Carnegie – Interim report January-March 2003

Net profit SEK 23 million – action plan initiated

- The net profit for the first quarter 2003 was SEK 23 million (SEK 90 million), down 75 per cent from the first quarter 2002.
- Total income was SEK 464 million, down 28 per cent year-on-year. Securities income was SEK 199 million, down 36 per cent (down 31 per cent on a like-for-like basis[1]). Investment Banking income was SEK 97 million, down by 4 per cent. Asset Management & Private Banking income was SEK 169 million, down 29 per cent. Of the total income in Asset Management & Private Banking, Private Banking income accounted for SEK 70 million.
- Total expenses were down 23 per cent to SEK 428 million due to bonus declining by 80 per cent and operating expenses before bonus declining by 9 per cent.
- Earnings per share for the period were SEK 0.34 (SEK 1.35).
- Following the further decline in business activity, a reduction of 55 employees is announced today, primarily affecting the Swedish operations of the business areas Securities and Investment Banking. The reduction is split equally between front office and support personnel and will be completed during the second quarter.
- An action plan, project "One Carnegie", focused on developing Carnegie's business to meet the clients' future needs, has today been approved by the Board of Directors. The plan includes initially further streamlining of the operations, organisational changes following an external review of IT and aftertrade organisation, a review of the legal structure, and the organisational changes required to file an application for a banking license, in order to be able to provide a complete private banking service. The action plan is estimated to be completed in 2005.
- After the pay-out of the dividend of SEK 596 million, decided by the AGM in March 2003, the regulatory capital base is SEK 955 million, leading to a Tier 1 of 23.6 per cent at 31 March 2003 (20.4 per cent at year-end), which is well above the targeted Tier 1 ratio of 15 per cent.
- Karin Forseke was appointed as new CEO after the AGM 13 March 2003. At the AGM re-election was agreed of Lars Bertmar (to be elected as new Chairman of the Board), Christer Zetterberg, Sigurd Astrup, Lars Berg, Michael Gibbins, John Hodson, and Anders Ljungh. Karin Forseke and Fields Wicker-Miurin were elected as new board members. The AGM also approved of the Warrant programme 2004-2007 (see page 22).

[1] The transfer of the Private Sales operations from Securities to Asset Management as from 1 January 2003, has not been restated in the accounting. The Private Sales operations generated income of SEK 17 million in the first quarter.

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Quotations from Karin Forseke, CEO:

“Current (political and economic) environment has lead to continued decline in Nordic market activity during the first quarter of 2003, which in turn has resulted in needing to make further staff reductions. The staff reductions are company wide and include both front office and support personnel and it goes as far as possible without negatively impacting on our level of service to clients.”

“Our Nordic strategy is firmly intact. It is long-term and it is to be our clients’ first choice. While our strategy is firm we must now position ourselves to meet tomorrow’s requirements. Our “One Carnegie” plan includes a number of aspects of how to bring our organisation closer together to achieve greater efficiency, while maintaining our local client relationships and product development. To achieve desired results we will review all aspects of our operations. We have started with a review of our “infra structure” and are in the process of implementing some of these initiatives.”

Auditor’s examination

The interim report for January-March has not been reviewed by the company’s auditors.

Teleconference

Carnegie’s CEO Karin Forseke will present the first quarter results at a teleconference held 16 April at 4.00 PM (CET). It will be open to the public. In order to participate, please call +44 (0)20 7162 0125. 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

For further information, please contact Karin Forseke (CEO) +46 8 5886 90 10, Mats-Olof Ljungkvist (CFO) +46 8 5886 90 13 or Birgitta Henriksson (IR) +46 8 5886 86 39.

Financial calendar 2003

Interim report January-June 2003	16 July 2003
Interim report January-September 2003	15 October 2003

Additional information is available at *www.carnegie.se/ir*.

Carnegie is the 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[2]

(SEK million)	*Jan - Mar 2003*	*Chg*	*Jan - Mar 2002*	*Jan - Dec 2002*
Income statement				
Securities	199	-36%	312	1,106
Investment Banking	97	-4%	101	467
Asset Management & Private Banking	169	-29%	236	819
Total income	*464*	-28%	*649*	*2,392*
Personnel expenses	-222	-7%	-238	-902
Redundancy expenses	-6		-2	-92
Other expenses	-177	-14%	-206	-789
Net provisions for credit losses	0		0	-3
Total operating expenses excluding bonus	*-405*	-9%	*-446*	*-1,786*
Operating profit before result from principal investments and bonus	*59*	-71%	*204*	*606*
Result from principal investments	-3		38	9
Operating profit before bonus	*56*	-77%	*242*	*616*
Bonus expenses	-23	-80%	-111	-277
Total expenses	*-428*	-23%	*-557*	*-2,063*
Profit before taxes	*33*	-75%	*130*	*339*
Taxes	-10	-74%	-40	-89
Net profit	*23*	-75%	*90*	*250*
Earnings per share (SEK)	0.34		1.35	3.75
Earnings per share, fully diluted (SEK)	0.34		1.35	3.75

Market environment

Carnegie Nordic Index fell another 10 per cent in the first quarter of 2003. The turnover decline on the Nordic stock markets continued in the first quarter and ended 33 per cent below the level in the first quarter last year. The volume of announced and completed M&A-transactions in the Nordic region was down substantially from the first quarter last year – a decline of 74 and 85 per cent respectively. No IPOs reached the markets in the period. Swedish equity funds reported a net inflow to equity funds of SEK 8.5 bn (SEK 17 bn).

Market position

Total turnover in the Nordic stock exchanges is composed of commission-bearing volume and trading flows. Carnegie's official share of the total turnover declined in the first quarter to 7.6 per cent from 9.3 per cent at year-end. The decline is mainly related to Carnegie's lower trading activity, especially on the Swedish and Finnish stock markets. Carnegie's commission income decline is in line with the overall turnover decline on the Nordic stock exchanges, indicating that the underlying market share, which is based on the commission–bearing volume, is intact. In Investment Banking, Carnegie is ranked as No 1 in the Nordic M&A advisory league table in terms of announced assignments. Carnegie now holds 4- or 5-star rankings for funds representing 2/3 of the assets under management in equity mutual funds.[3]

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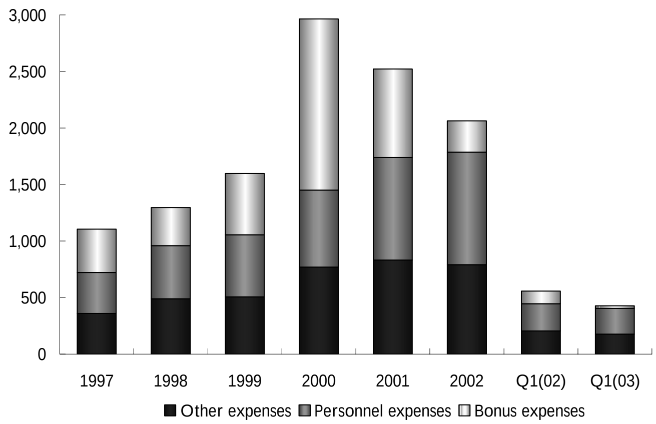
[2] Result from principal investments is not included in total income in the operational reporting. Income in the operational reporting may thus differ from total income as presented in the statutory income statement.

[3] Morningstar, Fondmarknaden and W-rating, 15 April 2003.

Income
Carnegie's total income for the first quarter fell by 28 per cent from the same period last year to SEK 464 million. Income in the largest business area, Securities, was down by 36 per cent to SEK 199 million. The decline reflects substantially lower commission income, a decline of 41 per cent to SEK 147 million. When excluding the effect from the transfer of Private Sales commission from business area Securities into Asset Management, the decline in commission was 34 per cent, which is in line with the overall turnover decline in the market. In Investment Banking, the income decline was smaller, down by 4 per cent (Y/Y) to SEK 97 million, which was mainly generated in the M&A-business. In Asset Management & Private Banking, total income was SEK 169 million, a decline of 28 per cent year-on- year, mainly an effect of the continuing decline in market values.

Total expenses



Total expenses in the first quarter were SEK 428 million, down 23 per cent from last year. Total operating expenses before bonus declined by 9 per cent to SEK 405 million, including non-recurring costs of SEK 25 million, of which SEK 9.5 million refers to the company's costs for a one-off contribution of SEK 7.7 million to the former CEO's pension benefits. Total bonus expenses were down by 80 per cent.[4]

Personnel reduction and redundancy costs
As a consequence of the continued decline in the market activity, a personnel reduction of a total of 55 employees has today been announced. The personnel reduction has been made to the point of not impacting negatively on the service level to our targeted clients, and to keep a strategic personnel base in each targeted segment. After this reduction the decline in the number of employees will be close to 20 per cent from mid-year 2001 to mid-year 2003.

The reduction primarily affects the Swedish operations of the business areas Securities and Investment Banking. The personnel reduction includes about 50 per cent front office personnel and 50 per cent support personnel, and will be completed in the second quarter of 2003. The reduction is based on individual agreements with each employee, and redundancy costs will incur when an agreement is reached. The redundancy costs will thus be expensed in full in the second quarter 2003.

[4] 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 shareholders' equity. 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.

Project One Carnegie

Project One Carnegie is an all-encompassing company wide initiative focused on developing Carnegie's business to meet the future needs from clients. It includes a number of components, both related to organisation, work methodology (development and teamwork across the group) and infrastructure. The initial steps are described below:

1. Streamlining of operations
Further streamlining of the operations focuses on increased use of standardised group wide solutions. Certain administrative functions will be either standardised or centralised, while local client support and product development will be maintained.

2. Outcome of review of IT and aftertrade organisation
An external group wide review of IT- and aftertrade organisation has been made and will result in organisational changes with the purpose of decreasing costs for IT operations and aftertrade. A number of alternatives are considered, including internal as well as external solutions.

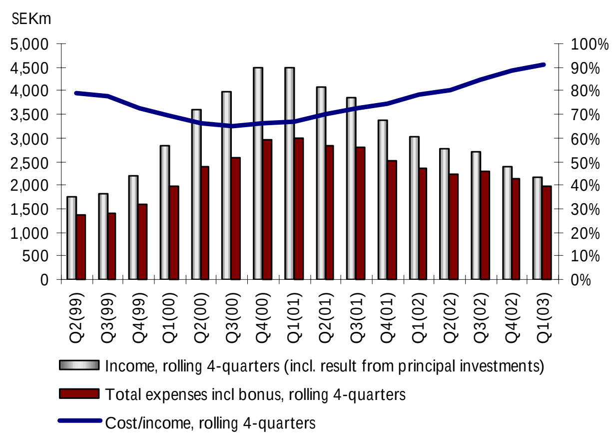
3. Application for a banking license for D. Carnegie AB
In 2002, the first steps were taken towards the development of Carnegie's Private Banking concept, when the Private Sales organisation in business area Securities was integrated into Asset Management & Private Banking. At today's board meeting a decision was taken towards filing an application to seek a banking license for the Swedish company D. Carnegie AB, which will enable the development of a complete Private Banking service. A merger of the Swedish Asset Management entity, Carnegie Kapitalförvaltning AB, with D. Carnegie AB has also been initiated.

4. New legal structure
A review of the legal structure has been made with the purpose to simplify and to reduce the number of entities.

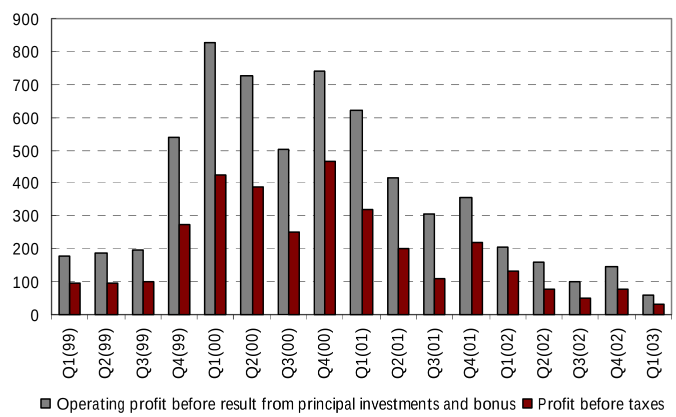
Estimated cost base for 2003
In the year-end report for 2002, the cost level for 2003 was estimated at SEK 1,550-1,650 million, assuming no further changes in staff levels. For 2003, redundancy expenses and other non-recurring costs following the announced reduction of 55 employees will exceed the decline in the cost base. In the long term, the effect from the announced reduction will reduce the cost base by SEK approximately 50 million to SEK 1,500- 1,600 million, based on the average cost per employee.

Cost/income ratio

Due to declining income, the cost/income ratio (including bonus costs and result from principal investments) increased to 93 per cent (81 per cent) for the first quarter 2003, corresponding to an operating margin of 7 per cent.



Quarterly operating profit



Net profit and return on equity

The net profit for the first quarter 2003 was SEK 23 million, corresponding to a return on equity for the last 12 months of 13 per cent (31 per cent).

Risk-weighted assets and Tier 1 ratio

Risk-weighted assets fell 14 per cent from year-end to SEK 4.1 billion, of which 69 per cent was attributed to credit risks and 31 per cent to market risks. The decrease reflects lower credit risks and lower utilisation of the trading risk mandates. After the pay-out of the dividend of SEK 596 million, the regulatory capital base is SEK 955 million, leading to a Tier 1 of 23.6 per cent at 31 March 2003 (20.4 per cent at year-end).

Liquidity, financing and investments

Carnegie's working capital fluctuates significantly between the financial statement dates. The change in working capital in the first quarter 2003 was SEK 1,435 million (SEK –477 million). The cash flow from operations before changes in working capital was a positive SEK 46 million for the period (SEK 107 million). Capital expenditure was SEK 4 million (SEK 17 million). See page 19 for further information.

Operating data and key ratios

	Jan - Mar 2003	Jan - Mar 2002	Jan - Dec 2002
Earnings per share (SEK)	0.34	1.35	3.75
Earnings per share, fully diluted (SEK)	0.34	1.35	3.75
Book value per share (SEK)	14.72	20.81	23.51
Share price (SEK)	44.5	122.5	56.0
Price/earnings multiple	16.2	18.4	14.9
Price/book multiple	3.0	5.9	2.4
Number of shares at period-end	66,701,600	66,701,600	66,701,600
Average number of shares	66,701,600	66,701,600	66,701,600
Number of shares related to outstanding warrants	4,800,000	2,400,000	2,400,000
Compensation/income ratio, %	53%	51%	49%
Cost/income ratio, %	93%	81%	86%
Operating margin, %	7%	19%	14%
Profit margin, %	5%	13%	10%
Return on equity, (12 mo) %	13%	31%	16%
Total assets (SEK million)	11,177	15,549	12,444
Margin lending (SEK million)	1,594	2,567	2,820
Deposits and borrowing from general public (SEK million)	4,614	5,143	5,016
Shareholders' equity (SEK million)	982	1,388	1,568
Total regulatory capital base (SEK million)	*955*	*1,308*	*956*
-Shareholders' equity	982	1,388	1,568
-Goodwill	-17	0	-17
-Dividends	-	-	-596
-Profit after tax and foreign exchange differences	-10	-80	-
Total risk-weighted asset (SEK million)	*4,055*	*5,653*	*4,690*
Risk-weighted assets (Credit risks)	2,794	4,213	3,214
Risk-weighted assets (Market risks)	1,262	1,440	1,476
Tier I Ratio, %	23.6%	23.1%	20.4%
Capital adequacy, %	23.6%	23.1%	20.4%
Number of employees, average	831	954	924
Number of employees, period-end	825	962	835
Period-end assets under management (SEK billion)	44	70	51

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 22).
Book value per share:	Shareholders' equity at period-end divided by total number of shares.
Share price:	Share price (closing price) at period-end.
Price/earnings multiple (last 12 months):	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 (excluding redundancy 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.

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

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 2002 Annual Report. New recommendations from the Swedish Financial Accounting Standards Council have had no impact on the accounts for the first quarter 2003. Referring to the recommendation about Segmental reporting (RR 25), the company's business areas have been defined as primary segments.

The parent company in summary

Total income in the parent company D. Carnegie & Co AB was SEK 1 million (SEK 5 million), and the company was showing a loss before financial items of SEK 36 million (SEK 17 million). The net loss before taxes was SEK 35 million (SEK 25 million). Capital expenditure of 0.4 million was made during the period (SEK 0.3 million). Shareholders' equity adjusted for equity part (72%) of untaxed reserves at 31 March 2003 was SEK 782 million (SEK 1,113 million).

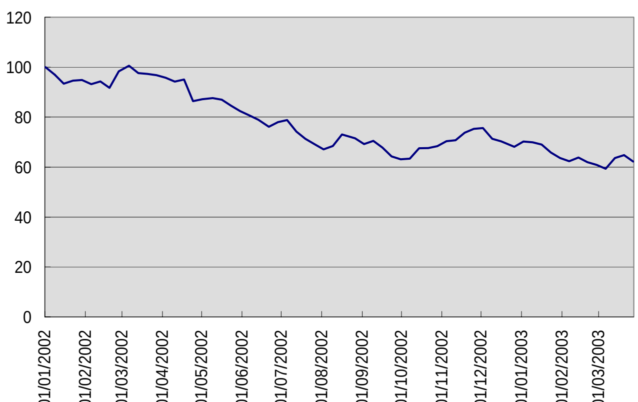
Securities

(SEK million)	Jan - Mar 2003	Chg	Jan - Mar 2002	Jan - Dec 2002
Net commission income	147	-41%	248	894
Underwriting fees	0		10	70
Net interest income	20	-31%	29	150
Proprietary trading and market making	48	-5%	50	94
Net interest income from financial positions	-14	-41%	-25	-105
Other income from financial positions	-1		0	2
Net income from financial positions	*32*	25%	*25*	*-8*
Other fees	0		0	0
Total income	*199*	-36%	*312*	*1,106*
Personnel expenses	-90	-26%	-122	-468
Redundancy expenses	-4		-1	-58
Other expenses	-75	-33%	-111	-452
Net provisions for credit losses	0		0	-3
Total operating expenses excluding bonus	*-169*	-28%	*-234*	*-980*
Business area operating profit before bonus	*30*	-62%	*78*	*126*
Bonus expense	-12	-67%	-36	-57
Total operating expenses	*-181*	-33%	*-270*	*-1,037*
Business area profit before taxes	*18*	-58%	*42*	*69*
Cost/income ratio, %	91%		87%	94%
Operating margin, %	9%		13%	6%
Number of employees, average	339		506	470
Number of employees, period-end	330		507	402

Market environment

Carnegie Nordic index was down 10 per cent in the first quarter 2003, reflecting a decline of 15 per cent in Finland and smaller declines in the Scandinavian markets.

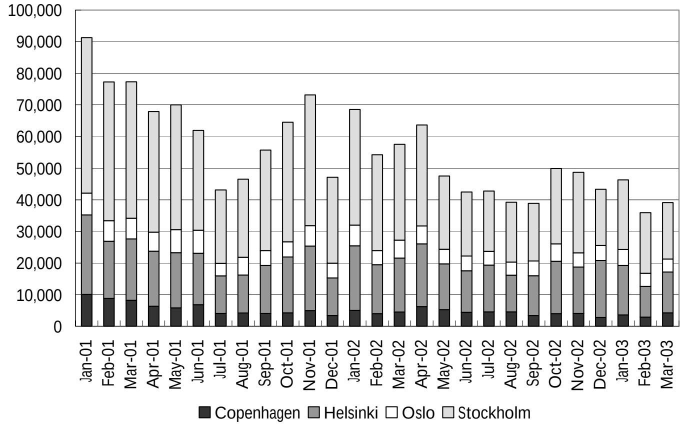
Carnegie Total Nordic Index



Share indices dev. (%) 1)	*Q1(03)*	*-12M*
Total index Denmark	-4	-26
Total index Norway	-8	-36
Total index Finland	-15	-36
Total index Sweden	-8	-37
Carnegie Nordic index	*-10*	*-36*

1) Source: Carnegie Ind-X

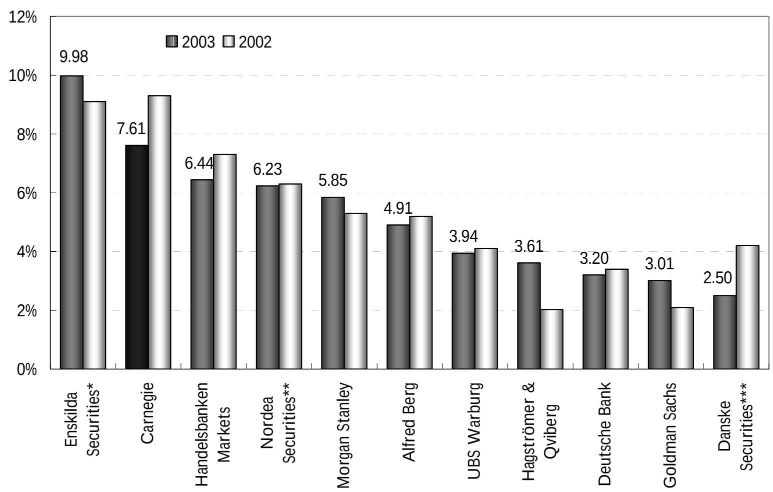
Total turnover in the Nordic stock exchanges



The aggregate turnover on the Nordic stock exchanges in the first quarter 2003 was down 33 per cent from the same period in 2002. Stockholmsbörsen did particularly badly, down 39 per cent. The 12-months turnover rate for the aggregate Nordic market was unchanged at 105 per cent.

Market position

Total turnover in the Nordic stock exchanges is composed of commission-bearing volume and trading flows. Carnegie's official share of the total turnover declined in the first quarter to 7.6 per cent from 9.3 per cent at year-end. The decline is mainly related to Carnegie's lower trading activity, especially on the Swedish and Finnish stock markets. Carnegie's commission income decline is in line with the overall turnover decline on the Nordic stock exchanges, indicating that the underlying market share, which is based on the commission–bearing volume, is intact.



* Includes other SEB entities
** Includes other Nordea entities
*** Includes other Danske Bank entities

Income

Business area Securities' total income in the first quarter was SEK 199 million, down 36 per cent (Y/Y). Commission income accounted for 74 per cent of total income, and was down by 41 per cent from last year. Including Private Sales commissions (SEK 17 million), which are now integrated into business area Asset Management, total commission income was down by 34 per cent, which is in line with the overall turnover decline at the Nordic stock exchanges. Underwriting fees were zero. Income from proprietary trading and market making was SEK 48 million, of which the largest part was generated in fixed income trading activities.

Expenses and profit before tax

Total expenses before bonus fell 28 per cent year-on-year, mainly reflecting the transfer of direct and indirect expenses corresponding to SEK 30 million related to the Private Sales operations in Sweden and Denmark. The transfer can also be seen in the decrease in the number of employees allocated to the business area, declining from 402 at year-end to 330.

The business area showed an operating profit before bonus of SEK 30 million (SEK 17 million on a like-for-like basis) down by 62 per cent (Y/Y). The profit before taxes was SEK 18 million (SEK 42 million).

Investment Banking

(SEK million)	*Jan - Mar 2003*	*Chg*	*Jan - Mar 2002*	*Jan - Dec 2002*
Underwriting fees	5	-85%	30	133
Net income from financial positions	8		0	-6
Advisory fees	84	19%	71	340
Total income	*97*	-4%	*101*	*467*
Personnel expenses	-43	-2%	-44	-167
Redundancy expenses	0		0	-13
Other expenses	-28	-5%	-29	-112
Total operating expenses excluding bonus	*-71*	-4%	*-74*	*-292*
Business area operating profit before bonus	*25*	-5%	*27*	*175*
Bonus expense	-10	-17%	-12	-79
Total operating expenses	*-82*	-5%	*-86*	*-370*
Business area profit before taxes	*15*	4%	*14*	*96*
Cost/income Ratio, %	84%		86%	79%
Operating margin, %	16%		14%	21%
Number of employees, average	164		178	173
Number of employees, period-end	163		180	161

Market environment

The announced Nordic M&A volume in the first quarter 2003 was USD 5.2 billion, 74 per cent down from the same period last year. The total number of announced Nordic M&A transactions fell from 54 in the first quarter last year to 16 in 2003. The volume of completed M&A transactions in the Nordic region comprised 12 transactions and amounted to USD 2 billion (USD 14 billion). The Nordic ECM volume was close to zero, USD 26 million in the first quarter. No initial public offerings have been taken to the Nordic markets since May 2002. [5]

Market position

Carnegie's presence as a top adviser in the Nordic M&A-market was undisputed. In terms of deal value, Carnegie was ranked No 1 (No 3) with a transaction value corresponding to USD 3.5 billion (USD 9.7 billion). The DnB/Gjensidige NOR-merger, in which Carnegie is adviser to DnB, accounted for USD 2.5 billion.

Q1 2003			*Q1 2002*		
Adviser	*USD million*	*#*	*Adviser*	*USD million*	*#*
1. Carnegie	*3,520*	*8*	1. Goldman Sachs	13,708	6
2. JP Morgan Chase	2,575	2	2. UBS Warburg	11,804	5
3. ABN Amro	2,572	2	*3. Carnegie*	*9,715*	*11*
4. DnB Markets	2,488	1	4. Merrill Lynch	9,342	4
5. Merrill Lynch	2,488	1	5. Lehman Brothers	9,326	2
6. Lehman Brothers	1,321	3	6. Lazard	9,260	2
7. Goldman Sachs	569	1	7. Deutsche Bank	8,895	1
8. SHB	461	1	8. ABN Amro	2,210	11
9. Enskilda Securities	241	2	9. Danske Securities	2,131	5
10. Ernst & Young	100	1	10. SSSB	1,931	2
Total market with advisers	5,253	16	Total market with advisers	19,836	54
Total market w/o advisers	2,146	172	Total market w/o advisers	2,126	360
Total Market	*7,399*	*188*	*Total Market*	*21,963*	*414*

Source: Thomson Financial Securities Data, April 2003

[5] M&A rankings are based on announced/completed transactions involving Nordic target company or acquirer (Thomson Financial Securities Data, April 2003).

Based on the number of announced Nordic M&A transactions in the first quarter 2003, Carnegie was ranked No 1 (No 1) with 8 (11) transactions, with an advisory role in half of the total number of transactions. Measured on completed M&A transaction volume, Carnegie was ranked No 2 (No 4) with a transaction volume corresponding to USD 0.6 billion (USD 2.4 billion). Also in completed transactions Carnegie had an advisory role in half of the total number of transactions.

Income

Total income for the first quarter in 2003 was mainly generated from M&A-assignments, and resulted in a decline of a modest 4 per cent (Y/Y) to SEK 97 million. Advisory fees accounted for virtually all of the income.

Expenses and profit before tax

Total expenses declined by 5 per cent from last year, reflecting a 4 per cent decrease in non-bonus expenses and bonus expenses declining by 17 per cent. Profit before taxes for 2002 was SEK 15 million, up 4 per cent (Y/Y). The number of employees at period-end was 163.

Asset Management & Private Banking

(SEK million)	Jan - Mar 2003	Chg	Jan - Mar 2002	Jan - Dec 2002
Net commission income	52	-39%	86	259
Net interest income	19	8%	18	101
Net income from financial positions	10	-24%	13	38
Total fees from mutual funds	51	-29%	71	251
Total fees from discretionary fund management	18	-32%	26	80
Advisory fees	18	-15%	22	90
Total income	*169*	-29%	*236*	*819*
Personnel expenses	-89	25%	-71	-267
Redundancy expenses	-1		0	-22
Other expenses	-75	14%	-66	-226
Net provisions for credit losses	0		0	0
Total operating expenses excluding bonus	*-164*	20%	*-137*	*-514*
Business area operating profit before bonus	*4*	-96%	*99*	*305*
Bonus expense	-2	-96%	-46	-137
Total operating expenses	*-166*	-9%	*-183*	*-651*
Business area operating profit before taxes	*3*	-95%	*53*	*168*
Cost/income ratio, %	98%		77%	79%
Operating margin, %	2%		23%	21%
Period-end assets under management (SEK billion)*	*44*		*65*	*47*
- whereof mutual funds	19		27	20
- whereof discretionary fund management	24		38	26
Number of employees, average	328		270	281
Number of employees, period-end	332		275	272

* Assets under management have been redefined, for more information please se ”Assets under management and Private Banking client volume” on the next page.

Market environment

The continued uncertainty regarding the global economic outlook has resulted in a continued weak development in the equity markets. Implicit risk parameters continue to stay on a historically very high level. Pension funds and life insurance companies have been forced to continue the down-weighting of equities in their portfolios. Private clients remain hesitant to invest in equities, but sooner chose traditional bank deposits or money market products. The single-premium insurance market has temporarily more or less ceased to exist.

However, existing retail client businesses remain very stable. Employment-linked pension schemes, as well as e.g. the PPM system, continue to generate stable inflows to the mutual fund market. A net inflow of SEK 8.5 bn into Swedish equity funds was reported, including an inflow to the PPM-system in January of SEK 10 bn[6]. A number of institutions that re-allocated their portfolios earlier are in a wait-and-see position to begin issuing new equity mandates.

[6] Source: Fondbolagens Förening, April 2003.

Market position
Carnegie's different investment disciplines have continued to deliver acceptable performance compared to relevant benchmarks. The fund products, primarily directed to retail clients, mirror the discretionary portfolios. At the end of the period, funds representing 2/3 of Carnegie's assets under management in equity funds held 4- or 5-star rankings.[7]

In the retail segment, Carnegie's capability to keep or increase market shares is dependent on being represented in external distribution schemes with stable inflows. In the present market environment essentially all retail inflow into Carnegie's funds is received through external distributors.

Development of services and products
Carnegie's role as a provider of strategic and tactical allocation services is now being further developed. Banque Carnegie Luxembourg has integrated this into its private client offering for a number of years. Carnegie's pension structuring operation has developed ALM-techniques as a tool in servicing its institutional clients. In Sweden, Carnegie offers an allocation service for managed fund portfolios linked to unit-link insurances. This service covers the universe of funds available in the respective open-architecture link scheme.

As from 1 January, all private client business is integrated within the business area Asset Management & Private Banking. Carnegie will continue to develop its allocation services, in combination with an open-architecture approach, as an essential part of a complete private banking service.

Two long-short products will be launched during 2003. Carnegie WorldWide Long/Short will be launched during the spring, and Carnegie Medical Long/Short during the autumn.

Assets under management and Private Banking client volume
One part of the integration of all private client business into the business area, is that assets under management (AUM) will be redefined, so that AUM will from now on include only discretionary managed portfolios and mutual funds, and exclude advisory managed funds. This means that the AUM figure for the beginning of 2003 is adjusted from SEK 51 bn to SEK 47 bn. The reported AUM at end of March is SEK billion 44, due to a net inflow of SEK 2 bn and declining asset values of SEK 5 bn.

The *Private Banking client volume* is a new definition and represents the gross value of all portfolios managed on behalf of private clients, both discretionary and advisory accounts, and also includes all types of securities, mutual funds, borrowing and lending. The Private Banking client volume amounted to SEK billion 22 at the end of March, of which SEK 6 bn represents Carnegie discretionary mandates or mutual funds, included in the AUM figure above.

Income
Total income for the first quarter 2003 declined by 29 per cent to SEK 169 million (down by 36 per cent on a like-for-like basis). The income decline mainly reflects declining market values in managed portfolios (down by 32 per cent year-on-year). Fees from mutual funds were SEK 51 million, a decline by 29 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 18 million, a decline of 32 per cent (Y/Y), mainly reflecting a negative effect from declining values and a smaller outflow in average assets under management.

[7] Source: Morningstar, Fondmarknaden and W-rating, April 2003. Five stars is the maximum ranking.

Commission income was SEK 52 million, down 39 per cent (Y/Y). From this quarter, the private sales organisation is integrated into Asset Management & Private Banking. When excluding commission income of SEK 17 million from Private Sales, the decrease in commission is 59 per cent. Advisory fees amounted to SEK 18 million in the first quarter, down 15 per cent.

Out of total income, Private Banking (including the operations in Sweden, Denmark, UK and Luxemburg) accounted for SEK 70 million.

Expenses and profit before tax

Total expenses before bonus in the first quarter 2003 amounted to SEK 164 million, of which Private Banking accounted for SEK 68 million. Total expenses before bonus increased by 20 per cent, mainly reflecting increased direct and indirect costs (changes in the allocation of support personnel per business area) of a total of SEK 30 million, due to the integration of the Private Sales organisation. Bonus expenses were down by 96 per cent. The profit before tax was SEK 3 million, (SEK 53 million), corresponding to SEK 9 million on a like-for like-basis

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D. Carnegie & Co AB (publ)

Stockholm, 16 April 2003

Karin Forseke
Chief Executive Officer

Segmental reporting	*Total*		*Securities*		*Investment Banking*		*Asset Management & Private Banking*		*Principal investments*	
(SEK million)	*Q1(03)*	*Q1(02)*	*Q1(03)*	*Q1(02)*	*Q1(03)*	*Q1(02)*	*Q1(03)*	*Q1(02)*	*Q1(03)*	*Q1(02)*
Income statement										
Net commission income	199	334	147	248	-	-	52	86	-	-
Underwriting fees	5	40	0	10	5	30	-	-	-	-
Net interest income	39	47	20	29	-	-	19	18	-	-
Net income from financial positions	50	39	32	25	8	0	10	13	-	-
Fees from mutual funds	51	71	-	-	-	-	51	71	-	-
Fees from discretionary fund management	18	26	-	-	-	-	18	26	-	-
Advisory fees	103	92	-	-	84	71	18	22	-	-
Other fees	0	0	0	0	-	-	-	-	-	-
Total income	*464*	*649*	*199*	*312*	*97*	*101*	*169*	*236*	-	-
Personnel expenses	-222	-238	-90	-122	-43	-44	-89	-71	-	-
Redundancy expenses	-6	-2	-4	-1	0	0	-1	0	-	-
Other expenses	-177	-206	-75	-111	-28	-29	-75	-66	-	-
Net provisions for credit losses	0	0	0	0	-	-	0	0	-	-
Total operating expenses excluding bonus	*-405*	*-446*	*-169*	*-234*	*-71*	*-74*	*-164*	*-137*	-	-
Operating profit before result from principal investments and bonus	*59*	*204*	*30*	*78*	*25*	*27*	*4*	*99*	-	-
Result from principal investments	-3	38	-	-	-	-	-	-	-3	38
Operating profit before bonus	*56*	*242*	*30*	*78*	*25*	*27*	*4*	*99*	*-3*	*38*
Bonus expenses	-23	-111	-12	-36	-10	-12	-2	-46	1	-17
Total expenses	*-428*	*-557*	*-181*	*-270*	*-82*	*-86*	*-166*	*-183*	*1*	*-17*
Operating profit before taxes	*33*	*130*	*18*	*42*	*15*	*14*	*3*	*53*	*-2*	*20*
Taxes	-10	-40								
Net profit	*23*	*90*								

Segmental reporting

Information regarding the organisation's different operations must be presented as of 2003, according to the recommendation, RR 25, from the Swedish Financial Accounting Standards Council. This includes both business and geographical areas. The company must take into consideration, if the business area or the geographical area is the primary basis for the segmental reporting.

Carnegie has defined the existing business areas as primary segments. Information in the interim report is presented as above, while in the annual report information regarding assets, investments in associates, liabilities, investments and depreciations related to the primarily segments will also be included. In addition to this the company will present information about the secondary segments, in this case income, assets and investments divided on the basis of geographical area.

Statutory consolidated income statement
(SEK millions)

	Jan - Mar 2003	*Jan - Mar 2002*	*Jan - Dec 2002*
Commission income	*375*	*564*	*2,114*
Interest income	72	100	422
Interest expenses	-49	-79	-281
Net interest income	*23*	*22*	*141*
Dividends received	0	0	4
Net profit from financial transactions	65	102	171
Other income	0	0	4
Total income	*463*	*688*	*2,434*
General administrative expenses	-407	-540	-1,986
Depreciation of tangible and amortisation of intangible fixed assets	-21	-17	-73
Total expenses	*-428*	*-557*	*-2,060*
Operating profit before provisions for credit losses	*35*	*131*	*374*
Provisions for credit losses, net	0	0	-3
Write-down of financial fixed assets	-	-	-29
Operating profit	*35*	*131*	*342*
Result from associated companies	-2	-1	-3
Profit before taxes	*33*	*130*	*339*
Taxes	-10	-40	-89
Net profit	*23*	*90*	*250*
Earnings per share (SEK)	0.34	1.35	3.75
Earnings per share, fully diluted (SEK)	0.34	1.35	3.75
Average number of shares	66,701,600	66,701,600	66,701,600
Number of shares related to outstanding warrants	4,800,000	2,400,000	2,400,000

Statutory consolidated balance sheet
(SEK millions)

Assets	*Mar 31 2003*	*Mar 31 2002*	*Dec 31 2002*
Cash and bank deposits in central banks	67	99	82
Negotiable Government securities	0	-	-
Loan to credit institutions	3,834	5,097	2,955
Loans to general public	1,594	2,567	2,820
Bonds and other interest bearing securities	946	1,029	1,884
Shares and participations	2,377	2,921	764
Shares and participations in associated companies	8	7	5
Intangible fixed assets	53	27	57
Tangible fixed assets	146	190	163
Other assets	1,870	3,256	3,492
Prepaid expenses and accrued income	282	357	224
Total assets	*11,177*	*15,549*	*12,444*
Liabilities and shareholders' equity			
Liabilities to credit institutions	2,811	4,273	1,870
Deposits and borrowing from general public	4,614	5,143	5,016
Other liabilities	2,158	3,765	2,882
Accrued expenses and prepaid income	317	627	805
Provisions	295	352	303
Shareholders' equity	982	1,388	1,568
Total liabilities and shareholders' equity	*11,177*	*15,549*	*12,444*

Changes in shareholders' equity
(SEK millions)

	Mar 31 2003	*Mar 31 2002*	*Dec 31 2002*
Shareholders' equity - opening balance	1,568	1,880	1,880
Dividend (Q1)	-596	-572	-572
Translation differences	-13	-10	10
Net profit for the period	23	90	250
Shareholders' equity - closing balance	*982*	*1,388*	*1,568*

Statements of changes in financial position
(SEK millions)

	Group		
Current operations	*Jan - Mar 2003*	*Jan - Mar 2002*	*Jan - Dec 2002*
Cash flow from operations before changes in working capital	46	107	355
Changes in working capital	1,435	-477	-2,749
Cash flow from current operations	*1,481*	*-370*	*-2,394*
Cash flow from investment activities	-5	-16	-72
Distributed dividend	-596	-572	-572
Cash flow from other financing activities	-2	87	-12
Cash flow for the period	*877*	*-871*	*-3,050*
Liquid funds at the beginning of the year	3,037	6,076	6,076
Exchange differences in liquid funds	-13	-10	10
Liquid funds at the end of the period	*3,901*	*5,196*	*3,037*

Share information (SEK)

Market value 31 March 2003 (SEK million)	2,968
Share price 31 March 2003	44.5
Share price 31 December 2002	56
Share price at the IPO	115
Year high	68
Year low	42
All time high	149.5
All time high date	23 January 2002

Listing: Stockholmsbörsen (SWE), List O

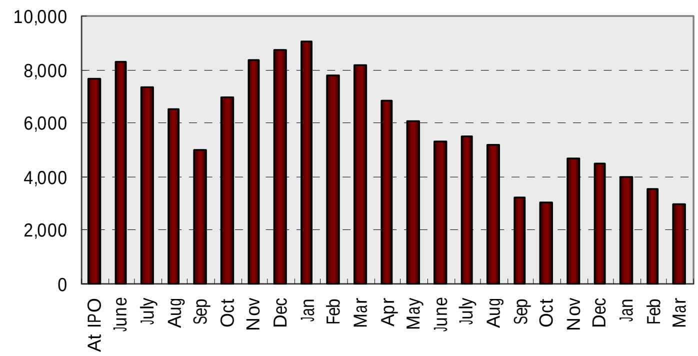
Code: SE0000798829

Listed since: 2001-06-01

Trading lot: 100 shares

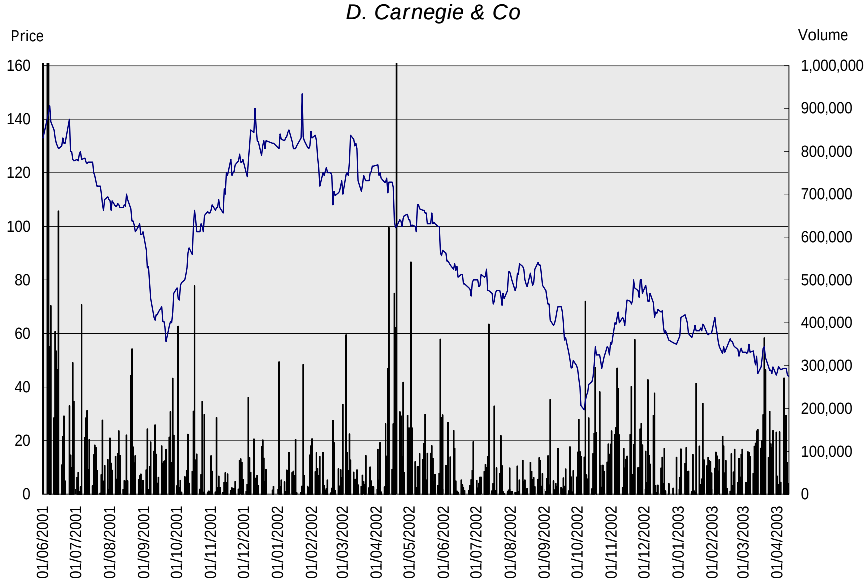
Symbol: CAR

Market capitalisation, at period-end, SEKm



Share price development and turnover 1 June 2001 – 14 April 2003 *)

D. Carnegie & Co



*) 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

Owner structure March 2003	*No of shares*	*Votes and capital*
Transfer restricted shares		
Carnegie current and former personnel 1)	19,255,750	29%
Singer & Friedlander Securities Ltd	20,579,440	31%
Sub-total transfer restricted shares	*39,835,190*	*60%*
Free float		
Institutional investors		
- Foreign	11,339,272	17%
- Swedish	8,004,192	12%
Private individuals	7,337,176	11%
Sub-total free float	*26,866,410*	*40%*
Grand total	*66,701,600*	*100%*

15 largest shareholders, March 2003	*No of shares*	*Votes and capital*
Singer & Friedlander Securities Ltd	20,579,440	30.9%
Non-Swedish institutional investors 2)	6,254,873	9.4%
Templeton Investments	1,985,686	3.0%
Group management	1,925,000	2.9%
Didner & Gerge	1,762,900	2.6%
Robur fonder	1,478,228	2.2%
Carnegie Personal AB 3)	1,402,761	2.1%
Invesco Asset Management	1,188,957	1.8%
SHB Fonder & Livförsäkringar	731,077	1.1%
Lannebo fonder	593,300	0.9%
Northern Trust	525,606	0.8%
Baillie Gifford European Small Cap Fund	489,970	0.7%
Lazard	454,900	0.7%
United National Joint Staff Pension Fund	439,280	0.7%
Östersjöstiftelsen	411,500	0.6%
Delsumma	*40,223,478*	*60.3%*
Sub-total	*26,478,122*	*39.7%*
Total	*66,701,600*	*100.0%*

1) Shares held by current and former personnel are individual holdings.
2) Nominee-registered shares held by unidentified international institutional investors.
3) 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. After the release of the first quarter report 2003, the third lock-up tranche expires, increasing the free float to 50 per cent. No coordinated sale of shares will be arranged. The total shareholding by current and former personnel (transfer restricted shares as well as free float) is estimated to about 40 per cent of the total number of shares outstanding in March 2003.

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 (30.9 per cent of total number of shares) were released from lock-up in connection with the first quarter report 2002. Singer & Friedlander have stated that they are not a long-term holder of their remaining stake in Carnegie, and that a disposal would be dependent on appropriate market conditions. Singer & Friedlander have agreed not to transfer any shares without the prior consent of Carnegie Personal AB, subject to certain exceptions.

Warrant programme

After the IPO of Carnegie 2001 a new scheme for equity participations has been introduced in the form of warrant programmes.

Warrant programme	*No of warrants*	*Strike price (SEK)*	*Subscription period*	*Increased equity (MSEK)*	*Corres-ponding share of capital*
2002/2005	2,400,000	158	1 April 2003 - 29 April 2005	379	3.6%
2003/2006	2,400,000	72	1 April 2004 - 28 April 2006	173	3.6%
2004/2007	2,400,000	1)	1 April 2005 - 27 April 2007	2)	3.6%

1) The strike price will be set to 120% of the average share price the weak after publication of the year-end report for 2003.
2) Strike price in January 2004 x2.4 million shares.

In order to achieve a long-term commitment, it is of great importance that Carnegie's employees also are shareholders. In line with this strategy Carnegie has introduced warrant programmes for employees.

At present there are two programmes outstanding – 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 with the right to acquire 2.4 million Carnegie shares at SEK 72 each from 1 April 2004 to 28 April 2006.

At the Annual General Meeting of D. Carnegie & Co. AB on 13 March 2003 it was decided to approve the Warrant programme 2004-2007. The programme includes 2.4 million detachable warrants for subscription in Carnegie shares. Each warrant will carry the right to acquire one new Carnegie share for an amount equivalent to 120% of the average Carnegie share price during the week following the publication of Carnegie's year-end results for 2003, in January/February 2004. The subscription period will end on 27 April 2007. In the event that the maximum amount of warrants is exercised in full, the share capital will increase by SEK 4,800,000, corresponding to 3.6% of the company's current share capital. Carnegie's costs for each programme are estimated to be less than SEK 10 million.

The aggregate dilution effect in terms of profit per share, calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR18), will be less than 1%, based on today's share price (approximately SEK 44). The warrants will be offered to personnel without charge following publication of Carnegie's results for the full year 2003.