

Interim Report

January – March 2012

■ Financial data for the Group¹

- Operating income amounted to SEK 449m (497).
- Operating expenses totalled SEK 435m (451).
- Profit before items affecting comparability amounted to SEK 14m (45).
- Items affecting comparability had a negative impact of SEK 24m (11) on profit. Before credit reserves, a loss of SEK 10m (profit: 34) was reported.
- The Group has a strong financial position, with equity totalling SEK 2.1bn and a Core Tier 1 ratio of 13.6% at the close of the reporting period.

■ Company events during the quarter

- Inflow of slightly more the SEK 1bn to fund activities.
- Several activities to reduce our cost base were completed during the quarter; see page 3.

PRESIDENT'S COMMENTS

Positive signs in a cautious market

Business trends in early 2012 have been positive in relation to the fourth quarter of 2011. Equity markets in the Nordic region have risen, the inflow to Carnegie's funds has increased and Carnegie has served as advisor in several company transactions, primarily in Denmark and Norway. In spite of this, however, there is still fundamental uncertainty over economic growth in Europe, which has impacted the financial markets.

Profit before items affecting comparability during the first quarter amounted to SEK 14m, which is an improvement compared with the fourth quarter but lower than the first quarter of 2011. The outlook for the year is cautiously positive: the pipeline for advisory services is good and we project a continued inflow to Carnegie's private banking operations and funds.

The strategic direction for Carnegie remains unchanged - to create three focused business areas positioned for growth and higher efficiency. Carnegie's brand stands strong and I am convinced that the changes we are now making will provide a solid platform for creating value in the future.

Frans Lindelöw
President and CEO

1) Based on the operational income statement; see page 2.

Operative income statement Carnegie Holding Group

(SEKm)	Jan-Mar	
	2012	2011
Investment Banking & Securities	249	241
Private Banking & Structured Finance	169	206
Funds	38	45
Other	-8	5
Operative income	449	497
Personnel expenses	-289	-292
Other expenses	-146	-160
Operative expenses	-435	-451
Profit / loss before items affecting comparability	14	45
Items affecting comparability	-24	-11
Profit/loss before credit losses	-10	34
Credit losses, net	0	4
Profit/loss before taxes	-10	39
Taxes	-12	-15
Profit/loss for the period	-23	24
Average number of employees	736	827
Number of employees at year-end (FTE)	715	818

Income

Income during the first quarter of 2012 amounted to SEK 449m (497). The Investment Banking & Securities business area reported slightly higher income compared with the first quarter of 2011. Lower commission income was offset by higher activity in advisory services related to mergers and acquisitions (M&A) and equity capital markets transactions (ECM). The Private Banking & Structured Finance business area has a stable inflow of customers and capital. Compared with 2011, however, income declined mainly because of lower net interest and somewhat lower customer activity. The Funds business area continues to attract new capital and, during the first quarter of 2012, the net inflow was slightly more than SEK 1bn. The total assets under management at the close of the first quarter of 2012 amounted to SEK 28bn. Nevertheless, income was lower than in the year-earlier period, as customers shifted from equity funds to fixed-income funds and due to higher performance-based revenues during 2011.

Costs

Operating expenses during the first quarter of 2012 amounted to SEK 435m (451). Items affecting comparability amounting to a net total of SEK 24m (11) were charged against profit during the first quarter of 2012. These items related to personnel cutbacks and severance pay, the cost of which was not included in the restructuring reserve that was established in the fourth quarter of 2011.

Results

Before items affecting comparability, operating profit during the first quarter of 2012 amounted to SEK 14m (45). As stated above, items affecting comparability had a negative impact of SEK 24m (neg: 11) on earnings. A loss of SEK 10m (profit: 34) was posted before credit reserves. The net result for the period was a loss of SEK 23m (profit: 24).

Important events during the first quarter

Operational/Financial

Restructuring programme

Carnegie initiated a restructuring programme during the fourth quarter of 2011 with the aim of increasing efficiency and creating more focused business areas, thus facilitating continued growth and development. The aims included reducing costs by SEK 250m on an annual basis, measured from the 2011 level. The cost savings will be realised gradually during 2012 with full effect 2013. During the first quarter of 2012, a number of measures were implemented, including personnel cutbacks in support functions.

Management changes

Frans Lindelöw to leave Carnegie as the company enters a new phase

Frans Lindelöw, President and CEO of Carnegie, will step down from his position in the autumn of 2012 when the Carnegie Group enters a new phase and the role of its Chief Executive Officer is changed. In the new organisational structure, Carnegie's three business areas will be restructured as separate companies under the shared Carnegie brand.

Björn Jansson named head of Investment Banking & Securities

Björn Jansson, former co-head of the Securities business area, has been named head of the newly established Investment Banking & Securities business area. The business area consists of the units Investment Banking and Securities in Sweden and Carnegie's operations in Denmark, Finland, Norway, the UK and the US.

Changes in Group Management

In conjunction with the reorganisation in progress, the composition of Group Management has been changed. Since January 1, 2012, Group management consists of President and CEO Frans Lindelöw, the three business area heads: Jan Enberg (Private Banking & Structured Finance), Björn Jansson (Investment Banking & Securities) and Hans Hedström (Funds), as well as Fredrik Leetmaa (CRO), Katja Levén (Chief Legal Counsel) and Pia Marions (CFO).

Risks and uncertainties

General information on risks and uncertainties

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

Capital requirement and capital ratio

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

In the financial companies group, meaning the Carnegie Holding Group, the Core Tier 1 quotient was 1.7, corresponding to a Core Tier 1 ratio of 13.6%. A more detailed description of Carnegie's capital adequacy is provided in the 2011 Annual Report and at Carnegie's website at www.carnegie.se.

Capital adequacy

(SEKm)	Carnegie Holding Group	
	Mar 31	
	2012	2011
Capital base¹		
Equity capital	2 158	2 447
Deductions ²	-1252	-1262
Anticipated dividend	-22	-6
Equity capital in the capital base	885	1 179
Tier II capital (subordinated debt)	410	410
Total capital base	1 294	1 589
Capital requirement		
Capital requirement for credit risk, standardized method	149	181
Capital requirement for equity and interest rate risk	47	75
Capital requirement for currency risk	64	63
Capital requirement for operational risk, base method	263	317
Total capital requirement	522	636
Surplus capital	772	953
Tier I capital quotient	1.7	1.9
Capital quotient	2.5	2.5
Tier 1 ratio %	13.6	14.8
Capital ratio %	19.8	20.0

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

2) Intangible assets and deferred tax assets

Investments

The Group's investments in fixed assets amounted to SEK 4m (5) during the period.

Parent Company in brief

Total income in the Parent Company for the period amounted to SEK 3m (3). The result before tax for the quarter amounted to a loss of SEK 25m (loss: 8). No investments were made in fixed assets during the period (-). The Parent Company's liquidity, defined as cash and lending to credit institutions, amounted to SEK 1m (5) on 31 March 2012. Equity totalled SEK 2,252m (2,229) on 31 March 2012.

Liquidity

The Carnegie Group's operations largely involve short-term obligations that mature within two months, which means the bank does not require financing with a long duration. The Group's financing consists of equity, issued bonds and deposits from the public. Equity and bonds account for 24% of the balance-sheet total, deposits from the public for 48% and other liabilities for 28%. Most of the Group's other liabilities are non-interest bearing.

On 31 March 2012, the liquidity reserve for the Carnegie Holding Group amounted to SEK 5,303m, representing an increase of SEK 152m during the first quarter. The change was mainly attributable to lower trading on own account and increased deposits. The composition of the liquidity reserve was as follows:

- Bank balances: SEK 5,065m
- Government securities: SEK 57m
- Covered bonds: SEK 181m

The Carnegie Holding Group utilises risk-tolerance levels for liquidity in order to ensure that the bank always has an adequate liquidity reserve to survive periods of market turbulence. The liquidity reserve should always exceed the anticipated outflow of cash during a period of stress and may only consist of bank balances and assets that can be refinanced with the Swedish Riksbank. On 31 March 2012, the liquidity reserve accounted for 41% of the balance-sheet total.

Consolidated statements of comprehensive income

(SEKm)	Jan-Mar		Full year
	2012	2011	2011
Commission income	478	495	1 751
Commission expenses	-63	-63	-230
Net commission income	415	433	1 520
Interest income	44	43	211
Interest expenses	-31	-34	-140
Net interest income	13	9	70
Other dividend income	0	0	0
Net profit from financial transactions	21	58	116
Capital gain from discontinued operations	-	-	26
Total operating income	449	500	1 732
Personnel expenses	-310	-328	-1 309
Other administrative expenses	-130	-120	-610
Amortisation of intangible assets and depreciation of tangible fixed assets	-20	-18	-81
Total operating expenses	-459	-465	-2 000
Profit/loss before credit losses	-10	34	-268
Credit losses, net	0	4	5
Profit/loss before tax	-10	39	-263
Taxes	-12	-15	9
Profit/loss for the period	-23	24	-254
Other comprehensive income:			
Translation of foreign operations, net after tax	-7	-12	-5
Hedge of net investment in foreign operations	-	-	-6
Total comprehensive income for the period	-30	12	-264

Consolidated statements of financial position

(SEKm)	31 Mar	31 Mar	31 Dec
	2012	2011	2011
Assets			
Cash and bank deposits with central banks	159	238	265
Negotiable government securities	48	48	144
Loans to credit institutions ¹⁾	6 225	4 927	6 198
Loans to general public	2 770	3 527	2 697
Bonds and other interest-bearing securities	523	512	439
Shares and participations	395	2 228	295
Derivative instruments	211	312	212
Shares in associated companies	11	-	12
Intangible assets	767	796	776
Tangible fixed assets	107	119	111
Current tax assets	9	36	16
Deferred tax assets	570	559	572
Other assets	941	635	573
Prepaid expenses and accrued income	215	717	172
Total assets	12 951	14 655	12 483
Liabilities and shareholders' equity			
Liabilities to credit institutions	154	699	206
Deposits and borrowing from general public ¹⁾	6 775	6 516	6 889
Securities issued	935	935	935
Short positions, shares	660	1 221	314
Derivative instruments	48	466	67
Current tax liabilities	28	64	32
Deferred tax liabilities	93	104	95
Other liabilities	1 044	1 162	767
Accrued expenses and prepaid income	571	444	513
Other provisions	76	163	67
Subordinated debt	410	410	410
Shareholders' equity	2 158	2 470	2 189
Total liabilities and shareholders' equity	12 951	14 655	12 483
Pledged assets and contingent liabilities			
Pledged assets	960	2 282	831
Contingent liabilities	63	94	91

1) Whereof SEK 499m (Q1 2011: 487, Q4 2011: 505) in client funds.

Consolidated statements of changes in equity

(SEKm)	Jan-Mar		Full year
	2012	2011	2011
Shareholders' equity - opening balance	2 189	2 459	2 459
Dividend paid	-	-	-6
Comprehensive income for the period	-30	12	-264
Shareholders' equity - closing balance	2 158	2 470	2 189

Consolidated statements of cash flows

(SEKm)	Jan-Mar		Full year
	2012	2011	2011
Profit before tax	-10	39	-263
Adjustments for items not affecting cash flow	17	28	71
Paid tax	-9	-31	-47
Cash flows from operations before changes in working capital	-3	35	-239
Changes in working capital	-180	-855	1 337
Cash flows from operations	-183	-819	1 098
Sale of subsidiaries	-	-	50
Acquisition of intangible and tangible fixed assets	-4	-5	-31
Cash flows from investing activities	-4	-5	19
Dividend paid	-	-	-6
Cash flows from financing activities	-	-	-6
Cash flows for the period	-187	-824	1 111
Cash and cash equivalents at opening balance ¹⁾	5 572	4 475	4 475
Exchangerate effects on cash and cash equivalents	-27	-23	-14
Cash and cash equivalents at closing balance ¹⁾	5 358	3 627	5 572

1) As of Q2 2011 cash pledged as collateral has been excluded. Comparative figures have been restated.

Income statement of Parent Company

(SEKm)	Jan-Mar		Full year
	2012	2011	2011
Net income	3	3	12
Other external expenses	-1	-1	-1
Personnel expenses	-19	-3	-13
Operating profit/loss	-17	-1	-1
Interest income	0	0	0
Interest expenses	-5	-7	-30
Result from investments in subsidiaries	-3	-	76
Profit/loss from financial items	-8	-7	46
Profit/loss before tax	-25	-8	45
Taxes	0	0	0
Profit/loss for the period	-25	-8	45

Statement of comprehensive income

	Jan-Mar		Full year
	2012	2011	2011
Profit/loss for the period	-25	-8	45
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	-25	-8	45

1) Including a cost of SEK 360m for additional purchase price and an anticipated dividend of SEK 360m from Carnegie Investment Bank AB.

Balance sheet of Parent Company

(SEKm)	31 Mar	31 Mar	31 Dec
	2012	2011	2011
Assets			
Shares and participations in Group companies	2 674	2 638	2 674
Deferred tax assets	1	0	0
Total financial non-current assets	2 675	2 639	2 675
Current receivables from Group companies	1	506	5
Other current receivables	438	1	438
Prepaid expenses and accrued income	1	0	1
Cash and bank	1	5	3
Total current assets	441	512	446
Total assets	3 116	3 150	3 121
Liabilities and shareholders' equity			
Shareholders' equity	2 252	2 229	2 277
Convertible debentures	410	410	410
Trade account payables	1	0	1
Current liabilities to Group companies	35	214	38
Other current liabilities	372	279	369
Accrued expenses and prepaid income	30	16	25
Pension provisions	2	1	2
Other provisions	15	-	-
Total liabilities and shareholders' equity	3 116	3 150	3 121
Pledged assets and contingent liabilities			
Pledged assets	-	400	-
Contingent liabilities	-	-	-

Accounting policies

This report was prepared in accordance with IAS 34, Interim Reporting, the Annual Accounts Act for Credit Institutions and Swedish Companies (1955:1559) and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25). The Parent Company's financial statements were prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The accounting policies and calculation methods applied in this report are the same as those used in the 2011 annual report.

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

Examination Report

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

Certification

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

Carnegie Holding AB
Stockholm 24 April 2012

Arne Liljedahl
Chairman of the Board

Björn Björnsson
Member of the Board

Fredrik Cappelen
Member of the Board

Harald Mix
Member of the Board

Fredrik Strömholm
Member of the Board

Patrik Tigerschiöld
Member of the Board

Frans Lindelöw
President & CEO