



Carnegie – Interim report January-June 2003

Net profit first half year SEK 66 million

- The net profit for the first half year 2003 was SEK 66 million (142 million). The net profit for the second quarter was SEK 43 million, down 19 per cent Y/Y and up 87 per cent from the first quarter 2003.
- Earnings per share for the first half year were SEK 0.99 (SEK 2.13), of which SEK 0.64 in the second quarter (SEK 0.79).
- Total income for the first half year was SEK 975 million, down 22 per cent Y/Y. Total income for the second quarter was SEK 511 million, down 14 per cent (Y/Y) and up 10 per cent from the first quarter 2003. Securities income in the second quarter was SEK 241 million, down 12 per cent Y/Y. Investment Banking income was SEK 74 million, down by 39 per cent Y/Y. Asset Management & Private Banking income was SEK 196 million, unchanged Y/Y.
- Total expenses for the first half year were SEK 872 million, down 17 per cent Y/Y. Total expenses for the second quarter were down 10 per cent (Y/Y) to SEK 445 million, including redundancy costs of SEK 31 million related to the personnel reduction announced in connection with the first quarter results. The operating expenses in the second quarter excluding profit-share and redundancy expenses were down by 17 per cent (Y/Y). The estimated cost base before profit-share of SEK 1,500 – 1,600 million in 2003 remains unchanged.
- Assets under management amounted to SEK 49 billion at end of June, due to increasing asset values of close to SEK 5 billion and a small net inflow in the second quarter.
- Carnegie's share of the total turnover on the Nordic stock exchanges was 8.8 per cent in the first half year 2003, an improvement from the first quarter (7.6 per cent). In Investment Banking, Carnegie is clearly ranked as No 1 in the first half year in the Nordic M&A advisory league table in terms of announced and completed assignments, both in terms of transaction volume and in number of assignments. During the second quarter, a number of Carnegie's mutual funds received better rankings, and Carnegie now holds 4- or 5-star rankings for funds representing about 75 per cent of the assets under management in equity mutual funds.¹

Major changes in H1(03)

- Effect from transfer of Private Sales operations from Securities to Private Banking
- Redundancy expenses related to reduction of 55 employees in the second quarter

¹Aggregated data from the Nordic Stock Exchanges compiled by Carnegie, Thomson Financial Securities Data, Morningstar, Fondmarknaden and W-rating, July 2003.



Quotations from Karin Forseke, CEO:

“During the past quarter we have seen signs of stabilisation in market conditions; the war in Iraq and the peak in related global tension have passed, bringing some comfort to financial markets, the turnover on stock exchanges has seen an increase and we have actually seen some improvement in M&A-activity in the opening of the third quarter. I definitely feel that there is a shift in sentiment, but we must remember that the activity is starting from a very low level.”

“Our clients are at the forefront of our focus and by embracing the challenges and opportunities that the current environment provides enables us to adjust and implement changes to position ourselves for today and tomorrow. Since the peak in 2002 we have reduced our cost base by 15 per cent, this includes a reduction in staff of 20 per cent from the peak. We will now continue to build for the future and have initiated a number of projects not only to maximise efficiency but also to ensure that our targeted clients will receive the best quality in service and products in our field.”

Auditor’s examination

This interim report has been reviewed by the company’s auditors.

Teleconference

Carnegie’s CEO Karin Forseke will present the second quarter results at a teleconference held 16 July 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

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Financial calendar 2003

Interim report January-September 2003: 15 October 2003

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

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



The Carnegie Group

(SEK million)	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	H1 chg	Jan - Jun 2002	Jan - Dec 2002
Income statement						
Securities	241	275	440	-25%	587	1,106
Investment Banking	74	122	171	-23%	222	467
Asset Management & Private Banking	196	197	364	-16%	434	819
Total income *)	511	594	975	-22%	1,243	2,392
Personnel expenses	-196	-209	-418	-7%	-447	-902
Redundancy expenses	-31	-5	-37		-7	-92
Other expenses	-163	-221	-340	-20%	-427	-789
Net provisions for credit losses	0	-1	0		-1	-3
Total operating expenses excluding profit-share	-389	-436	-794	-10%	-882	-1,786
Operating profit before result from principal investments and profit-share	122	158	181	-50%	361	606
Result from principal investments	-4	-21	-7		17	9
Operating profit before profit-share	118	137	174	-54%	379	616
Allocation to profit-share system	-56	-61	-79	-54%	-172	-277
Total expenses	-445	-497	-872	-17%	-1,054	-2,063
Profit before taxes	62	76	95	-54%	206	339
Taxes	-19	-24	-30	-54%	-64	-89
Net profit	43	53	66	-54%	142	250
Earnings per share (SEK)	0.64	0.79	0.99		2.13	3.75
Earnings per share, fully diluted (SEK)	0.64	0.79	0.98		2.13	3.75

*) 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.

Market environment

Carnegie Nordic Index was up 3 per cent from year-end, after a recovery of 14 per cent in the second quarter of 2003. The Y/Y drop in aggregate turnover on the Nordic stock exchanges for the first half year was 28 per cent, even though an improvement could be seen in turnover levels in the second quarter, which was down 22 per cent from the second quarter in 2002, and unchanged from the first quarter. The volume of announced as well as completed M&A-transactions in the Nordic region was halved from the first six months last year – a decline of 47 and 54 per cent respectively. No IPOs have reached the markets in the last 12-monthsperiod. Swedish equity funds reported a net inflow in the first half year 2003 of SEK 15 billion (SEK 20 billion).

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 was 8.8 per cent in the first half year 2003, an improvement from the first quarter (7.6 per cent). 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 clearly ranked as No 1 in the Nordic M&A advisory league table in terms of announced and completed assignments, both in terms of transaction volume and in number of assignments. During the period, a number of Carnegie's mutual funds received better rankings, and Carnegie now holds 4- or 5-star rankings for funds representing about 75 per cent of the assets under management in equity mutual funds.²

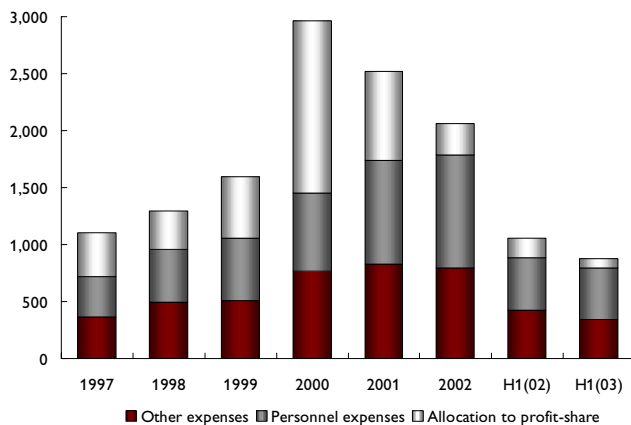
² Morningstar, Fondmarknaden and W-rating, July 2003.



Income

Carnegie's total income for the first half year was SEK 975 million, down 22 per cent Y/Y. Income in the second quarter 2003 was SEK 511 million, down 14 per cent Y/Y and up 10 per cent from the first quarter. Business area Securities made the largest improvement from the first quarter; income was SEK 241 million, down by 12 per cent (Y/Y) and up 21 per cent from the first quarter, mainly reflecting increased commission income. In Investment Banking, income was SEK 74 million, down by 39 per cent (Y/Y) and down 24 per cent from the first quarter. In Asset Management & Private Banking, total income was SEK 196 million, which was unchanged from last year, and up by 16 per cent from the first quarter.

Total expenses and estimated cost base for 2003



Total expenses for the first half year were SEK 872 million, down 17 per cent Y/Y, reflecting operating expenses before profit-share decreasing by 10 per cent and allocation to profit-share decreasing by 54 per cent.³ In the second quarter, operating expenses before profit-share were SEK 389 million, down 11 per cent from last year, including redundancy expenses of SEK 31 million. The redundancy expenses are in total related to the personnel reduction involving 55 employees announced in connection with the first quarter report, leading to a total number of employees of 778 at end of June, 2003.

The operating expenses for the second quarter before profit-share and excluding redundancy expenses were SEK 358 million, down by 17 per cent (Y/Y). The second quarter also includes a refund of VAT amounting to SEK 21 million, indicating an adjusted monthly cost base for the quarter of about SEK 125 million. The estimated annual cost base of 1,500 – 1,600 million remains unchanged.

Project One Carnegie

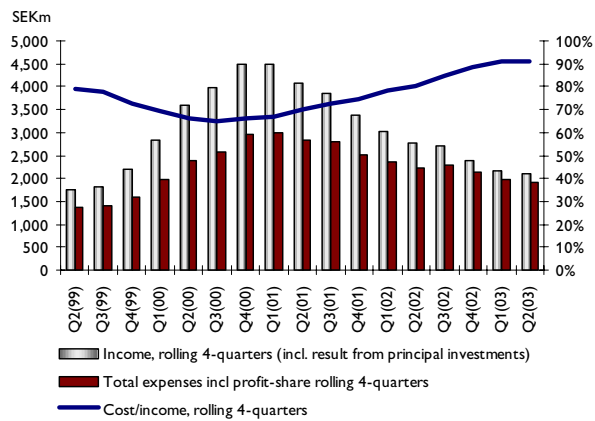
Project One Carnegie is an all-encompassing company wide initiative focused on developing Carnegie's business to meet the future needs of its clients. It includes a number of components, related to organisation, work methodology (development and teamwork across the group) and infrastructure. During the period, further steps have been taken according to plan in each of the separate projects. The application to seek a banking license for the Swedish company D. Carnegie AB, which will enable the development of a complete Private Banking service, was filed with the Swedish Financial Supervising Authority on 26 May.

³ The employee profit-share is calculated as a fixed formula, 50 per cent of the Group's operating profit before profit-share after deduction of a STIBOR-related return on shareholders' equity. Although allocation to the profit-sharing system is allocated to each business area on a fixed percentage basis for the purpose of segmental analysis, actual profit-share payments are based on the full year results and made on a discretionary basis.



Cost/income ratio

The cost/income ratio (including allocation to profit-sharing system and result from principal investments) was unchanged at 88 per cent (87 per cent) in the second quarter 2003, corresponding to an operating margin of 12 per cent, a slight improvement from 7 per cent in the first quarter 2003.



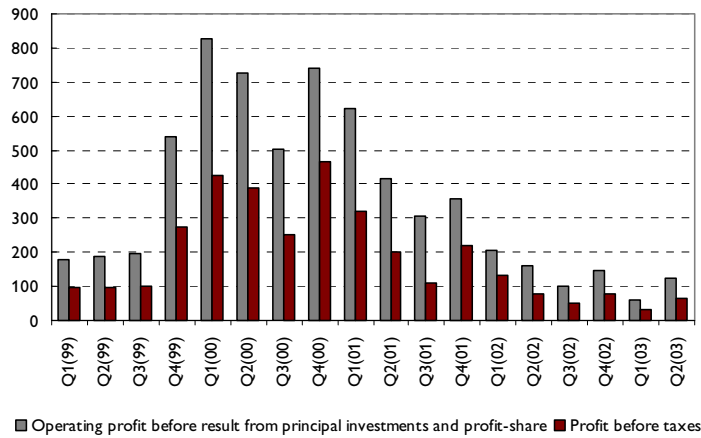
Result from principal investments

Result from principal investments in the second quarter 2003 was SEK -4 million, including a result of SEK -2 million from the marked-to-market valuation of Carnegie's holding in Orc Software, and a result from shares and participations in associated companies of SEK -2 million (Carnegie Investimentos, Portugal, and Capital C AB, Sweden).

Capital C AB is a software development company and a supplier of after trade solutions for the securities industry (including Carnegie), owned 50/50 by Carnegie and Alfred Berg ABN Amro. At 30 June 2003, the book value in the parent company of share capital and shareholders' contribution in Capital C amounted to SEK 9 million. Carnegie's guarantee commitment to Capital C AB was limited to SEK 75 million, of which SEK 71 million was utilised. Carnegie also had a loan outstanding amounting to SEK 15 million. Furthermore, the Board of Directors decided on 16 July, 2003 to increase the credit facility by SEK 8 million and to provide an additional shareholders' contribution of SEK 4 million, leading to a total possible commitment attributed to Capital C amounting to SEK 111 million.



Quarterly operating profit



Net profit and return on equity

The net profit for the second quarter 2003 was SEK 43 million, corresponding to a return on equity for the last 12 months of 13 per cent (26 per cent).

Risk-weighted assets and Tier 1 ratio

Risk-weighted assets increased by 15 per cent during the second quarter to SEK 4.7 billion. Of the total risk-weighted assets, 76 per cent was attributed to credit risks and 24 per cent to market risks. The increase mainly reflects increased credit risks by 26 per cent and a decrease in the utilisation of the trading risk mandates of 10 per cent. The regulatory capital base was SEK 956 million at period-end, leading to a Tier 1 ratio of 20.6 per cent at 30 June 2003 (23.6 per cent at 31 March 2003).

Liquidity, financing and investments

Carnegie's working capital fluctuates significantly between the financial statement dates. The change in working capital in the first half year 2003 was SEK 2,177 million (SEK -1,879 million). The cash flow from operations before changes in working capital was a positive SEK 109 million for the first six months (SEK 177 million). Capital expenditure was SEK 11 million (SEK 40 million). See page 19 for further information.



Operating data and key ratios

	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	Jan - Jun 2002	Jan - Dec 2002
Earnings per share (SEK)	0.64	0.79	0.99	2.13	3.75
Earnings per share, fully diluted (SEK)	0.64	0.79	0.98	2.13	3.75
Book value per share (SEK)	-	-	15.2	21.8	23.5
Share price (SEK)	-	-	58.5	80.0	56.0
Price/earnings multiple	-	-	22.5	14.9	14.9
Price/book multiple	-	-	3.9	3.7	2.4
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	66,701,600	66,701,600
Number of shares related to outstanding warrants	4,800,000	2,400,000	4,800,000	2,400,000	2,400,000
Total number of shares, incl effect of issued warrants	66,845,694	66,701,600	66,845,694	66,701,600	66,701,600
Compensation/income ratio, %	50%	47%	51%	49%	49%
Cost/income ratio, %	88%	87%	90%	84%	86%
Operating margin, %	12%	13%	10%	16%	14%
Profit margin, %	8%	9%	7%	11%	10%
Return on equity, (12 mo) %			13%	26%	16%
Total assets (SEK million)			13,846	12,789	12,444
Margin lending (SEK million)			2,206	2,207	2,820
Deposits and borrowing from general public (SEK million)			5,883	5,117	5,016
Shareholders' equity (SEK million)			1,012	1,452	1,568
Total regulatory capital base (SEK million)			956	1,297	956
-Shareholders' equity			1,012	1,452	1,568
-Goodwill			-16	-11	-17
-Dividends			-	-	-596
-Profit after tax and foreign exchange differences			-40	-144	-
Total risk-weighted asset (SEK million)			4,653	5,146	4,690
Risk-weighted assets (Credit risks)			3,521	3,869	3,214
Risk-weighted assets (Market risks)			1,131	1,276	1,476
Tier I Ratio, %			20.6%	25.2%	20.4%
Capital adequacy, %			20.6%	25.2%	20.4%
Number of employees, average	786	959	810	956	924
Number of employees, period-end	778	954	778	954	835
Period-end assets under management (SEK billion)*			49	56	47

* Assets under management have been redefined and restated from FY 2002. AUM now only includes discretionary managed portfolios and mutual funds, and excludes advisory managed funds.



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). The net profit is divided by the total number of shares including the number of shares to be issued corresponding to the calculated net present value (at current share price) of issued warrants.
Total number of shares, incl effect of issued warrants:	Total number of shares including the number of shares to be issued corresponding to the calculated net present value of issued warrants.
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 allocation to profit-share, as a percentage of total income including principal investments.
Compensation/income ratio:	Personnel expenses (excluding redundancy expenses) plus allocation to profit-sharing system 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 2002:22). The accounting principles and calculation methods used in this report are the same as those used in the 2002 Annual Report, although the expression "Bonus expenses" has been replaced by "Allocation to profit-sharing system" from this interim report and onwards. New recommendations from the Swedish Financial Accounting Standards Council have had no impact on the accounts for the first half year 2003. Referring to the recommendation about Segmental reporting (RR 25), the company's business areas have been defined as primary segments, see page 17.

The parent company in summary

Total income in the parent company D. Carnegie & Co AB for the first half year of 2003 was SEK 3 million (SEK 3 million), and the company was showing a loss before financial items of SEK 45 million (SEK -37 million). The net loss before taxes was SEK 35 million (SEK -75 million). At 30 June 2003, cash and liquid assets were SEK 38 million (SEK 254 million). Capital expenditure of 0.4 million was made during the period (SEK 0.7 million). Shareholders' equity adjusted for equity part (72%) of untaxed reserves at 30 June 2003 was SEK 782 million (SEK 1,071 million).

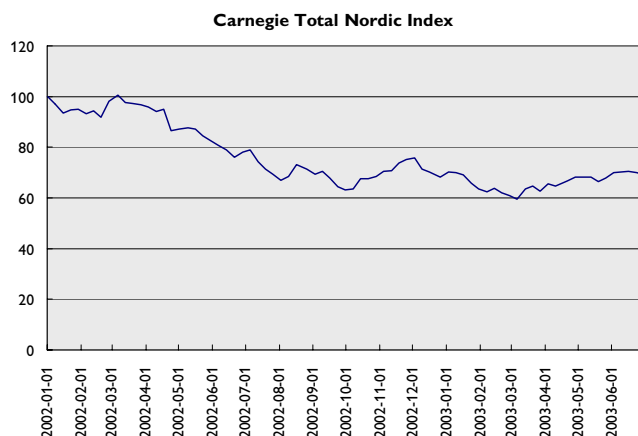


Securities

(SEK million)	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	H1 chg	Jan - Jun 2002	Jan - Dec 2002
Net commission income	172	226	319	-33%	474	894
Underwriting fees	4	51	4		61	70
Net interest income	37	52	57	-29%	81	150
Proprietary trading and market making	47	-16	94	174%	34	94
Net interest income from financial positions	-28	-39	-42	-34%	-64	-105
Other income from financial positions	9	2	8		2	2
Net income from financial positions	28	-53	60		-28	-8
Other fees	0	0	0		0	0
Total income	241	275	440	-25%	587	1,106
Personnel expenses	-81	-114	-171	-28%	-237	-468
Redundancy expenses	-13	0	-18		-1	-58
Other expenses	-56	-120	-131	-43%	-231	-452
Net provisions for credit losses	0	-1	0		-1	-3
Total operating expenses excluding profit-share	-150	-235	-320	-32%	-469	-980
Business area operating profit before profit-share	91	40	120	2%	118	126
Allocation to profit-share system	-42	-18	-54	1%	-54	-57
Total expenses	-193	-253	-374	-28%	-523	-1,037
Business area profit before taxes	48	22	66	3%	64	69
Cost/income ratio, %	80%	92%	85%		89%	94%
Operating margin, %	20%	8%	15%		11%	6%
Number of employees, average	317	499	328		502	470
Number of employees, period-end	316	492	316		492	402

Market environment

Carnegie Nordic Index was up 3 per cent from year-end, after a recovery of 14 per cent in the second quarter of 2003, with the sharpest improvement in Norway and a smaller recovery in Finland.

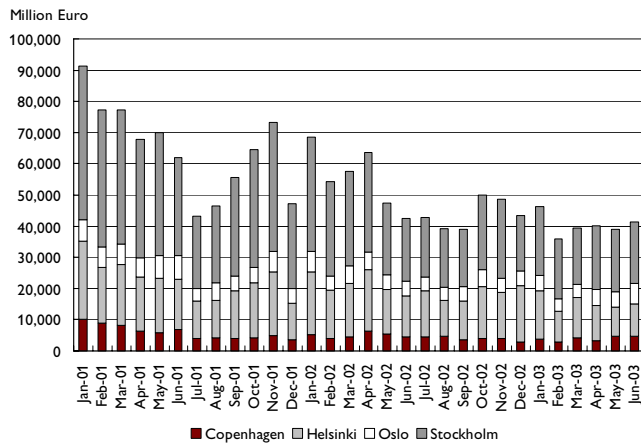


Share indices dev. (%) 1)	Q2(03)	-6M
Total index Denmark	16	12
Total index Norway	21	11
Total index Finland	9	-5
Total index Sweden	16	8
Carnegie Nordic index	14	3

1) Source: Carnegie Ind-X



Total turnover in the Nordic stock exchanges

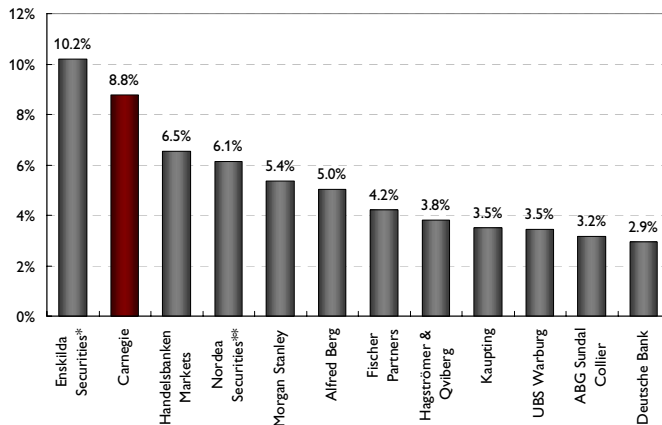


The Y/Y drop in aggregate turnover on the Nordic stock exchanges for the first half year was 28 per cent. An improvement could be seen in the second quarter, in which turnover was down by 22 per cent Y/Y and unchanged from the previous quarter. The 12-months turnover rate for the aggregate Nordic market was unchanged at 104 per cent.

Market position

Total turnover in the Nordic stock exchanges is composed of client-generated commission-bearing volume and trading flows. Carnegie's official share of the aggregate Nordic turnover was 8.8 per cent for the first half year of 2003, an improvement from the first quarter (7.6 per cent).

Share of total Nordic turnover H1(03)



* Includes other SEB entities
 ** Includes other Nordea entities

Development of services and products

During the second quarter, a new research platform was launched, including a new recommendations structure as well as an increased level of efficiency in the research process.



Income

Business area Securities' total income in the first half year was SEK 440 million, down 25 per cent Y/Y. Commission income accounted for 73 per cent of total income, and was down by 33 per cent (Y/Y). On a like-for-like basis, taking into account the net commission income from the Private Sales operations⁴, the decline was limited to 28 per cent. This decline is in line with the overall turnover decline for the first half year at the Nordic stock exchanges of 28 per cent, indicating that Carnegie's underlying market share, based on the commission-bearing volume, is intact. Income in the second quarter was SEK 241 million, down 12 per cent (Y/Y) and up by 21 per cent from the first quarter.

Underwriting fees were still on a low level. Income from proprietary trading and market making improved substantially to SEK 94 million in the first half-year 2003, of which about 40 per cent was generated in fixed income trading, and also included a substantial contribution from Equity Finance.

Expenses and profit before tax

Total expenses before profit-share in the first half year 2003 amounted to SEK 320 million, down 32 per cent Y/Y, and included redundancy expenses of SEK 18 million and a positive effect from a refund of VAT costs of SEK 15 million. The cost decrease also reflects the transfer of direct and indirect expenses of SEK 59 million related to the Private Sales operations to business area Asset Management & Private Banking (see footnote 4 below). On a like-for like basis, total expenses before profit-share in the first half year were down by 20 per cent Y/Y. In the second quarter, total expenses before profit-share amounted to SEK 150 million, down by 24 per cent (Y/Y), on a like-for like basis.

The business area showed an operating profit before allocation of profit-share of SEK 120 million for the first half year, up 2 per cent Y/Y, after a sharp improvement in the second quarter, reflecting the lower cost-base. The number of employees in the business area at period-end was 316, down by 21 per cent from year-end. The profit before taxes for the first half year 2003 was SEK 66 million, of which SEK 48 million was generated in the second quarter.

⁴ The Private Sales operations were transferred from Securities into Asset Management & Private Banking from 1 January 2003. Historical figures have not been restated. The table below shows the net effects on income and expenses for 2003.

Private Sales operations	Q1	Q2	H1
Total income	17	22	39
Total expenses before profit-share	-30	-29	-59
Net effect	-13	-7	-20



Investment Banking

(SEK million)	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	H1 chg	Jan - Jun 2002	Jan - Dec 2002
Underwriting fees	13	77	18	-83%	107	133
Net income from financial positions	4	-4	12		-3	-6
Advisory fees	57	48	141	19%	119	340
Total income	74	122	171	-23%	222	467
Personnel expenses	-36	-35	-79	0%	-79	-167
Redundancy expenses	-12	-5	-12		-5	-13
Other expenses	-37	-34	-65	1%	-64	-112
Total operating expenses excluding profit-share	-84	-74	-156	5%	-148	-292
Business area operating profit before profit-share	-10	47	15	-80%	74	175
Allocation to profit-share system	3	-21	-7	-80%	-34	-79
Total expenses	-81	-96	-163	-11%	-182	-370
Business area profit before taxes	-7	26	8	-80%	40	96
Cost/income Ratio, %	109%	79%	95%		82%	79%
Operating margin, %	-9%	21%	5%		18%	21%
Number of employees, average	144	178	154		178	173
Number of employees, period-end	141	174	141		174	161

Market environment

The announced Nordic M&A volume in the first half year 2003 was USD 15.1 billion, 47 per cent down from the same period last year. The total number of announced Nordic M&A transactions fell to 67 in the first half year 2003 from 126 last year. The volume of completed M&A transactions in the Nordic region comprised 50 (107) transactions and amounted to USD 8.5 billion (USD 20.3 billion). The Nordic ECM volume was still on a very low level, transactions amounted to USD 400 million in the first half year. No initial public offerings have been taken to the Nordic markets since mid-June 2002.⁵

Market position

Carnegie's presence as a top adviser in the Nordic M&A-market remained undisputed also for the first half year of 2003. Carnegie is ranked as No 1 in announced as well as in completed transactions, both in terms of volume and number of transactions.

January - June 2003			January - June 2002			2002		
Adviser	USD million	#	Adviser	USD million	#	Adviser	USD million	#
1. Carnegie	6,466	20	1. Goldman Sachs	15,447	10	1. Goldman Sachs	19,823	16
2. JP Morgan Chase	3,461	3	2. UBS	13,398	8	2. UBS	13,398	10
3. DnB Markets	3,299	3	3. Lehman Brothers	11,033	5	3. Carnegie	11,737	28
4. Merrill Lynch	3,265	3	4. Carnegie	10,679	17	4. Deutsche Bank	11,488	5
5. Deutsche Bank	3,152	7	5. Merrill Lynch	9,798	7	5. Lehman Brothers	11,033	7
6. ABN Amro	3,049	4	6. Lazard	9,329	4	6. Merrill Lynch	9,798	8
7. ABG Sundal Collier	2,976	7	7. Deutsche Bank	8,895	1	7. Lazard	9,329	6
8. Enskilda	2,735	12	8. Nordea	3,253	12	8. CSFB	6,782	14
9. HSBC	2,019	4	9. Citigroup	3,148	3	9. Morgan Stanley	3,480	7
10. Morgan Stanley	1,960	4	10. CSFB	2,969	8	10. Nordea	3,441	17
Total market with advisers	15,119	67	Total market with advisers	28,465	126	Total market with advisers	39,406	205
Total market w/o advisers	14,244	394	Total market w/o advisers	3,849	668	Total market w/o advisers	7,765	1,255
Total Market	29,363	461	Total Market	32,314	794	Total Market	47,172	1,460

Source: Thomson Financial Securities Data, July 2003.

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



In terms of deal value, Carnegie was ranked No 1 (No 4) with a transaction value corresponding to USD 6.5 billion (USD 10.7 billion). Carnegie advised in 20 transactions in the first six months 2003, of which the DnB/Gjensidige NOR-merger, in which Carnegie is adviser to DnB (announced in the first quarter), accounted for USD 2.5 billion. Other larger transactions were World Nordic's acquisition of Bergesen DY in Norway and CVC Capital Partners' acquisition of Danske Traelastcompagni in Denmark.

Measured on completed M&A transaction volume, Carnegie was ranked No 1 (No 5) with a transaction volume corresponding to USD 3.3 billion (USD 3.3 billion).

Income

Total income in the first half year was SEK 171 million, a Y/Y drop of 23 per cent. Advisory fees accounted for over 80 per cent of total income. Income in the second quarter was SEK 74 million, a decline of 39 per cent (Y/Y).

Expenses and profit before tax

Total operating expenses in the first half year were SEK 163 million, down by 11 per cent Y/Y. Operating expenses before profit share were up 5 per cent Y/Y, unchanged when excluding redundancy expenses. Total operating expenses before profit share amounted to SEK 84 million in the second quarter and included redundancy expenses of SEK 12 million, related to the personnel reduction in the business area. The number of employees at period-end was 141, down by 12 per cent from year-end.

The business area made an operating profit before profit-share of SEK 15 million for the first half year 2003, after showing a loss in the second quarter of SEK 10 million. When excluding redundancy expenses, the second quarter showed an operating profit before profit-share of SEK 2 million.



Asset Management & Private Banking

(SEK million)	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	H1 chg	Jan - Jun 2002	Jan - Dec 2002
Net commission income	63	56	116	-19%	142	259
Net interest income	21	27	40	-10%	45	101
Net income from financial positions	12	-4	22	135%	9	38
Total fees from mutual funds	54	74	105	-28%	146	251
Total fees from discretionary fund management	18	27	36	-32%	53	80
Advisory fees	27	17	46	18%	39	90
Total income	196	197	364	-16%	434	819
Personnel expenses	-79	-60	-167	27%	-131	-267
Redundancy expenses	-6	0	-7		0	-22
Other expenses	-70	-67	-144	9%	-132	-226
Net provisions for credit losses	0	0	0		0	0
Total operating expenses excluding profit-share	-154	-127	-318	20%	-264	-514
Business area operating profit before profit-share	42	70	46	-73%	169	305
Allocation to profit-share system	-19	-31	-21	-73%	-77	-137
Total expenses	-173	-158	-339	-1%	-341	-651
Business area profit before taxes	23	39	25	-73%	92	168
Cost/income ratio, %	88%	80%	93%		79%	79%
Operating margin, %	12%	20%	7%		21%	21%
Period-end assets under management (SEK billion)*			49		56	47
- whereof mutual funds			22		24	20
- whereof discretionary fund management			27		32	26
Number of employees, average	325	282	328		276	281
Number of employees, period-end	321	288	321		288	272

* Assets under management have been redefined and restated from FY 2002. AUM now only includes discretionary managed portfolios and mutual funds, and excludes advisory managed funds.

Market environment

The uncertainty regarding the global economic outlook has decreased during the second quarter. There are signs indicating that most institutions, as for now, have made necessary down-weightings of their equity portfolios. Risk parameters remain high, but are not increasing. Private clients continue to remain hesitant to invest in equities, and this will likely be the case for the foreseeable future. The single-premium insurance market remains very weak.

However, the retail market has remained stable all the way through the market downturn. Employment-linked pension schemes will probably be one of the most important markets in the short term for inflow to mutual funds. In Sweden, a net inflow of SEK 15 billion to equity funds was reported for the first half year 2003 (SEK 20 billion).



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. During the second quarter, two of Carnegie's funds were upgraded to rating AA by Standard & Poor's: Carnegie European Equity and Carnegie Medical. Thus, four Carnegie funds, including the previously rated Carnegie Nordic Markets and Carnegie WorldWide, are now rated AA. Carnegie's equity funds were also upgraded by other investment research firms; at the end of the period, funds representing about 75 per cent of Carnegie's total assets under management in equity funds held 4- or 5-star rankings.⁶

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

Following the decision to integrate all private client business in the business area Asset Management & Private Banking, Carnegie has during the period made organisational changes. The development of the service concept has continued in line with the open-architecture approach. The focus is now to provide the new service concept to a selection of existing and new clients and to develop a cost-efficient infrastructure to support the business.

A new product, Carnegie WorldWide Long/Short, has been successfully launched during the period. The product has initially been marketed in Denmark, as the first domestic hedge fund product.

Assets under management and Private Banking client volume

Assets under management (AUM) includes discretionary managed portfolios and mutual funds, and amounted to SEK 49 billion at end of June, an increase of SEK 5 billion from 31 March 2003, due to increasing asset values of close to SEK 5 billion and a small net inflow in the second quarter.

The Private Banking client volume 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 23 billion at the end of June, of which SEK 5 billion represents Carnegie's discretionary mandates or mutual funds, included in the AUM figure above.

Income

Total income for the first half year 2003 was SEK 364 million, down 16 per cent Y/Y including the transfer of income related to the Private Sales operations.⁷ On a like-for-like basis, income was down by 25 per cent Y/Y. Income in the second quarter 2003 of SEK 196 million was up 16 per cent from the first quarter and unchanged from last year, due to increased income from the foreign exchange operations and increased advisory fees, generated in Pension Consulting. Fees from mutual funds in the second quarter were SEK 54 million, down 27 per cent from last year, reflecting the 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 33 per cent Y/Y, mainly reflecting a negative effect from declining values.

⁶ Source: Morningstar, Fondmarknaden and W-rating, July 2003. Five stars is the maximum ranking.

⁷ The Private Sales operations were transferred from Securities into Asset Management & Private Banking from 1 January 2003. Historical figures have not been restated. The table below shows the net effects on income and expenses for 2003.

Private Sales operations	Q1	Q2	H1
Total income	17	22	39
Total expenses before profit-share	-30	-29	-59
Net effect	-13	-7	-20



Out of total income in the first half year, Private Banking (including the operations in Sweden, Denmark, UK and Luxembourg) accounted for SEK 157 million, of which SEK 87 million was generated in the second quarter.

Expenses and profit before tax

Total expenses before profit-share in the first half of 2003 amounted to SEK 318 million, an increase of 20 per cent Y/Y including the transfer of costs for the Private Sales operations of SEK 59 million. On a like-for-like basis, expenses were down by 2 per cent Y/Y. Private Banking accounted for SEK 135 million of the total costs in the first half year, of which SEK 66 million in the second quarter.

Total operating expenses before profit-share in the second quarter amounted to SEK 154 million. Total expenses in the second quarter before profit-share increased by 21 per cent (Y/Y), including the transfer of costs for the Private Sales operations of SEK 29 million and redundancy expenses of SEK 6 million.

On a like-for-like basis, profit before allocation of profit-share for the first half year, including the effects from the transfer of the Private Sales operations, was SEK 66 million. The profit before taxes was SEK 25 million for the first half year, of which SEK 23 million in the second quarter.

D. Carnegie & Co AB (publ)

Stockholm, 16 July 2003

Karin Forseke
Chief Executive Officer

Auditor's examination

We have reviewed this interim report in accordance with Swedish generally accepted standards for such reviews. A review is significantly less in scope than an examination in accordance with generally accepted auditing standards. During our review nothing came to our attention to indicate that the interim report does not comply with the requirements pertaining to listed companies and the Annual Accounts Act.

Stockholm, 16 July 2003

KPMG Bohlins AB

Anders Ivdal
Authorised Public Accountant



Segmental reporting (SEK million)	Total		Securities		Investment Banking		Asset Management & Private Banking		Principal investments	
	H1(03)	H1(02)	H1(03)	H1(02)	H1(03)	H1(02)	H1(03)	H1(02)	H1(03)	H1(02)
Income statement										
Net commission income	435	616	319	474	-	-	116	142	-	-
Underwriting fees	22	167	4	61	18	107	-	-	-	-
Net interest income	97	125	57	81	-	-	40	45	-	-
Net income from financial positions	94	-22	60	-28	12	-3	22	9	-	-
Fees from mutual funds	105	146	-	-	-	-	105	146	-	-
Fees from discretionary fund management	36	53	-	-	-	-	36	53	-	-
Advisory fees	187	158	-	-	141	119	46	39	-	-
Other fees	0	0	0	0	-	-	-	-	-	-
Total income	975	1,243	440	587	171	222	364	434	-	-
Personnel expenses	-418	-447	-171	-237	-79	-79	-167	-131	-	-
Redundancy expenses	-37	-7	-18	-1	-12	-5	-7	0	-	-
Other expenses	-340	-427	-131	-231	-65	-64	-144	-132	-	-
Net provisions for credit losses	0	-1	0	-1	-	-	0	0	-	-
Total operating expenses excluding profit-share	-794	-882	-320	-469	-156	-148	-318	-264	-	-
Operating profit before result from principal investments and profit-share	181	361	120	118	15	74	46	169	-	-
Result from principal investments	-7	17	-	-	-	-	-	-	-7	17
Operating profit before profit-share	174	379	120	118	15	74	46	169	-7	17
Allocation to profit-share system	-79	-172	-54	-54	-7	-34	-21	-77	3	-8
Total expenses	-872	-1,054	-374	-523	-163	-182	-339	-341	3	-8
Profit before taxes	95	206	66	64	8	40	25	92	-4	9
Taxes	-30	-64								
Net profit	66	142								

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 primary 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)**

	Apr - Jun 2003	Apr - Jun 2002	Jan - Jun 2003	Jan - Jun 2002	Jan - Dec 2002
Commission income	409	575	784	1,140	2,114
Interest income	80	116	153	217	422
Interest expenses	-51	-78	-100	-157	-281
Net interest income	29	38	53	60	141
Dividends received	1	4	1	4	4
Net profit from financial transactions	70	-14	134	88	171
Other income	0	0	0	0	4
Total income	509	603	972	1,291	2,434
General administrative expenses	-427	-479	-834	-1,019	-1,986
Depreciation of tangible and amortisation of intangible fixed assets	-18	-18	-39	-35	-73
Total expenses	-445	-496	-873	-1,054	-2,060
Operating profit before provisions for credit losses	64	107	99	238	374
Provisions for credit losses, net	0	-1	0	-1	-3
Write-down of financial fixed assets	-	-29	-	-29	-29
Operating profit	64	77	99	208	342
Result from associated companies	-2	-1	-4	-2	-3
Profit before taxes	62	76	95	206	339
Taxes	-19	-24	-30	-64	-89
Net profit	43	53	66	142	250
Earnings per share (SEK)	0.64	0.79	0.99	2.13	3.75
Earnings per share, fully diluted (SEK)	0.64	0.79	0.98	2.13	3.75
Average number of shares	66,701,600	66,701,600	66,701,600	66,701,600	66,701,600
Number of shares related to outstanding warrants	4,800,000	2,400,000	4,800,000	2,400,000	2,400,000
Total number of shares, incl effect of issued warrants	66,845,694	66,701,600	66,845,694	66,701,600	66,701,600



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

	Jun 30 2003	Jun 30 2002	Dec 31 2002
Assets			
Cash and bank deposits in central banks	132	88	82
Loan to credit institutions	4,528	3,737	2,955
Loans to general public	2,206	2,207	2,820
Bonds and other interest bearing securities	863	611	1,884
Shares and participations	2,416	3,501	764
Shares and participations in associated companies	6	6	5
Intangible fixed assets	51	46	57
Tangible fixed assets	132	176	163
Other assets	3,145	2,100	3,492
Prepaid expenses and accrued income	368	317	224
Total assets	13,846	12,789	12,444

Liabilities and shareholders' equity

Liabilities to credit institutions	3,198	858	1,870
Deposits and borrowing from general public	5,883	5,117	5,016
Other liabilities	3,118	4,373	2,882
Accrued expenses and prepaid income	374	666	805
Provisions	260	322	303
Shareholders' equity	1,012	1,452	1,568
Total liabilities and shareholders' equity	13,846	12,789	12,444

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

	Jun 30 2003	Jun 30 2002	Dec 31 2002
Shareholders' equity - opening balance	1,568	1,880	1,880
Dividend (Q1)	-596	-572	-572
Translation differences	-26	1	10
Net profit for the period	66	142	250
Shareholders' equity - closing balance	1,012	1,452	1,568

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

	Group		
	Jan - Jun 2003	Jan - Jun 2002	Jan - Dec 2002
Current operations			
Cash flow from operations before changes in working capital	109	177	355
Changes in working capital	2,177	-1,879	-2,749
Cash flow from current operations	2,286	-1,702	-2,394
Cash flow from investment activities	-8	-37	-72
Distributed dividend	-596	-572	-572
Cash flow from other financing activities	-33	58	-12
Cash flow for the period	1,649	-2,254	-3,050
Liquid funds at the beginning of the year	3,037	6,076	6,076
Exchange differences in liquid funds	-26	1	10
Liquid funds at the end of the period	4,660	3,824	3,037



Share information (SEK)

Market value 30 June 2003 (SEK million)	3,902
Share price 30 June 2003	58.5
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

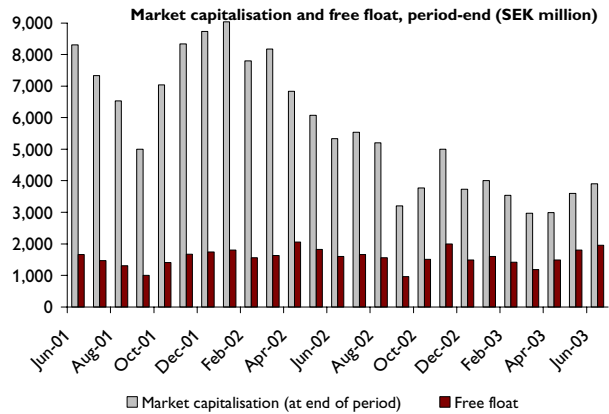
Listing: Stockholmsbörsen (SWE), List O

Code: SE0000798829

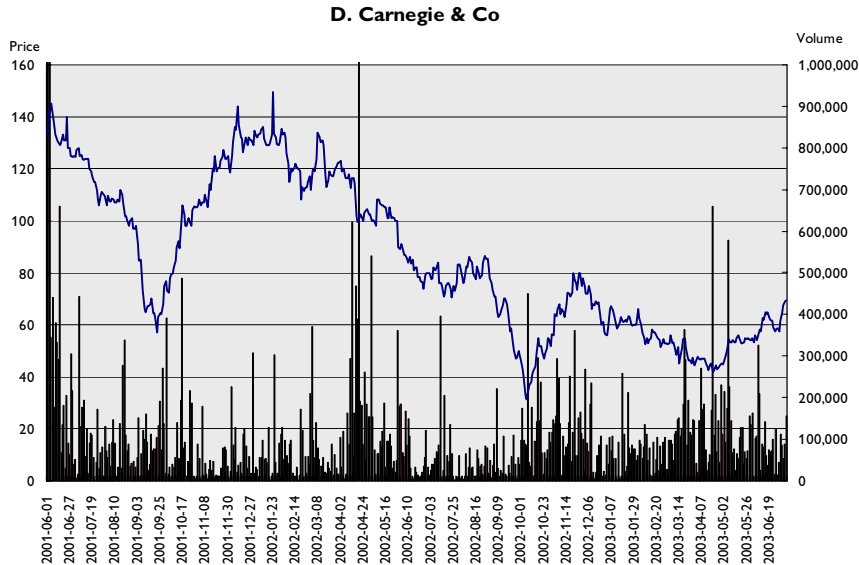
Listed since: 2001-06-01

Trading lot: 100 shares

Symbol: CAR



Share price development and turnover 1 June 2001 – 9 July 2003*



*) Total turnover in the first two weeks after the initial public offering in June 2001 was 12.5 million shares. The turnover on 19 April 2002 was 3.5 million shares, and included the coordinated placing of released lock-up shares held by current and former employees.

The average monthly turnover in the Carnegie share for the last 12-months period amounted to SEK 113 million, which ranked Carnegie as number 63 in terms of turnover of all listed companies at the Stockholm Stock exchange. The turnover rate in relation to the free float was 87 per cent.



Ownership structure

Owner structure, May 2003	No of shares	Votes and capital
<i>Transfer restricted shares</i>		
Carnegie current and former personnel 1)	12,862,500	19%
Singer & Friedlander Securities Ltd	20,579,440	31%
Sub-total transfer restricted shares	33,441,940	50%
<i>Free float</i>		
Institutional investors		
- Foreign	12,759,472	19%
- Swedish	8,469,539	13%
Private individuals, including current and former personnel	12,030,649	18%
Sub-total free float	33,259,660	50%
Grand total	66,701,600	100%
Larger shareholders, May 2003		
Singer & Friedlander Securities Ltd	20,579,440	30.9%
Non-Swedish institutional investors 2)	6,998,787	10.5%
Templeton Investments 3)	1,985,686	3.0%
Group management	2,005,000	3.0%
Didner & Gerge	1,812,900	2.7%
Robur fonder	1,458,228	2.2%
Carnegie Personal AB 4)	1,402,761	2.1%
Invesco Asset Management 3)	1,188,957	1.8%
SHB Fonder & Livförsäkringar	581,909	0.9%
Lannebo fonder	608,300	0.9%
Northern Trust 3)	525,606	0.8%
Baillie Gifford European Small Cap Fund	518,000	0.8%
Lazard	452,770	0.7%
United National Joint Staff Pension Fund	464,000	0.7%
Östersjöstiftelsen	411,500	0.6%
Hermes Investment Management	322,228	0.5%
Shell Pensioenfonds	303,438	0.5%
Sub-total	41,619,510	62.4%
Sub-total	25,082,090	37.6%
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) Information as per December, 2002.

4) 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 held by former and current personnel

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 initial holding 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 expired, which increased the free float to 50 per cent of the shares outstanding. The last tranche of about 9 per cent of the shares will be released in connection with the third quarter report 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.



The total shareholding by current and former personnel (transfer restricted shares as well as free float) is estimated to about 37 per cent of the total number of shares outstanding at end of May 2003.

Shares held by Singer & Friedlander

Singer & Friedlander's shares (30.9 per cent of the total number of shares outstanding) 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 programmes

In order to achieve a long-term commitment, it is of great importance that Carnegie's employees also are shareholders. 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)	Corresponding 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 week after publication of the year-end report for 2003.

²⁾ Strike price in January 2004 x 2.4 million shares.

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. At the Annual General Meeting of D. Carnegie & Co. AB on 13 March 2003 it was decided to approve the Warrant programme 2004-2007. These warrants will be offered to personnel without charge following the publication of Carnegie's results for the full year 2003.

The aggregate dilution effect in terms of profit per share is calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR18). The net profit is divided by the total number of shares including the number of shares to be issued corresponding to the calculated net present value (at current share price) of issued warrants. The aggregate dilution effects in terms of profit per share of issued warrants is less than 1 per cent, based on the share price at 30 June 2003 (SEK 58.50).