



Carnegie - Interim report January-September 2002

Nine months 2002: Net profit SEK 179 million

- The net profit for Carnegie's first three quarters 2002 was SEK 179 million (SEK 437 million), down 59 per cent from the same period last year. The result includes redundancy costs of about SEK 56 million, of which SEK 50 million in the third quarter.
- The net profit for the third quarter was SEK 37 million, down 53 per cent from the third quarter of 2001 and down 30 per cent from the second quarter 2002. The net profit for the third quarter excluding redundancy costs was SEK 54 million¹, which is in line with the net profit for the second quarter 2002.
- Earnings per share were SEK 0.55 for the third quarter of 2002 (SEK 1.17) and SEK 2.69 for the first nine months of 2002 (SEK 6.75).
- Return on equity for the last 12-month period was 20 per cent.
- Carnegie has confirmed its position as the leading Nordic investment bank during the first nine months of the year. Carnegie is number one in 2002 in terms of trading volume on the Nordic stock exchanges, has received top rankings in equity research, is among the top three in Nordic M&A-advisory ranking², and holds a 5-star ranking³ for funds representing about 75 per cent of the assets under management in equity mutual funds.
- Total income for the first nine months 2002 was SEK 1,796 million, down 31 per cent from the same period last year. The Q3(02) Y/Y drop was 21 per cent and the drop from Q2(02) was 7 per cent. Income from Securities was down 35 per cent, Investment Banking was down 51 per cent and Asset Management & Private Banking was down 6 per cent from the first nine months of 2001.
- Total expenses for the first nine months were SEK 1,544 million, down 16 per cent from the same period last year, reflecting total operating expenses excluding bonus increasing by 6 per cent (up 1 per cent excluding the effect of the redundancy costs), and bonus expenses declining by 63 per cent.
- As a consequence of the increased focus on cost-efficiency, the number of employees has been reduced by 80 during 2002. The net decrease from year-end is 53 employees, leading to a total number of employees of 890 at 30 September. Because of the prevailing market situation, a further staff reduction by approximately 30 employees is expected during the rest of the year.
- Assets under management declined by SEK 22 billion from year-end to SEK 51 billion at 30 September 2002, in total reflecting a continued decline in asset valuations.
- During the period, the Board of D. Carnegie & Co AB decided to make changes in the leadership of the company, with effect from the ordinary shareholders' meeting, planned to be held on 13 March 2003. Lars Bertmar, Chief Executive Officer of Carnegie since 1990, will be proposed as Executive chairman of the Board and Karin Forseke, will be appointed Chief Executive Officer.

¹ The effect on net profit for the third quarter after effects from bonus (50% of the operating profit before bonus) and 31% tax is calculated as $50 \times 0.5 \times 0.69 = \text{SEK } 17 \text{ million}$.

² Thomson Financial Securities Data, October 2002.

³ Morningstar, September 2002.



Quotations from Lars Bertmar, CEO:

“The equity markets have been severely hit during 2002 and the downward trend continued during the third quarter. This has caused substantially lower income in our Securities and Investment Banking income. Despite these markets, however, our income from Asset Management & Private Banking was relatively stable.”

“In these markets, we have continued to improve our market positions, and we are pleased to have received several illustrations on this in all business areas. This is in line with our firm commitment to focus on serving our clients the best we can also in difficult markets.”

“We have also continued our efforts to improve our cost efficiency. On this background we have been forced to reduce our staff by 80 individuals so far this year, i.e. slightly more than what was envisaged at our half-year report. Because of the prevailing market situation, we expect to further reduce our staff by approximately 30 employees during the rest of the year. After that point, assuming no further deterioration in the markets, we see no need for further reduction.”

Auditor’s examination

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

Teleconference

A teleconference to discuss Carnegie’s Q3-report will be held on 16 October at 4.00 PM (CET). The teleconference will be open to the public. In order to participate, please call +44 (0)20 8401 1043. The conference call will also be accessible as an audio live web cast (including slide presentation) at www.carnegie.se/ir. For those unable to listen to the live web cast, a replay will be available at www.carnegie.se/ir approximately one hour after the event.

Contact persons

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Financial calendar

Carnegie’s year-end report for 2002 will be published on 23 January 2003. Additional information is available at www.carnegie.se/ir.

Carnegie is the leading Nordic investment bank operating in three principal business areas: Securities, Investment Banking and Asset Management & Private Banking. Carnegie provides a wide array of products and services to Nordic and international clients from offices in seven countries: Sweden, Denmark, Norway, Finland, Luxembourg, UK and the US.



The Carnegie Group

(SEK million)	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Chg	Jan - Sep 2001	Jan-Dec 2001
Income statement						
Securities	226	293	814	-35%	1,252	1,615
Investment Banking	99	192	321	-51%	656	901
Asset Management & Private Banking	227	216	661	-6%	701	924
Total income	552	701	1,796	-31%	2,609	3,440
Personnel expenses	-277	-190	-731	17%	-625	-906
Other expenses	-175	-203	-602	-5%	-637	-829
Net provisions for credit losses	1	0	0		-1	-3
Total operating expenses excluding bonus	-450	-394	-1,332	6%	-1,263	-1,738
Operating profit before result from principal investments and bonus						
	102	307	464	-66%	1,345	1,702
Result from principal investments	-9	-101	8		-134	-65
Operating profit before bonus	93	207	472	-61%	1,211	1,636
Bonus expenses	-40	-97	-212	-63%	-578	-784
Total expenses excl principal investments	-490	-491	-1,544	-16%	-1,841	-2,522
Operating profit before taxes	53	110	260	-59%	633	852
Taxes	-17	-32	-80	-59%	-196	-280
Net profit	37	78	179	-59%	437	572
Earnings per share (SEK)	0.55	1.17	2.69		6.75	8.76
Earnings per share, fully diluted (SEK)	0.55	-	2.69		-	-

Market environment

Carnegie Nordic Index was down 39 per cent from year-end 2001 to 30 September 2002. The turnover decline on the Nordic stock exchanges continued during the third quarter of 2002, and equity turnover for the first nine months of the year was 23 per cent below the same period in 2001. The volume of completed M&A transactions in the Nordic region was down 20 per cent (Y/Y) for the first nine months, while announced M&A volumes were up by 4 per cent, primarily due to a few larger transactions. During the third quarter there were no Nordic IPOs. Swedish equity funds reported net outflows of SEK 3.9 billion in the third quarter.

Income

Carnegie's total income for the first nine months was down by 31 per cent (Y/Y) to SEK 1,796 million. Total income for Q3(02) was SEK 552 million, down by 21 per cent (Y/Y), and 7 per cent below Q2(02).

The largest business area Securities showed a decline in total income of 35 per cent (Y/Y), to SEK 814 million. The decline reflects lower commission income, down 18 per cent (Y/Y) to SEK 672 million, as well as substantially lower income from proprietary trading and market making, down 79 per cent from the first nine months of 2001 to SEK 52 million. In Investment Banking, income for the first nine months 2002 of SEK 321 million was halved from the same period in 2001. Income for the third quarter was SEK 99 million, 19 per cent down from Q2(02), partly reflecting the facts that no IPOs were taken to the market during the quarter. In Asset Management & Private Banking, total income was SEK 661 million, a decline of 6 per cent from the same period last year, mainly reflecting the continuing decline in market values in managed portfolios, and a positive development of transaction-related income, especially in the third quarter. Income for the third quarter was SEK 227 million, an increase of 5 per cent (Y/Y).

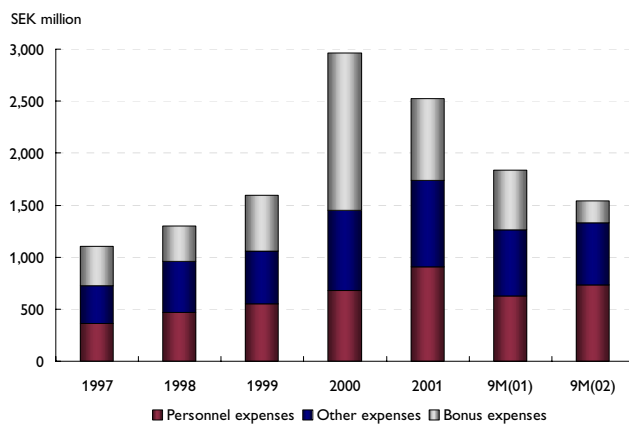


Market position

Carnegie has confirmed its position as the leading Nordic investment bank during the first nine months of the year. Illustrations of this position includes that Carnegie is number one in 2002 in terms of trading volume on the Nordic stock exchanges, and has received top rankings for equity research⁴. Carnegie is also among the top three in the Nordic M&A-advisory league table in terms of completed as well as announced assignments⁵. In Asset Management, Carnegie now holds 5-star rankings⁶ for funds representing 75 per cent of the assets under management in equity mutual funds.

Expenses

About half of the expenses excluding bonus are personnel costs, and the other half is mainly costs for premises, information systems and office equipment. The bonus is calculated as a fixed formula, 50 per cent of the Group's operating profit before bonus after deduction of a STIBOR-related return on the shareholders' equity.⁷



Total expenses for the first nine months were SEK 1,544 million, down 16 per cent from the same period last year, reflecting total operating expenses excluding bonus increasing by 6 per cent (up by 1 per cent excluding redundancy costs), and bonus expenses declining by 63 per cent.

Personnel reduction

As a consequence of the increased focus on cost-efficiency, a personnel reduction of about 80 employees has been made, involving about 60 per cent front office personnel and 40 per cent administrative personnel, mainly in business area Securities. The reduction of personnel is slightly higher than what was envisaged in the Q2-report. The short-term effect is a redundancy cost of SEK 56 million for the first nine months of 2002, of which SEK 50 million in the third quarter.

The net decrease in number of employees for the first nine months of 2002 was 53, leading to 890 employees at 30 September, a decrease of 6 per cent from year-end. Assuming no further changes of staff and based on the average personnel expenses per employee, the quarterly personnel costs from Q4(02) would then be about SEK 215 million.

⁴ Global Investor/Euromoney, September, 2002; shared no 1 in Best local market research (Nordic), Affärsvärlden (Sweden), September, 2002; Best research house.

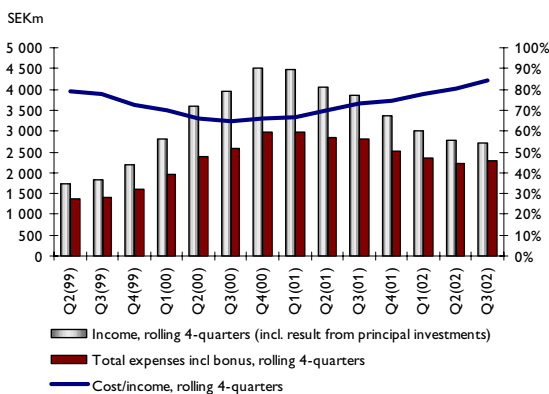
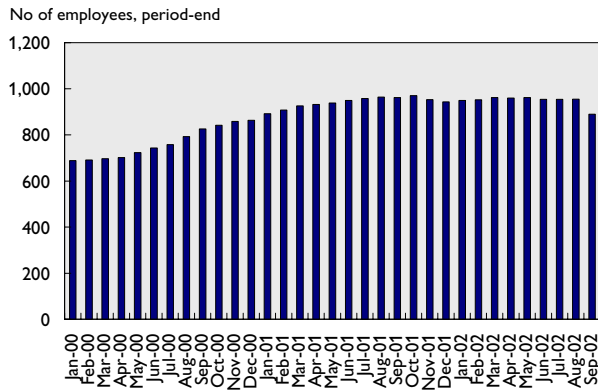
⁵ Thomson Financial Securities Data, October, 2002.

⁶ Morningstar, September 2002.

⁷ Although bonus expenses are allocated to each business area on a fixed percentage basis for the purpose of segmental analysis, actual bonus payments are made on a discretionary basis.



Because of the prevailing market situation, a further staff reduction by approximately 30 employees is expected during the rest of the year. The net effect on number of employees at year-end will be dependent on recruitment in the targeted growth areas.



Due to lower income the cost/income ratio (including bonus costs and result from principal investments) increased to 85 per cent for the last four quarters. The cost/income ratio for the third quarter 2002 was 90 per cent. The compensation/income ratio for the first nine months of 2002 increased to 52 per cent including the redundancy costs for the period, but remained stable at 49 per cent excluding the one-off items.

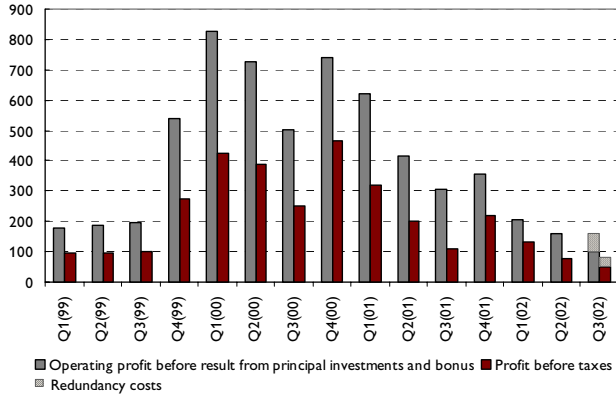
Result from principal investments

Result from principal investments for the first nine months 2002 was SEK 8 million (SEK -134 million), of which SEK -3 million is result from associated companies and SEK 10 million reflects the marked-to-market valuation of Carnegie's holding in Orc Software. On 13 May 2002, Carnegie sold the major part of its remaining net position in Orc Software in a secondary offering to private and institutional investors. After the transaction Carnegie's net positions corresponds to 28,875 shares or 0.2 per cent of the total shares outstanding.



Quarterly operating profit

Operating profit before result from principal investments and bonus was SEK 102 million for the third quarter 2002, down 67 per cent (Y/Y) and down 26 per cent from Q2(02). Profit before taxes was SEK 53 million (SEK 110 million), down 52 per cent (Y/Y) and down 30 per cent from Q2(02). Profit before result from principal investments and bonus for Q3(02), excluding the effect of redundancy costs, was SEK 152 million, down 7 per cent from the Q2(02) result.





Operating data and key ratios

	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Jan - Sep 2001	Jan - Dec 2001
Earnings per share (SEK)	0.55	1.17	2.69	6.75	8.76
Earnings per share, fully diluted (SEK)	0.55	-	2.69	-	-
Book value per share (SEK)	-	-	22.36	26.96	28.18
Share price (SEK)	-	-	48.0	75.0	131.0
Price/earnings multiple	-	-	10.2	6.3	14.9
Price/book multiple	-	-	2.1	2.8	4.6
Number of shares at period-end	66,701,600	66,701,600	66,701,600	66,701,600	66,701,600
Average number of shares	66,701,600	66,701,600	66,701,600	64,783,670	65,267,093
Number of shares related to outstanding warrants	2,400,000	-	2,400,000	-	-
Compensation/income ratio, %	58%	48%	52%	49%	50%
Cost/income ratio, %	90%	82%	86%	74%	75%
Operating margin, %	10%	18%	14%	26%	25%
Profit margin, %	7%	13%	10%	18%	17%
Return on equity, (12 mo) %			20%	53%	38%
Total assets (SEK million)			11,940	12,557	19,129
Margin lending (SEK million)			1,895	2,297	2,409
Deposits and borrowing from general public (SEK million)			4,711	6,268	5,561
Shareholders' equity (SEK million)			1,492	1,798	1,880
Total regulatory capital base (SEK million)			1,298	1,326	1,308
-Shareholders' equity			1,492	1,798	1,880
-Goodwill			-11	-1	-1
-Dividends			-	-	-572
-Profit after tax and foreign exchange differences			-183	-471	-
-Subordinated loan			0	-	-
Total risk-weighted asset (SEK million)			5,086	5,759	6,545
Risk-weighted assets (Credit risks)			3,943	4,113	4,784
Risk-weighted assets (Market risks)			1,143	1,645	1,761
Tier I Ratio, %			25.5%	23.0%	20.0%
Capital adequacy, %			25.5%	23.0%	20.0%
Number of employees, average	937	961	950	936	941
Number of employees, period-end	890	962	890	962	943
Period-end assets under management (SEK billion)			51	66	73



Definitions of key ratios

Earnings per share:	Net profit for the period divided by the average number of shares.
Earnings per share, fully diluted:	Net profit for the period divided by the average number of shares, fully diluted, including the effect of issued warrants (see page 20).
Book value per share:	Shareholders' equity at period-end divided by total number of shares.
Share price:	Share price (closing price) at 30 September 2002.
Price/earnings multiple:	Share price divided by earnings per share for the last 12-month-period.
Price/book multiple:	Share price end of period divided by book value per share.
Cost/income ratio:	Total expenses, including bonus expenses, as a percentage of total income including principal investments.
Compensation/income ratio:	Personnel expenses plus bonus expense as a percentage of total income including principal investments.
Operating margin:	Operating profit as a percentage of total income including principal investments.
Profit margin:	Net profit as a percentage of total income including principal investments.
Return on equity:	Net profit for the last 12-months-period as a percentage of average shareholders' equity.
Regulatory capital base:	Shareholders' equity plus equity portion of untaxed reserves, plus minority interest in shareholders' equity minus goodwill, any proposed dividend and any repurchased shares.
Tier 1 ratio:	Regulatory capital base as a percentage of risk-weighted assets.
Capital adequacy ratio:	Total regulatory capital base (regulatory capital base plus eligible subordinated indebtedness) as a percentage of risk-weighted assets.
Number of full-time equivalent employees, average:	Aggregate number of paid working hours for all employees divided by a pre-defined number of working hours per employee for the entire period.
Number of full-time equivalent employees, at period-end:	Aggregate number of paid working hours for all employees divided by a pre-defined number of working hours per employee at period-end.
Total income per employee:	Total income divided by the number of full-time equivalent employees (average).

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

Risk-weighted assets and Tier 1 ratio

During the third quarter, risk-weighted assets decreased by 1 per cent to SEK 5.1 billion. The risk-weighted assets were down by 22 per cent from year-end. The portion of the risk-weighted assets attributed to credit risks increased to 78 per cent, and the market risks portion decreased to 22 per cent. The Tier 1 ratio at 30 September 2002 increased slightly to 25.5 per cent.

Liquidity, financing and investments

The Carnegie Group has a strong cash and liquid assets position and the cash flow from operations before changes in working capital is positive, SEK 233 million for the first nine months of 2002 (SEK 481 million). See page 17 for further information. Capital expenditure for the first nine months of 2002 was SEK 56 million (SEK 115 million).

Accounting policies

This interim report has been prepared in accordance with recommendation RR 20, Interim Reports, of the Swedish Financial Accounting Standards Council and complies with the regulations of the Swedish Financial Supervisory Authority (FFFS 2001:19). The accounting principles and calculation methods used in this report are the same as those used in the 2001 Annual Report. New recommendations from the Swedish Financial Accounting Standards Council have had no impact on the accounts for the first nine months.

The parent company in summary

Total income in the parent company D. Carnegie & Co AB was SEK 4 million (SEK 6 million), and the company was showing a loss before financial items of SEK 50 million (SEK -53 million). The net loss before taxes was SEK 89 million (SEK -60 million) for the first nine months of 2002. At 30 September 2002, cash and liquid assets were SEK 241 million (SEK 246 million) and capital expenditure during the period amounted to SEK 0.7 million (SEK 2 million). Shareholders' equity at 30 September was SEK 838 million (SEK 915 million).



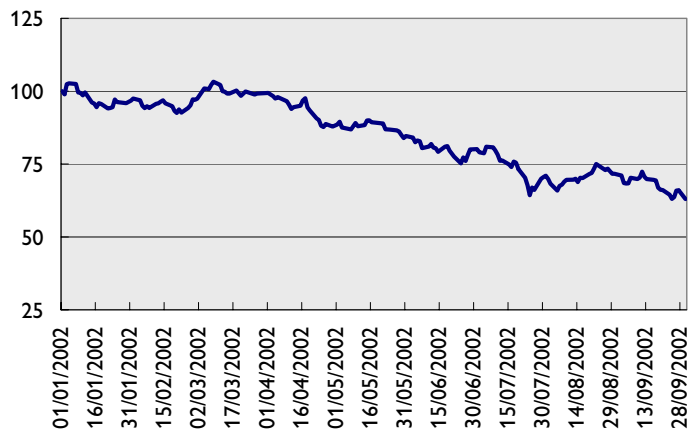
Securities

(SEK million)	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Chg	Jan - Sep 2001	Jan-Dec 2001
Net commission income	198	203	672	-18%	816	1,056
Underwriting fees	7	38	68	-39%	111	142
Net interest income	38	46	119	-13%	137	178
Proprietary trading and market making	17	12	52	-79%	252	311
Net interest income from financial positions	-25	-11	-89	31%	-68	-82
Other income from financial positions	-10	-5	-8		-5	0
Net income from financial positions	-17	-5	-45	-125%	178	229
Other fees	0	9	0		9	11
Total income	226	293	814	-35%	1,252	1,615
Personnel expenses	-150	-89	-388	19%	-327	-516
Other expenses	-99	-129	-330	-14%	-385	-464
Net provisions for credit losses	1	0	0		0	-3
Total operating expenses excluding bonus	-248	-218	-718	1%	-712	-983
Business area operating profit before bonus	-22	75	96	-82%	540	632
Bonus expense	11	-34	-43	-83%	-257	-303
Total operating expenses	-238	-252	-761	-21%	-969	-1,286
Business area operating profit before taxes	-11	40	53	-81%	282	329
Cost/income ratio, %	105%	86%	94%		77%	80%
Operating margin, %	-5%	14%	6%		23%	20%
Lending (SEK million)			1,149		1,325	1,427
Deposits (SEK million)			2,509		3,073	3,012
Number of employees, average	468	530	491		507	518
Number of employees, period-end	426	523	426		523	517

Market environment

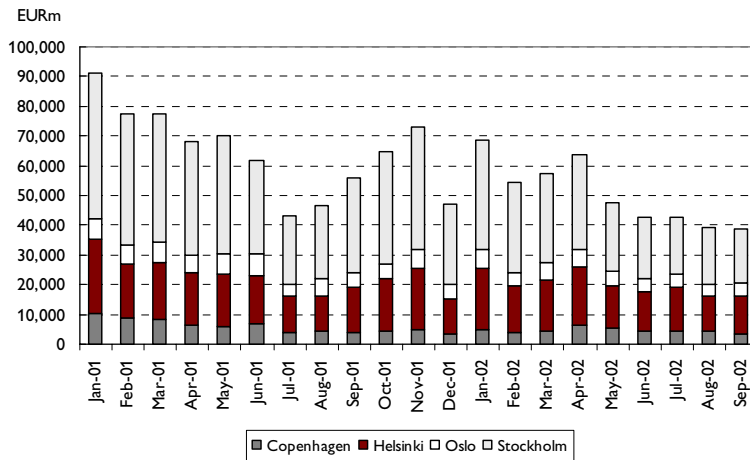
The value decline in the Nordic stock markets continued during the third quarter. A decline of 21 per cent for the third quarter alone resulted in a decline of the Carnegie Nordic Index by 39 per cent from year-end to 30 September 2002. The indices in Sweden and Finland were down 45 per cent and 42 per cent respectively. The Norwegian and Danish indices fell sharply during the quarter, ending at 29 and 26 per cent down for the nine-month period respectively.

Carnegie Total Nordic Index



Share indices 1)	Q3(02)	9M(02)
Total index Denmark	-20	-26
Total index Norway	-22	-29
Total index Finland	-14	-42
Total index Sweden	-27	-45
Carnegie Nordic index	-21	-39

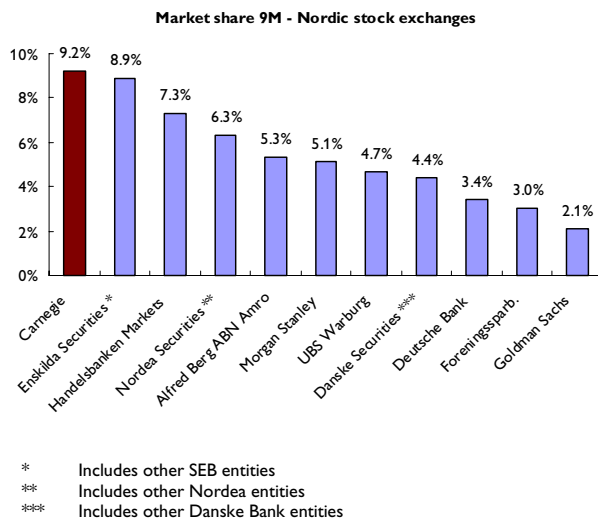
1) Source: Carnegie Ind-X



The aggregate turnover on the Nordic stock exchanges fell by 23 per cent (Y/Y) for the first nine months of 2002, due to sharp turnover-declines especially in Stockholm and Helsinki. The aggregate turnover decline was moderate in July and August, but fell in September back to a level 30 per cent below last year. The turnover rate increased slightly during the period.

Market position

Carnegie confirmed its leading position in the Nordic stock markets during the period. In the first nine months of 2002 Carnegie was ranked number one in terms of the total traded volume in the equity market, with an aggregate market share of 9.2 per cent⁸. The decline in Carnegie's commission income of 18 per cent is well below the overall turnover decline of 23 per cent, indicating that Carnegie is improving its market share of the commission-bearing volumes. Commissions from the non-Nordic institutional clients increased to 38 per cent of total commissions for the nine month-period, from 1/3 one year ago, which is in line with the targeted growth strategy.



⁸ Source: SSE, HSE, OSE and CSE, Oktober 2002.



Carnegie's market position has been achieved through the continuous efforts to service the targeted clients in the best possible way. The personnel reduction in business area Securities has thus been made with the constraint that the service level to our clients must remain unchanged. The personnel reduction in Securities involved, to a large extent, front office and support personnel directed towards servicing the private client segment, as a result of the sharply declining transaction volumes in that segment. The research product, covering 400 companies in the Nordic region (97 per cent of the market value) remains unchanged.

Income

Carnegie Securities' income for the first nine months of 2002 was SEK 814 million, down 35 per cent (Y/Y). Income for the third quarter was down by 23 per cent (Y/Y) and down 18 per cent from Q2(02). Commission income, representing 83 per cent of total income, was down by 18 per (Y/Y), well below the decline in the overall Nordic stock market turnover. Commission income for the third quarter was down 2 per cent (Y/Y) and down 12 per cent from Q2(02).

Underwriting fees are related to placements in the primary and secondary market and amounted to SEK 68 million for the first nine months of 2002, of which SEK 7 million were generated in the third quarter. The falling turnover has not encouraged trading activity, and income from proprietary trading and market making for the third quarter of 2002 amounted to SEK 17 million, compared to SEK 12 million for the same period last year. Net income from financial positions includes interest expenses attributable to trading positions and was SEK -17 million during the third quarter of 2002, and SEK -45 million for the first nine months of 2002.

Margin lending amounted to SEK 1,149 million and was 13 per cent lower than one year ago, and deposits were SEK 2,509 million, down 18 per cent, leading to a decline in net interest income by 13 per cent for the first nine months (Y/Y). No provisions for credit losses were recorded.

Expenses and profit before tax

Total expenses declined by 21 per cent for the first nine months of 2002, reflecting an increase in operating expenses before bonus of 1 per cent, and decreased bonus expenses by 83 per cent. Excluding redundancy costs of SEK 36 million, expenses before bonus were down by 4 per cent. The number of employees in the business area at period-end was 426, down by 18 per cent from year-end, including effects from changes in the allocation of administrative personnel per business area.

The profit before taxes for the first nine months was SEK 53 million, down by 81 per cent (Y/Y). The third quarter in Securities showed an operating loss before bonus expenses of SEK 22 million. Excluding redundancy costs, the business area showed a profit before bonus expenses of SEK 14 million for the third quarter.



Investment Banking

(SEK million)	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Chg	Jan - Sep 2001	Jan-Dec 2001
Underwriting fees	12	36	119	-32%	174	225
Net income from financial positions	-6	4	-9		4	7
Advisory fees	93	152	212	-56%	478	669
Total income	99	192	321	-51%	656	901
Personnel expenses	-50	-42	-135	9%	-123	-155
Other expenses	-24	-25	-88	3%	-85	-126
Total operating expenses excluding bonus	-74	-66	-222	7%	-209	-281
Business area operating profit before bonus	25	125	99	-78%	447	619
Bonus expense	-11	-59	-45	-79%	-213	-297
Total operating expenses	-85	-125	-267	-37%	-422	-578
Business area operating profit before taxes	14	67	55	-77%	234	323
Cost/income Ratio, %	86%	65%	83%		64%	64%
Operating margin, %	14%	35%	17%		36%	36%
Number of employees, average	172	173	176		174	170
Number of employees, period-end	165	179	165		179	173

Market environment and market position

After a temporary pick-up in the activity in the Nordic equity underwriting (ECM) market towards the end of the second quarter, the investor sentiment became again very depressed during the third quarter, resulting in the poorest IPO market globally for many years. Thus, during August and September there were no IPOs in any of the European markets.

In the first nine months of 2002 a total of 16 (28) IPOs reached the market in Europe, whereas the Nordic market showed an aggregate of 5 (15) completed IPOs. Carnegie acted as lead manager and bookrunner in 2 assignments, rendering Carnegie a shared number one position in terms of number of assignments (number 3 in terms of volume). The announced Nordic M&A volume was USD 32 billion, 4 per cent up from the first nine months last year, primarily due to a few large transactions. The total number of announced Nordic M&A transactions was down 42 per cent to 137 for the first nine months of 2002. The completed M&A-transaction volume in the Nordic region amounted to USD 26 billion, still down by 20 per cent from the first nine months of 2001, reflecting a time lag between announcement and completion of the transactions.⁹

Based upon the number of announced Nordic M&A transactions during January to September 2002, Carnegie was ranked No 1 (No 1) with 21 transactions (36). In terms of deal value, Carnegie was ranked No 3 (No 2) with a transaction value corresponding to USD 11.6 billion (USD 7.5 billion). Measured on completed M&A transaction volume, Carnegie was ranked No 5 (No 1) with a transaction volume corresponding to USD 4.6 billion (USD 10.7 billion).

Income

Total income for the first nine months of 2002 declined by 51 per cent (Y/Y) to SEK 321 million. For the third quarter, total income was SEK 99 million, 48 per cent down (Y/Y) and 19 per cent down from the second quarter of 2002. The composition of income in the third quarter reflected a shift from underwriting fees, which dominated in the second quarter, to advisory fees, which accounted for 93 million in the third quarter. Advisory fees for the third quarter were down by 39 per cent (Y/Y) and included advisory fees from the public offer for Esselte from J.W Childs and the public offer from

⁹ M&A and ECM transaction numbers and volume statistics from Thomson Financial Securities Data.



Outokumpu on AvestaPolarit. Income in the third quarter from equity underwriting was SEK 12 million, down by 67 per cent (Y/Y).

Expenses and profit before tax

Total expenses declined by 37 per cent from the first nine months of 2001, reflecting total expenses excluding bonus increasing by 7 per cent (up 1 per cent excluding redundancy costs of SEK 10 million), and bonus expenses declining by 79 per cent. Profit before taxes for the first nine months of 2002 was SEK 55 million, down by 77 per cent (Y/Y). The third quarter profit before taxes was 14 million, down 46 per cent from Q2(02). The number of employees at period-end decreased by 9 during the quarter to 165, corresponding to a decline of 5 per cent from year-end.



Asset Management & Private Banking

(SEK million)	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Chg	Jan - Sep 2001	Jan-Dec 2001
Net commission income	63	56	205	3%	199	276
Net interest income	42	19	86	48%	58	78
Net income from financial positions	18	24	27	-57%	62	73
Total fees from mutual funds	63	79	209	-15%	246	321
Total fees from discretionary fund management	24	28	77	-11%	87	112
Advisory fees	17	11	56	14%	50	64
Total income	227	216	661	-6%	701	924
Personnel expenses	-76	-59	-208	18%	-175	-234
Other expenses	-52	-50	-184	11%	-166	-239
Net provisions for credit losses	0	0	0		0	0
Total operating expenses excluding bonus	-128	-109	-392	15%	-342	-473
Business area operating profit before bonus	99	107	269	-25%	359	451
Bonus expense	-44	-51	-121	-30%	-172	-216
Total operating expenses	-171	-160	-513	0%	-514	-689
Business area operating profit before taxes	56	56	148	-21%	188	235
Cost/income ratio, %	76%	74%	78%		73%	75%
Operating margin, %	24%	26%	22%		27%	25%
Period-end assets under management (SEK billion)			51		66	73
- whereof mutual funds			20		25	28
- whereof discretionary fund management			26		37	39
- whereof advisory fund management			5		5	5
Lending (SEK million)			746		972	981
Deposits (SEK million)			2,202		3,195	2,549
Number of employees, average	297	258	283		255	253
Number of employees, period-end	299	260	299		260	253

Market environment

The market in the first nine months of 2002 was characterised by falling asset values and declining inflows to equity funds in existing pension schemes. Activities both in the single-premium pension market and in the non-pension-linked savings were very low. Swedish equity funds reported net outflows of SEK 3.9 billion in the third quarter. Institutional clients continued to reduce their exposure to equity markets.

Market position

Carnegie's relative position in the mutual fund market remains stable, with continued net inflows. Market shares are difficult to measure when the total flows are negative. Carnegie's relative outperformance in most of our equity disciplines has been recognised by our institutional clients during the period.

Assets under management

Total assets under management fell by SEK 22 billion to SEK 51 billion during the first nine months of 2002, in total due to declining asset values. In the third quarter, the decline in asset values was SEK 8 billion, combined with a net outflow of SEK 1 billion.



Income

Total income for the first nine months of 2002 declined by 6 per cent (Y/Y) to SEK 661 million. The income decline mainly reflects the continuing decline in market values in managed portfolios, and a positive development of transaction-related income, especially in the third quarter. Fees from mutual funds were SEK 209 million in the first nine months of 2002, a decline by 15 per cent (Y/Y), reflecting a value decline in average assets under management, combined with an increasing part of mutual funds sold through third-party distributors. Fees from discretionary fund management were SEK 77 million, a decline of 11 per cent (Y/Y), reflecting a negative effect from declining values in average assets under management, which was partly offset by a more high-yielding mix.

The commission income for the first nine months was SEK 205 million, up 3 per cent (Y/Y). The increase in net interest income is related to foreign exchange services in connection with hedging of swap transactions. These transactions had earlier been executed through spot and forward transactions, affecting the net income from financial positions.

No performance fees were recognised or realised in the first nine months in 2002 (0).

Advisory fees amounted to SEK 17 million in the third quarter of 2002, of which SEK 10 million were fees generated in Pension Consulting. Pension Consulting targets mainly the "instividual" client segment (individual clients reached through their employer), offering a range of services related to insurance and asset management, and has increased the client base to some 15,000 clients.

Expenses and profit before tax

Total expenses for the first nine months were unchanged (Y/Y), including redundancy costs of SEK 10 million, in total referring to the third quarter. Total expenses excluding bonus for the first nine months 2002 increased by 15 per cent (Y/Y) and reflected the net increase in average number of employees (up 15 per cent (Y/Y) in combination with the redundancy costs. The number of employees at period-end was 299, an increase by 18 per cent from year-end, including effects from changes in the allocation of administrative personnel per business area. Bonus expenses were down by 30 per cent (Y/Y). The profit before tax for the first nine months declined by 21 per cent Y/Y to SEK 148 million. The third quarter profit before tax was SEK 56 million, flat from Q3(01) and up 44 per cent from Q2(02).

D. Carnegie & Co AB (publ)

Stockholm, 16 October 2002

Lars Bertmar
Chief Executive Officer



**Statutory consolidated income statement
(SEK millions)**

	Jul - Sep 2002	Jul - Sep 2001	Jan - Sep 2002	Jan - Sep 2001	Jan - Dec 2001
Commission income	474	605	1,614	2,158	2,864
Interest income	117	118	334	380	493
Interest expenses	-64	-65	-221	-255	-321
Net interest income	53	52	113	125	172
Dividends received	0	0	16	2	4
Net profit from financial transactions	13	-66	60	180	326
Other income	4	7	4	9	11
Total income	545	599	1,807	2,475	3,376
General administrative expenses	-472	-471	-1,491	-1,795	-2,458
Depreciation of tangible and amortisation of intangible fixed assets	-19	-16	-53	-43	-61
Total expenses	-491	-488	-1,544	-1,838	-2,519
Operating profit before provisions for credit losses	54	112	262	637	857
Provisions for credit losses, net	1	0	0	-1	-3
Operating profit	55	111	263	636	854
Result from associated companies	-2	-1	-3	-2	-2
Profit before taxes	53	110	260	634	852
Taxes	-17	-32	-80	-196	-280
Net profit	37	78	179	437	572



**Statutory consolidated balance sheet
(SEK millions)**

	Sep 30 2002	Sep 30 2001	Dec 31 2001
Assets			
Cash and bank deposits in central banks	110	75	124
Negotiable Government securities	-	65	-
Loan to credit institutions	4,890	5,749	5,952
Loans to general public	1,895	2,297	2,409
Bonds and other interest bearing securities	1,174	636	960
Shares and participations	1,318	1,403	2,817
Shares and participations in associated companies	4	6	7
Intangible fixed assets	44	1	21
Tangible fixed assets	175	212	199
Other assets	1,930	1,813	6,409
Prepaid expenses and accrued income	400	299	230
Total assets	11,940	12,557	19,129
Liabilities and shareholders' equity			
Liabilities to credit institutions	1,300	561	1,256
Deposits and borrowing from general public	4,711	6,268	5,561
Other liabilities	3,398	2,582	8,722
Accrued expenses and prepaid income	727	1,255	1,445
Provisions	311	92	265
Subordinated loan	0	-	-
Shareholders' equity	1,492	1,798	1,880
Total liabilities and shareholders' equity	11,940	12,557	19,129

**Changes in shareholders' equity
(SEK millions)**

	Sep 30 2002	Sep 30 2001	Dec 31 2001
Shareholders' equity - opening balance	1,880	1,605	1,605
Dividend (Q1)	-572	-861	-861
Additional capital through merger (Q2 & Q3 2001)	-	228	228
New share issue, net (Q2 - Q4 2001)	-	356	328
Translation differences	4	34	8
Net profit for the period	179	437	572
Shareholders' equity - closing balance	1,492	1,798	1,880

**Statements of changes in financial position
(SEK millions)**

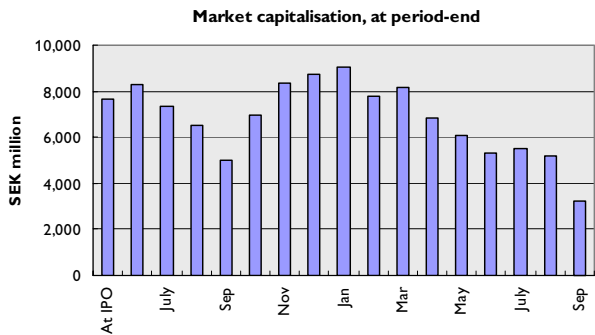
	Jan - Sep 2002	Group Jan - Sep 2001	Jan - Dec 2001
Current operations			
Cash flow from operations before changes in working capital	233	481	633
Changes in working capital	-739	-381	-374
Cash flow from current operations	-506	100	259
Cash flow from investment activities	-49	-112	-139
Distributed dividend	-572	-861	-861
Cash flow from other financing activities	46	362	507
Cash flow for the period	-1,081	-512	-234
Liquid funds at the beginning of the year	6,076	6,302	6,302
Exchange differences in liquid funds	4	34	8
Liquid funds at the end of the period	5,000	5,824	6,076



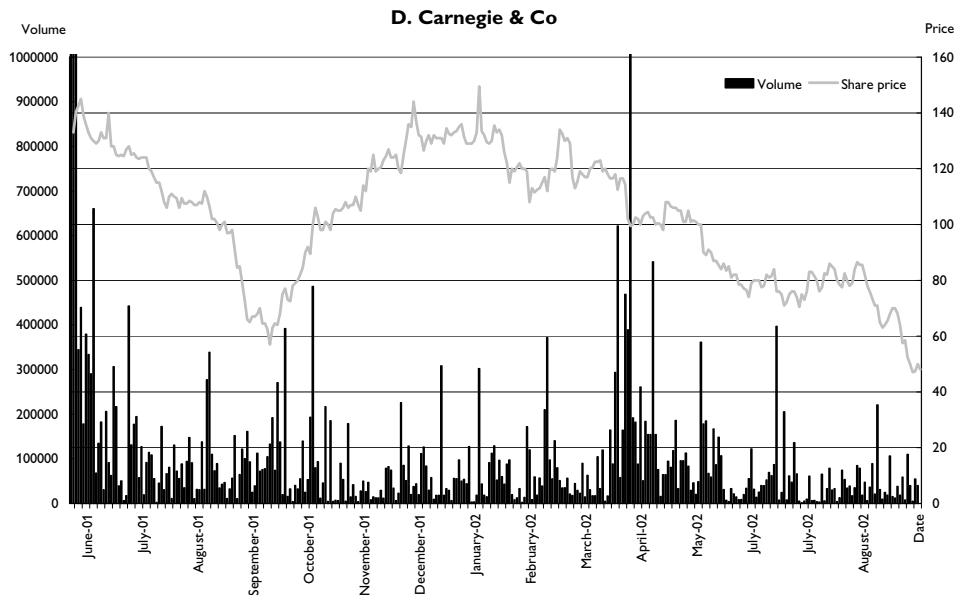
Share information (SEK)

Market value 30 September 2002 (SEK million)	3,202
Share price 28 June 2002	48
Share price 31 December 2001	131
Year high	150
Year low	31.5
All time high	150
All time high date	7 June 2001

Listing: Stockholmsbörsen (SWE), List O
 Code: SE0000798829
 Listed since: 2001-06-01
 Trading lot: 100 shares
 Symbol: CAR



Share price development and turnover 1 June 2001 – 30 September 2002 *)



Source: DI

*) The turnover for the first two weeks after the initial public offering was 12.5 million shares. The turnover on 19 April was 3.5 million shares, and included the coordinated placing of released lock-up shares held by current and former employees.



Ownership structure

Shareholder structure, 30 September 2002	No of shares	Votes and capital
<i>Transfer restricted shares</i>		
Carnegie current and former personnel	25,822,850	38.7%
Singer & Friedlander Securities Ltd	20,579,440	30.9%
Sub-total transfer-restricted shares	46,402,290	69.6%
<i>Free float</i>		
Institutional investors		
- Foreign	11,292,465	16.9%
- Swedish	5,683,857	8.5%
Private investors	3,322,988	5.0%
Sub-total free float	20,299,310	30.4%
Grand total	66,701,600	100.0%

10 largest shareholders, 30 September 2002	No of shares	Votes and capital, %
Singer & Friedlander Securities Ltd	20,579,440	30.9%
Non-Swedish institutional investors 1)	9,860,765	14.8%
Group management	2,365,000	3.5%
Didner & Gerge Fonder	1,275,900	1.9%
Carnegie Personal AB 2)	1,152,761	1.7%
Robur fonder	1,138,953	1.7%
Baillie Gifford European Small Cap Fund	538,000	0.8%
United National Joint Staff Pension Fund	482,200	0.7%
Östersjöstiftelsen	455,900	0.7%
Lazard	411,500	0.6%
Sub-total	38,260,419	57.4%
Others	28,441,181	42.6%
Total	66,701,600	100.0%

1) Nominee-registered shares held by unidentified international institutional investors.

2) Carnegie Personal AB administers the lock-up and lock-in agreements related to the transfer-restricted shares held by current and former personnel. The number of shares reflects the net position held by Carnegie Personal AB.

Transfer restricted shares

Lock-up shares

Certain shares held by Carnegie's current and former employees are included in a lock-up agreement. The lock-up provides that 25 per cent of the shares will be released one day after the date for release of Carnegie's quarterly reports for the periods ended 31 March and 30 September 2002 and 2003. In April 2002, 3,180,530 shares were sold on behalf of various current and former employees through a coordinated placement. The placement was executed as an accelerated book-built offering. The shares represented 47.9 per cent of the first tranche released from the post-IPO lock-up and 4.8 per cent of the total ordinary shares outstanding in D. Carnegie & Co AB.

The second release of lock-up shares will take place on 17 October 2002 and will increase the free float (as defined in the table above) to 40 per cent. Carnegie's management has decided, after discussions with the advisers, that no co-ordinated placement will be offered this time. Orders from personnel will be submitted according to established rules and routines.

**Lock-in shares**

Approximately 10 per cent of the total shares outstanding are held by key employees and are subject to certain restrictions according to a lock-in agreement. These shares may not be transferred prior to 1 January 2004.

Shares held by Singer & Friedlander

Singer & Friedlander's shares were released from lock-up in connection with the first quarter report 2002. Singer & Friedlander has agreed not to transfer any shares without the prior consent of Carnegie Personal AB, subject to certain exceptions.

Warrant programme

Carnegie has at present two warrant programmes for employees – Warrant programme 2002-2005, which was approved by the EGM the 28 November 2001, and Warrant programme 2003-2006, approved by the AGM 14 March 2002 and registered 12 July 2002. Warrant programme 2002-2005 includes 2.4 million warrants with the right to acquire 2.4 million Carnegie shares at SEK 158 each from 1 April 2003 to 29 April 2005. The programme will, assuming full exercise of the warrants, correspond to a dilution of 3.6 per cent of the share capital and an increase in equity of SEK 379 million.

Warrant programme 2003-2006 includes 2.4 million warrants to be distributed to personnel in 2003. Including Warrant programme 2002-2005 and assuming that the warrants are exercised in full, total dilution would be 7.2 per cent. Carnegie's costs for each programme are estimated to be less than SEK 10 million.