1,189	2,227	524	1,091	6,953	6,342
Investments per business area	123	149	73	89	10	9	15	36	25	16
Depreciations per business area	63	56	11	16	6	10	13	22	32	9
Total income by geographical area										
Nordic clients	3,106	2,409								
Non-Nordic clients	1,382	1,105								
Total income	4,488	3,514								
Assets by geographical area										
Nordic	37,556	26,722								
Non- Nordic	4,470	4,063								
Total assets	42,026	30,785								
Investments by geographical area										
Nordic	105	139								
Non- Nordic	18	10								
Total Investments	123	149								

There are no income-generating transactions between the business areas of any significance and costs without corresponding payments are depreciation and credit provisions, these amounts are not significant.

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

NOTE 2 – NET COMMISSION INCOME

	Group		Parent	
	2006	2005	2006	2005
Commission equities	2,409,131	1,690,337	1,120,836	882,595
Other commission income	1,568,347	1,515,775	492,526	416,834
Commission expense	-182,279	-162,774	-22,653	-16,159
Market fees	-79,612	-84,866	-108,982	-105,671
Total net commission income	3,715,588	2,958,472	1,481,727	1,177,599

NOTE 3 – NET INTEREST INCOME

Interest income

Interest on loans to credit institutions	255,959	156,502	97,676	70,472
Interest on loans to general public	340,824	162,297	229,680	94,979
Interest on interest-bearing securities	33,523	18,007	8,299	2,565
Other interest income	35,076	26,418	10,792	19,208
	665,382	363,224	346,447	187,224

Interest expenses

Interest on liabilities to credit institutions	-431,069	-167,908	-339,155	-124,081
Interest expenses for deposits and borrowing from general public	-167,659	-101,692	-61,723	-35,354
Other interest expenses	-12,358	-17,521	-3,611	-9,994
	-611,086	-287,121	-404,489	-169,429

Total net interest income	54,296	76,103	-58,042	17,795
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NOTE 4 – DIVIDENDS RECEIVED

Dividends on shares and participations - long-term invest	853	1,677	-	-
Total dividends received	853	1,677	-	-

NOTE 5 – NET PROFIT FROM FINANCIAL TRANSACTIONS

Net realised gains/losses on items at fair value

Shares and participations	1,058,345	724,240	910,237	560,811
Interest-bearing securities	18,966	25,694	0	-1,410
Other financial instruments	-146,308	-72,109	-167,810	-30,952

Net unrealised gains/losses on items at fair value

Shares and participations	-155,124	-162,297	-155,646	-208,285
Interest-bearing securities	-3,493	650	0	0
Other financial instruments	-23,156	-44,182	-22,203	5,376

Exchange rate differences branch accounts	-11,730	11,972	-11,730	11,972
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Other changes in foreign exchange rates	-19,667	-5,889	-16,758	-9,443
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Total net profit from financial transactions	717,832	478,079	536,090	328,069
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NOTE 6 – GENERAL ADMINISTRATIVE EXPENSES	Group		Parent	
	2006	2005	2006	2005
Salaries and other remuneration paid to Boards of Directors and Managing Directors in;				
Denmark	-8,313	-7,974	-	-
Finland	-2,153	-1,429	-	-
Luxembourg	-1,462	-1,477	-	-
Norway	-3,315	-4,509	-	-
Sweden	-12,712	-2,434	-8,781	-4,385
Switzerland	-	-	-	-
United Kingdom	-	-	-	-
United States	-1,106	-1,122	-	-
Salaries and other remuneration paid to other employees in;				
Denmark	-146,174	-135,582	-	-
Finland	-45,984	-46,651	-37,246	-35,083
Luxembourg	-26,364	-25,276	-	-
Norway	-75,698	-66,762	-2,265	-1,810
Sweden	-265,361	-237,964	-255,678	-232,789
Switzerland	-4,591	-3,963	-	-
United Kingdom	-44,634	-45,557	-44,634	-45,557
United States	-20,728	-20,586	-	-
Payroll overheads	-132,768	-121,132	-96,504	-90,163
Pension premium costs for Boards of Directors and Managing Directors	-1,279	-1,706	-374	-330
Pension premium costs for other employees	-90,743	-82,635	-71,608	-69,919
Allocation to profit-share system	-1,389,509	-909,109	-667,489	-407,115
Remuneration to KPMG for audit services	-4,673	-4,679	-3,089	-3,125
Remuneration to Grant Thornton for audit services	-3,446	-2,574	-	-
Remuneration to Deloitte & Touche for audit services	-2,620	-2,513	-	-
Remuneration to other audit firms for audit services	-663	-1,466	-141	-814
Other remuneration to KPMG	-738	-986	-245	-860
Other remuneration to Grant Thornton	-367	-413	-	-
Other remuneration to Deloitte & Touche	-327	-153	-	-
Other remuneration to other audit firms	-2,195	-571	-1,778	-95
Other administrative expenses	-674,036	-780,980	-401,653	-511,929
Total general administrative expenses	-2,961,959	-2,510,203	-1,591,485	-1,403,974

Sick leave

In 2006, sick leave among employees in Swedish companies constitutes 1,4% (1,1%) of total regular working hours, of which 0,8% (0,4%) exceeding 60 days. Sick leave distributed by gender is female 0,6% (0,5%) and male 0,9% (0,6%), and the distribution by age is 0,7% (0,1%) less than or 29 years, 1,3% (0,8%) between 30-49 years and 3,2% (0,2%) among employees 50 years or older.

Distribution by gender

The distribution of the board of Directors by gender is female 14% (22%) and male 86% (78%). The distribution of executive officer's by gender is female 0% (13%) and male 100% (87%).

Remuneration to the Board of Directors for 2006

Board member elected to the Board of Carnegie Investment Bank AB as well as in other receive a total amount of SEK 1, 4 million (SEK 1,4 million). Board member elected to the Board of Carnegie Investment Bank AB as well as in other receive 100 (100) for each assignment, in total amounting to 650 (700). In addition to the compensation described above, Dag Sehlin has, through a wholly-owned company, received a total of SEK 0,5 million (SEK 0,4 million) for his assignments in Carnegie's credit and risk committee and the internal audit committee.

Remuneration to CEO and Executive officers

Carnegie's CEO Stig Vilhelmson received a salary of SEK 2.8 million for the nine-months period from his appointment as CEO in March 2006. The CEO's profit-share allocation for 2006 was SEK 19.1 million, of which a payment of SEK 4.0 million was made to a pension insurance to the benefit of the CEO. The CEO received no other benefits in 2006. Carnegie's former CEO Karin Forseke received SEK 0.9 million for her work as CEO Jan-March 2006, and SEK 3.6 million according to the terms for notice of termination and severance pay.

The 6 (7) executive officers, excluding the CEO, received a total remuneration of SEK 69.4 million in 2006 (SEK 65.3 million). The profit-share allocation was SEK 57.5 million (SEK 49.9 million), of which 10.1 million (SEK 19.3 million) concerned payments to pension insurances to the benefit of the Executive officers. The Executive officers received no other benefits (-).

Pensions

Carnegie makes salary-based premium payments for pension insurance (based on salaries excluding profit-share) on behalf of all employees in accordance with standards in each country. All of Carnegie's pension obligations are based on defined contribution plans and are reinsured with external parties.

Carnegie has no pension obligations outstanding and makes no payments for pension insurance to the non-executive Board members. No pension premiums were paid to the chairman of the Board in 2006.

The CEO (or the company) has the right to activate the retirement at the CEO's age of 60. Other members of Group Management are covered by customary terms in each country and have a retirement age of 65 to 67 years of age. The retirement does not trigger any additional expenses for the company.

Notice of termination and severance pay

No agreement on severance pay has been made with any of the non-executive Board members. The CEO must give 12 months' notice to terminate her employment; Carnegie must give 24 months' notice. In the event of a termination with immediate effect by Carnegie, the CEO will receive a severance pay amounting to 24 months' salary, as well as compensation for other benefits for a 24-months' period.

Carnegie's executive officers must comply with notice periods for termination of employment that range from 3 to 12 months, while the company must provide a period of notice of between 3 and 24 months. Only the CEO has a period of notice provided by the company of 24 months.

Average number of employees (of which women)	Group		Parent	
	2006	2005	2006	2005
Denmark	139 (42)	137 (36)	-	-
Finland	69 (28)	68 (29)	49 (20)	47 (20)
Luxembourg	40 (11)	40 (11)	-	-
Norway	95 (25)	87 (23)	3 (2)	2 (2)
Sweden	376 (105)	355 (103)	353 (101)	352 (101)
Switzerland	4 (-)	4 -	-	-
United Kingdom	38 (15)	39 (14)	38 (15)	39 (14)
United States	14 (4)	16 (4)	-	-
Total	775 (230)	746 (220)	443 (138)	440 (137)

NOTE 7 – DEPRECIATION OF TANGIBLE AND AMORTISATION OF INTANGIBLE FIXED ASSETS

	Group		Parent	
	2006	2005	2006	2005
IT equipment and other machinery	-24,054	-27,135	-6,732	-10,169
Leasehold improvements	-770	-5,036	-770	-5,036
Goodwill	-1,002	-11,254	-	-
Other intangible fixed assets	-38,696	-12,753	-3,746	-6,450
Total depreciation of tangible and amortisation of intangible fixed assets	-64,521	-56,178	-11,248	-21,655

Goodwill assignable to asset management operations in Finland was fully written down during the last quarter 2005 when tested for impairment. The write-down was based on an assessment of significantly lower expected future cash flows as a consequence of decreased assets under management.

NOTE 8 – PROVISIONS FOR CREDIT LOSSES, NET

Net credit losses

Write-down of confirmed credit losses	-	-	-	-
Reversals of previous provisions for anticipated credit losses	629	-1,335	629	-1,335
Provisions for anticipated credit losses	-523	-3,525	-523	-3,525
Funds recovered from earlier confirmed credit losses	-	-	-	-
Reversals no longer required for anticipated credit losses	385	-	385	-
Result of individually assessed credits	491	-4,860	491	-4,860

Write-downs of confirmed credit losses, provisions and reversals are attributable to loans to general public.

NOTE 9 – ANTICIPATED DIVIDENDS

	Parent	
	2006	2005
Dividends from subsidiaries	658,715	586,186
Total appropriations	658,715	586,186

NOTE 10 – TAXES

	Group		Parent	
	2006	2005	2006	2005
<i>Current taxes</i>				
Income tax expense for the period	-460,519	-278,928	-161,137	-45,893
Tax from previous years assessments	2,840	-597	2,841	-600
<i>Deferred taxes</i>				
Tax on utilisation/recognition of loss carryforwards	-798	-2,249	-	-
Tax effect on changes in standard tax rate	-	-	-	-
Other deferred taxes	48,721	9,703	55,205	21,311
Total effective tax expense	-409,756	-272,071	-103,090	-25,182
Average tax rate	28%	29%	10%	4%
<i>Reconciliation of effective tax</i>				
Profit before taxes	1,462,580	943,159	1,016,248	663,160
Tax expense according to applicable tax rates ¹⁾	-422,920	-272,220	-286,989	-185,685
Tax from previous years assessments	2,840	-597	2,841	-600
Tax on anticipated dividends	-	-	184,440	164,132
Tax on other temporary differences	-37,598	-6,708	-58,588	-24,340
Tax on utilisation/recognition of loss carryforwards ²⁾	-798	-2,249	-	-
Other deferred taxes	48,721	9,703	55,205	21,311
Total effective tax expense	-409,756	-272,071	-103,090	-25,182
1) The product of taxable accounting profit multiplied by the applicable tax rates in each subsidiary.				
2) Deferred tax assets on remaining tax losses carryforward amounts to 11 763 (12 560). The tax losses have a 10 year limit for utilising the losses.				
<i>Tax assets , included in Other assets</i>				
Tax receivable	60,918	70,184	45,549	49,842
Deferred tax assets	109,875	94,478	92,088	76,243
<i>Tax liabilities, included in Other liabilities</i>				
Tax liabilities	190,159	92,406	36,364	-
<i>Tax liabilities, including in provisions</i>				
Deferred tax liabilities	22,385	15,308	-	1,297

**NOTE 11 – PORTFOLIO OF SHARES, OPTIONS AND
FIXED INCOME INSTRUMENTS**

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Current assets, market value				
Bonds				
Listed bonds	1,849,333	1,773,812	-	-
Unlisted bonds	65,663	53,855	3,158	3,050
	1,914,996	1,827,667	3,158	3,050
Swedish Government	-	209,110	-	-
Non-Swedish Government	89,439	82,187	-	-
Other issuer	1,825,557	1,536,370	3,158	3,050
	1,914,996	1,827,667	3,158	3,050
Shares				
Shares, warrants — listed	13,667,702	7,082,205	13,096,222	6,090,113
Shares, warrants — unlisted	504,860	6,867	502,611	1,594
	14,172,562	7,089,072	13,598,833	6,091,707
Other assets				
Derivative instruments	1,786,385	2,379,246	1,785,464	2,349,486
	1,786,385	2,379,246	1,785,464	2,349,486
Other liabilities				
Derivative instruments	-3,121,005	-2,645,201	-3,121,005	-2,566,330
Short positions in shares	-9,418,587	-4,630,079	-7,877,019	-3,175,553
	-12,539,592	-7,275,280	-10,998,024	-5,741,884
Total securities, current assets market value	5,334,352	4,020,704	4,389,431	2,702,360

NOTE 12 – MATURITIES

Bonds and other interest-bearing securities				
Remaining maturities not exceeding one year	447,808	486,439	0	3,050
Remaining maturities exceeding one year but not exceeding five years	94,171	95,307	3,158	-
Remaining maturities exceeding five years	1,373,018	1,245,921	-	-
	1,914,996	1,827,667	3,158	3,050

NOTE 13 – MATURITIES

Loans to credit institutions				
Payable on demand	5,359,506	6,613,311	4,114,091	5,981,046
Remaining maturities not exceeding three months	2,351,012	2,281,008	259,405	16,078
Remaining maturities exceeding three months but not exceeding one year	-	40,688	-	-
	7,710,518	8,935,007	4,373,496	5,997,124
Of which, repo transactions	1,034,920	961,696	-	-
Of which, Group companies	-	-	27,666	13,486

cont'd note 13

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Loans to general public				
Payable on demand	7,718,590	3,152,720	7,175,956	2,861,962
Remaining maturities not exceeding three months	1,162,790	749,220	-	-
Remaining maturities exceeding three months but not exceeding one year	23,683	525,876	-	-
Remaining securities exceeding one year but not exceeding five years	747	464	-	-
	8,905,810	4,428,280	7,175,956	2,861,962
Of which, repo transactions	-	-	-	-
Of which, Group companies	-	-	104,499	102,121
Liabilities to credit institutions				
Payable on demand	14,495,740	6,889,071	14,470,498	6,864,014
Remaining maturities not exceeding three months	1,269,739	1,912,291	164,736	721,568
Remaining maturities exceeding one year but not exceeding five years	-	28,500	-	-
	15,765,479	8,829,861	14,635,234	7,585,582
Of which, repo transactions	1,046,231	1,161,723	-	-
Of which, Group companies	-	-	24,908	9,517
Deposits and borrowing from general public				
Payable on demand	7,227,894	5,957,480	4,592,847	3,809,185
Remaining maturities not exceeding three months	1,504,150	1,441,309	-	-
Remaining maturities exceeding three months but not exceeding one year	9,620	3,496	-	-
Remaining maturities exceeding one year but not exceeding five years	-	27,300	-	-
	8,741,664	7,429,585	4,592,847	3,809,185
Of which, repo transactions	-	-	-	-
Of which, Group companies	-	536,091	753,643	597,007

NOTE 14 – UNSETTLED RECEIVABLE AND NON-PERFORMING CREDITS

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Doubtful receivables for which interest is not credited prior to actual payment	30,868	33,768	30,868	33,719
Provisions for anticipated credit losses on doubtful receivables	-30,868	-33,768	-30,868	-33,719
Estimated value on non-performing credits after write-down from anticipated credit losses	0	0	0	0
Total provision by geographic area				
Nordic	-30,868	-33,719	-30,868	-33,719
Non-Nordic	-	-49	-	-
Total	-30,868	-33,768	-30,868	-33,719

NOTE 15 – SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

	Corporate identity number /Reg. Office	Number of shares	Proportion of equity (share of votes), %	Share of profit 2006	Share of profit 2005	Share of equity 2006	Share of equity 2005	Book value in parent company 2006
Capital C AB	556560-7677 Stockholm	2,550	-	-	68	-	-	-
Total book value				-	68	-	-	-

Capital C AB is a software development company and supplier of after trade solutions for the securities industry including Carnegie. In December 2005 Carnegie acquired ABN Amro's 50 per cent holding in Capital C. Capital C is consolidated into the Carnegie Group from 31 December 2005.

NOTE 16 – SHARES IN GROUP COMPANIES

	Parent	
	31 Dec 2006	31 Dec 2005
Acquisition value January 1	1,038,501	1,040,743
Acquisition within the Group, incl divestments through merger	9,500	-
Acquisition Capital C AB and Carnegie Properties AB	-	26,150
Write-down of shares in Capital C AB	-	-16,000
Sale of Carnegie Pension Consulting AB	-	-12,392
Net book value, December 31	1,048,001	1,038,501

	Corporate identity number/Reg. office	No. of shares	Book value 2006	Equity*
Carnegie, Inc.	13-3392829 Delaware	100	12,712	72,756
Carnegie ASA**	936,310,974 Oslo	20,000	93,608	108,118
Carnegie Ltd	2,941,368 London	1	-	354
Carnegie Fond AB	556527-9642 Stockholm	110,000	1,110	14,063
Familjeföretagens Pensionsredovisning i Värmland AB	556636-7776 Karlstad	1,000	10,000	1,483
Capital C AB	556560-7677 Stockholm	5,100	10,050	10,508
Carnegie Properties AB	556680-5288 Stockholm	1,000	100	398
Carnegie Asset Management Finland Ab	623.606 Helsinki	4,800	73,951	24,334
<i>Subsidiaries of Carnegie Asset Management Finland Ab</i>				
Carnegie Fondbolag Ab	Helsinki			
Carnegie Asset Management Danmark Holding A/S	226.229 Copenhagen	25,000	66,678	97,378
<i>Subsidiaries of Carnegie Asset Management Danmark Holding A/S</i>				
Carnegie Asset Management Fondmæglerelskab A/S	Copenhagen			
Carnegie Asset Administration A/S	Copenhagen			
Carnegie Asset Management Holding Norge AS	976,307,852 Oslo	90,000	47,320	43,151
<i>Subsidiaries of Carnegie Asset Management Holding Norge AS</i>				
Carnegie Kapitalforvaltning AS	Oslo			
Carnegie Bank A/S**	109.861 Copenhagen	1	144,894	150,487
Banque Carnegie Luxembourg S.A.**	1993-2201863 Luxembourg	349,999	587,578	221,679
<i>Subsidiaries of Banque Luxembourg S.A.</i>				
Carnegie Fund Management Company S.A.				
Carnegie Asset Management S. A.				
Total			1,048,001	744,709

* Equity in subsidiaries is reported excluding anticipated dividends to the Parent Company. All shares above are unlisted and owned 100% by the Parent Company.

** Classified as credit institutions

NOTE 17 – INTANGIBLE FIXED ASSETS

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Goodwill				
Acquisition value, January 1	28,229	22,148	-	-
Changes in foreign exchange rates	-	899	-	-
Acquisitions during the year	618	5,182	-	-
Disposals during the year	-20,038	-	-	-
Acquisition value, December 31	8,808	28,229	-	-
Depreciation, January 1	-22,042	-10,197	-	-
Changes in foreign exchange rates	-	-591	-	-
Accumulated amortisation disposals during the year	20,038	-	-	-
Amortisation during the year	-1,002	-11,254	-	-
Depreciation, December 31	-3,006	-22,042	-	-
Book value	5,803	6,187	-	-
Other intangible fixed assets				
Acquisition value, January 1	195,091	73,289	30,748	28,869
Changes in foreign exchange rates	-2,027	2,003	-740	774
Acquisition Group companies	-	115,800	-	-
Acquisitions during the year	1,154	3,999	722	1,105
Disposals during the year	-1,135	-	-	-
Acquisition value, December 31	193,083	195,091	30,730	30,748
Depreciation, January 1	-118,215	-45,625	-25,100	-18,057
Changes in foreign exchange rates	1,508	-1,187	633	-593
Acquisition Group companies	-	-58,650	-	-
Accumulated amortisation disposals during the year	1,135	-	-	-
Amortisation during the year	-38,696	-12,753	-3,746	-6,450
Depreciation, December 31	-154,269	-118,215	-28,213	-25,100
Book value	38,814	76,876	2,517	5,648
Total book value intangible fixed assets	44,617	83,063	2,517	5,648

From 2004 and onwards goodwill is tested for impairment annually. All cash generating units are tested for impairment on a stand alone basis regardless of whether or not there is any indication that the asset is in need of revaluation. The test method for impairment is based on Management's judgment of the value of future expected cash flows as well as trading- and or transaction multiples for similar companies when applicable.

Currently all goodwill is assignable to an acquisition of asset management operations in Sweden at the end of 2003. The value of the operations has been tested for impairment and no indication of that the present value of expected future cash flows would be lower than the value in the balance sheet has been found.

The impairment test has been based on an assumed average growth rate in operating profit of approximately 15 per cent p.a. during the projection period and a long term growth rate of 3 per cent. Distribution of cash have been assumed to maintain the capital base to managed assets ratio at 50 basis points and dividends have been discounted with a cost of equity of 11 per cent. A corporate tax rate of 28 per cent has been applied.

Goodwill assignable to asset management operations in Finland has been fully written down during the last quarter 2005 when tested for impairment. The write-down is based on an assessment of significantly lower expected future cash flows as a consequence of decreased assets under management.

NOTE 18 – TANGIBLE FIXED ASSETS

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
IT equipment and other machinery				
Acquisition value, January 1	246,149	229,803	89,762	95,698
Changes in foreign exchange rates	-10,073	11,626	-1,171	2,341
Acquisition Group companies	-	4,984	-	-
Acquisitions during the year	38,618	24,074	9,664	6,842
Disposals during the year	-19,259	-24,338	-1,890	-15,119
Acquisition value, December 31	255,435	246,149	96,365	89,762
Depreciation, January 1	-191,445	-168,490	-71,738	-72,815
Changes in foreign exchange rates	8,425	-9,187	1,083	-2,043
Acquisition Group companies	-	-4,732	-	-
Accumulated depreciation disposals during the year	16,444	18,099	859	13,289
Depreciation during the year	-24,054	-27,135	-6,732	-10,169
Depreciation, December 31	-190,630	-191,445	-76,528	-71,738
Book value	64,805	54,704	19,837	18,024
Leasehold improvements				
Acquisition value, January 1	64,359	64,359	64,359	64,359
Acquisition value, December 31	64,359	64,359	64,359	64,359
Depreciation, January 1	-53,210	-48,174	-53,210	-48,174
Accumulated straight-line depreciation	-770	-5,036	-770	-5,036
Depreciation, December 31	-53,980	-53,210	-53,980	-53,210
Book value	10,379	11,149	10,379	11,149
Total book value tangible fixed assets	75,184	65,853	30,216	29,173

NOTE 19 – OTHER ASSETS

Derivative instruments ¹⁾	1,786,385	2,379,246	1,785,464	2,349,486
Securities settlement receivables*, ¹⁾	5,857,247	4,751,966	5,728,547	2,593,528
Tax receivable	60,918	70,184	45,549	49,842
Deferred tax assets ²⁾	109,875	94,478	92,088	76,243
Other assets ¹⁾	351,142	297,115	133,134	108,269
Total other assets	8,165,567	7,592,989	7,784,782	5,177,368

1) The remaining maturities are not exceeding one year

2) The remaining maturities are exceeding one year

3) Individual pension obligations covered by endowment insurance policies, where Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees, are treated as contributions to a defined contribution plan. The total market value for the group amounts to 251, 804 (184,473), of which paid during the year 57,914 (30,742).

NOTE 20 – OTHER LIABILITIES

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Derivative instruments	3,121,005	2,645,201	3,121,005	2,566,330
Securities settlement liabilities*	68,311	2,629,414	243,827	301,254
Short positions in shares	9,418,587	4,630,079	7,877,019	3,175,553
Tax liabilities	190,159	92,406	36,364	-
Other liabilities	447,216	1,647,530	102,290	1,463,274
Total other liabilities¹⁾	13,245,277	11,644,630	11,380,505	7,506,411

*Accounted for net gross amount:

Securities settlement receivables	20,264,189	11,728,172	17,312,636	8,385,682
Securities settlement liabilities	-14,475,253	-9,605,620	-11,827,916	-6,093,408

1) The remaining maturities are not exceeding one year

2) Individual pension obligations covered by endowment insurance policies, where Carnegie does not have any legal or constructive obligation to cover any losses on the policies or any obligations to pay additional benefits to the employees, are treated as contributions to a defined contribution plan. The total market value for the group amounts to 251,804 (184,473), of which paid during the year 57,914 (30,742).

NOTE 21 – PREPAID EXPENSES AND ACCRUED INCOME

Accrued interest	48,770	4,266	25,349	14,436
Rent for premises	24,281	27,922	18,891	22,347
Fees	295,889	347,663	90,687	220,301
Pensions	4,819	4,118	4,325	3,627
Other	183,216	62,663	118,594	8,673
Total prepaid expenses and accrued income¹⁾	556,976	446,632	257,845	269,384

1) The remaining maturities are not exceeding one year

NOTE 22 – ACCRUED EXPENSES AND PREPAID INCOME

Accrued interest	91,069	17,346	86,858	15,256
Fees	196,765	95,706	5,226	6,103
Personnel related	1,380,556	1,005,634	719,449	472,177
Pensions	27,600	2,571	25,282	-
Other	110,363	91,738	110,492	107,148
Total accrued expenses and prepaid income¹⁾	1,806,353	1,212,995	947,307	600,684

1) The remaining maturities are not exceeding one year

NOTE 23 – OPERATING LEASE COMMITMENTS

Agreed payments, land and building

Within one year	90,968	101,433	76,556	82,421
Between one to five years	160,546	378,206	130,079	321,152
Five years or more	-	10,639	-	-

Other agreed payments

Within one year	18,307	8,079	10,412	3,748
Between one to five years	30,606	7,432	8,596	2,534
Five years or more	3,718	-	-	-

The amounts in the summary relate mainly to rental of premises. Rental agreements are indexlinked. The agreements is not recalculated to net present value. Sub-lease of premises amounts to - (1 167).

NOTE 24 – CAPITAL ADEQUACY RATIO

Risk Management

Carnegie's business activities by their nature expose Carnegie to market, credit, cashflow 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 default on loans or other counterparty exposure. Credit risk is also includes liquidity risk, e.g. Risks arising when lending and funding are not matched. As Carnegie does not provide any long-term loan facilities, liquidity risks are not of significant size. The objective of the Carnegie risk management organisation is to assist in controlling risks that are inherent in the business. Comprehensive risk management policies and procedures are established to identify, control and monitor each major risk area.

The risk managers are independent of the business areas and report directly to the senior management, group risk managers and respective Board of Directors. The Board of Directors of the subsidiaries establish limits for market risks. The local treasury and finance functions and/or credit departments and local risk managers carry out the local credit risk management functions. The Group treasury and finance functions monitor Carnegie's cash flow situation and manage the cash flow risk. Operational risks are less direct than market and credit risk, but managing them is critical, particularly in a rapidly changing environment with high transaction volumes. In order to reduce or mitigate these risks, an internal control environment has been established, which incorporates various control mechanisms at different levels throughout the organisation and within such departments as finance, accounting, operations, compliance, legal and internal audit.

Specification of risk-weighted amounts, interest rate risk by maturity

The Group use the maturity method. Interest-rate risk can be divided into general risk, 1 805 383 (332 294) and specific risk 467 432 (437 144).

Specification of risk-weighted amounts, interest rate risk by maturity	Group	
	31 Dec 2006	31 Dec 2005
General risk	1,805,383	332,294
Specific risk		
Remaining maturities not exceeding six months	612	4,412
Remaining maturities exceeding six months but not exceeding two years	10,393	26,348
Remaining maturities exceeding two years	456,427	406,384
Total specific risk	467,432	437,144
Interest-rate risk	2,272,815	769,438

Large exposures

A large exposure is an exposure to one client or a closely related group of clients witch amounts to more than 10% of the regulative capital base, 171 876 (86 592). One single large exposure should never exceed 25% of the capital base 429 691 (216 480) and accumulated large exposures should never exceed 800% of the capital base 13 750 112 (6 927 344).

	Group		Parent	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Regulatory capital base	1,718,764	865,918	2,034,402	1,228,613
Risk-weighted amount for credit risks	7,634,101	4,723,443	6,464,110	2,730,191
Interest-rate risk	2,272,815	769,438	1,315,722	149,017
Share-price risk	1,356,823	355,514	1,191,591	270,342
Divestment-price risk	24,495	64,025	24,114	62,013
Counterparty risk and other risk	816,988	234,661	242,384	160,671
Foreign exchange risk	483,545	719,588	328,798	156,705
Total risk-weighted amount for market risks	4,954,666	2,143,226	3,102,609	798,748
Total risk-weighted amount for credit risks and market risks	12,588,767	6,866,669	9,566,719	3,528,939
CAPITAL ADEQUACY RATIO	13.65%	12.61%	21.27%	34.82%

Stockholm, 1 February 2007

Christer Zetterberg
Chairman

Hugo Andersen

Niclas Gabrán

Anders Ljungh

Dag Sehlin

Fields Wicker-Miurin

Stig Vilhelmson
Chief Executive Officer

Our auditors' report was rendered on 16 February 2007

KPMG Bohlins AB

Anders Ivdal
Authorised Public Accountant

Per Wardhammar
Authorised Public Accountant
Auditor appointed by the
Swedish Financial Supervisory Authority

Auditors' Report

To the annual meeting of the Shareholders of Carnegie Investment Bank AB

Corporate identity number 516406-0138

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Carnegie Investment Bank AB for the year 2006. These accounts and the administration of the Company and the application of the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.


We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director and significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the Managing Director. We also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, thereby, give a true and fair view of the Company's and Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The Statutory Administration Report is consistent with the other parts of the annual accounts.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 16 February 2007

KPMG Bohlins AB



Anders Ivdal
Authorized Public Accountant



Per Wardhammar
Authorized Public Accountant
Appointed by the Swedish Financial Supervisory Authority