



Press release

Stockholm, 3 November 2008

## **Carnegie responds to the Financial Supervisory Authority's request for a statement**

**Carnegie Investment Bank AB ("Carnegie") today submits its response to the Swedish Financial Supervisory Authority's ("FSA") letter of 28 November. Carnegie is engaged in continuous dialogue with the FSA and takes their assessments seriously. Carnegie's answer includes a report on the measures already taken and the measures underway to ensure Carnegie's stability and compliance.**

- Carnegie's current Board and Group management are comprised of entirely different members than those who were in place when Carnegie received a warning from the FSA in 2007. The first priority of both the Board and Group management is to run an operation which is in compliance with existing regulations and which earns the trust of its stakeholders. Major changes have taken place, but change processes take time, says Anders Fällman, Chairman of the Board.

Since the new Board assumed its duties in November 2007, measures taken in close dialogue with the Financial Supervisory Authority have included:

- Strategic decision to focus on the core business implying a lower risk exposure and a reduced balance sheet.
- Gradual reduction of the business' market risk by reducing the volume of proprietary trading.
- Reduction of credit risk by totally freezing extension of credit within the area of Equity Finance and centralisation of all credit decisions to Carnegie Investment Bank AB in Stockholm.
- The 2007 action programme has to a great extent been completed. Some parts are still being implemented; this is partly due to the reorganisation of Carnegie into three independent business areas which is in progress.
- An entirely new Group management has been recruited and essential risk and control operations have been strengthened. The management changes include a new CEO, a new CFO, a new CRO, a new General Counsel and new Business Area Managers for Asset Management and Private Banking/Max Matthiessen. Recruitment of a new Business Area Manager for Securities/Investment Banking is ongoing.



- Carnegie's response to the FSA includes a report on how the single large credit commitment has been managed and reduced lately. The commitment has existed in the Group since 2004. Carnegie has also described the difficulties associated with this reduction in a turbulent market situation.
- Continuous implementation of further measures resulting from the new management team's analysis of how the stability and compliance of Carnegie can be guaranteed.

In its response, Carnegie emphasises that the company is aware of the need for high speed in the change process in order to ensure stability and compliance.

For further information, contact:

Andreas Koch, Head of Communications and Investor Relations, +46 (0)8 676 86 39  
[andreas.koch@carnegie.se](mailto:andreas.koch@carnegie.se)

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