

INTERIM REPORT JANUARY 1 - MARCH 31, 2008



FINANCIAL WORRIES HAVE A NEGATIVE EFFECT

JANUARY - MARCH

- + OPERATING REVENUE SEK 215 (279) MILLION, - 23%
- + OPERATING PROFIT SEK 77 (124) MILLION, - 38%
- + PROFIT AFTER TAX SEK 55 (89) MILLION, - 38%
- + DILUTED EARNINGS PER SHARE SEK 2.0 (3.2), - 38%
- + OPERATING MARGIN 36 (45)%
- + ASSETS UNDER MANAGEMENT SEK 72.6 (81.5) BILLION, NET INFLOW SEK 0.4 (2.1) BILLION

HQ IN SUMMARY

COMMENTS FROM CEO MIKAEL KÖNIG

Turbulence on the world's financial markets characterised the first quarter as well. Operating profit decreased by 38 percent to SEK 77 (124) million, mainly due to lower profits for HQ's Trading business. Despite the adverse market climate HQ is reporting an operating margin of 36 percent and repeat revenue covered 112 percent of the group's expenses excluding profit sharing. The net inflow was SEK 400 million, and assets under management decreased by 8 percent during the first quarter, compared with the decline of the Stockholm stock exchange of approximately 12 percent.

After two quarters of losses, the Trading operations once again demonstrated profitability, although operating profit declined by 89 percent to SEK 4 (35) million. But the current uncertainty on the financial markets means that plans to transform the Trading operations into a hedge fund have been postponed. The operations will now have a clearer focus on market making in liquid instruments.

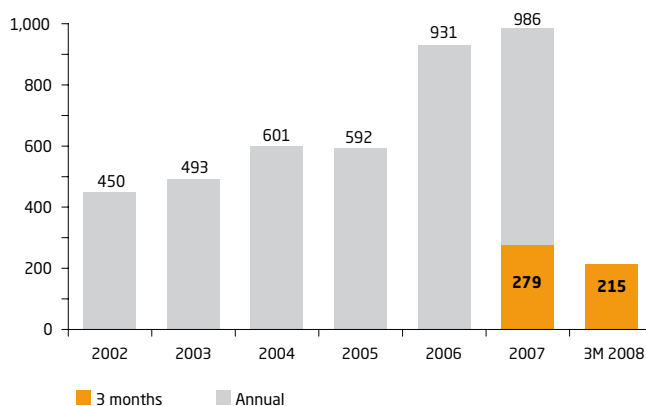
HQ has in recent quarters made a series of investments in the business model in order to make the business even more efficient and to obtain economies of scale. Most of this investment has now been completed and consolidated expenses before profit sharing are expected to be lower in the current year than in 2007.

The venture into Alternative Investments, which was initiated in 2007, is going according to plan. In January HQ Private Equity was launched and right now a launch of HQ Loans is ongoing. HQ Loans is a unique opportunity to invest in a portfolio of Nordic corporate loans at a discount. The unstable market situation has meant that even good corporate loans with a high yield and good collateral are now being traded at low prices in a historical perspective.

HQ has also acquired SFK Svensk Förvaltningskonsult AB, which manages approximately SEK 1.1 billion in unit-linked portfolios. This acquisition provides HQ with stable and profitable unit-linked volumes and additional repeat revenue. The acquisition is also strategically important since it provides HQ with access to the occupational pension market and the ability to offer unit-linked services within the framework of Skandia. The price excluding acquired net assets is approximately 1 percent of SFK's assets under management. HQ will take over the company on April 30, 2008.

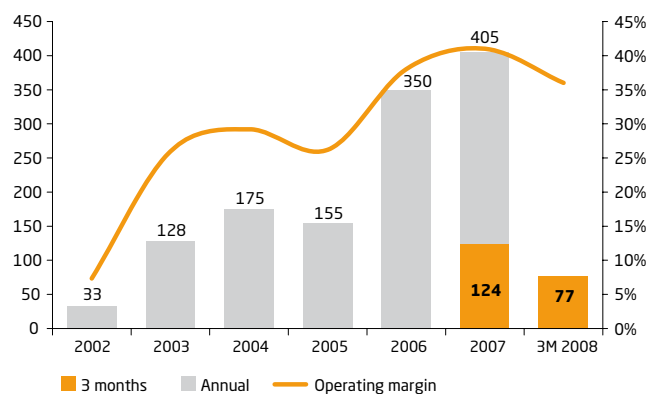
REVENUE (SEKm)

(Pro forma incl HQ Fonder)



OPERATING PROFIT (SEKm)

(Pro forma incl HQ Fonder)



THE GROUP - REPORTING PERIOD JANUARY 1 - MARCH 31, 2008

SUBSTANTIAL DECLINE IN PROFIT FOR TRADING ON OWN ACCOUNT

HQ reports for the period January 1 – March 31 operating profit of SEK 77 (124) million, and profit after tax of SEK 55 (89) million, corresponding to SEK 2.0 (3.2) per share after dilution. Amortisation of non-current assets attributable to the merger with HQ Fonder has been recognised in profit and loss at SEK 3 (3) million.

The weaker profits are explained by the financial worries that adversely affected the operations. Revenue from brokerage fees decreased by 28 percent to SEK 75 (104) million while operating profit for Trading decreased by 89 percent to SEK 4 (35) million. Asset management fees and fees for advisory services have been affected to a lesser degree and were more or less unchanged compared to the same period in the preceding year.

Despite unfavourable market conditions HQ reports a positive net inflow of assets under management during the first quarter of SEK 0.4 billion. Combined with increased net interest income, this has contributed to a continued increase in repeat revenue in the form of asset management fees and net interest income from custodian account clients. Repeat revenue is increasing more rapidly than fixed expenses, which provides a stable basis for continued profitable expansion. Stability is also confirmed by the group's expenses excluding profit sharing being 112 percent covered by repeat revenue.

Overall the operating margin was 36 (45) percent, which is level with HQ's financial target of an average of at least 35 percent.

IMPROVED QUALITY OF REVENUE

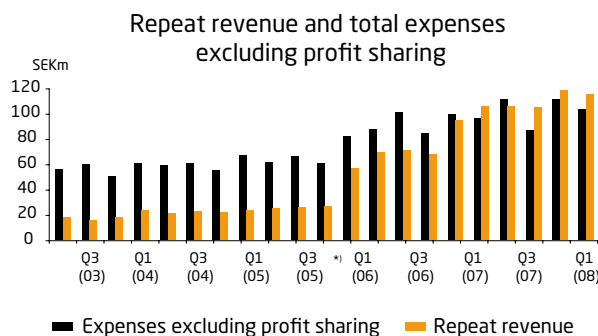
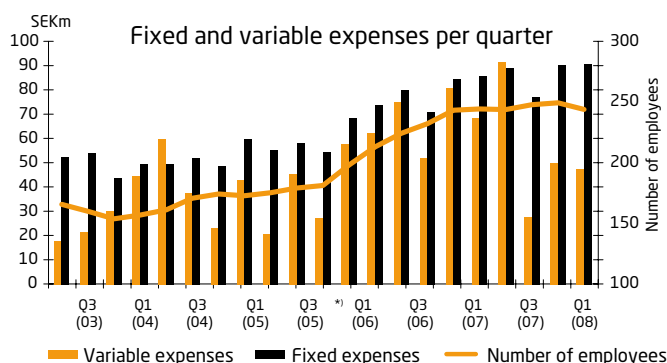
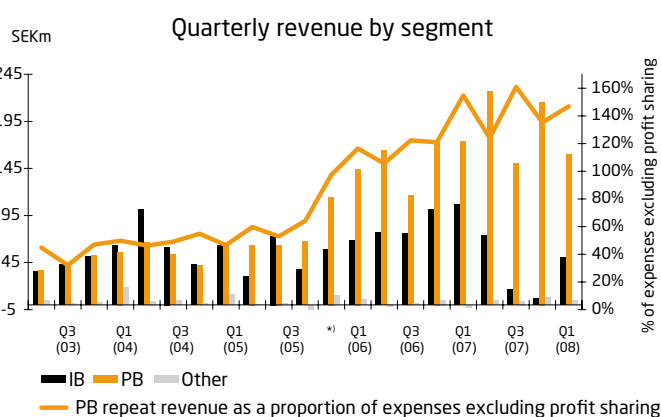
In total operating revenue was SEK 215 (279) million, a decrease of 23 percent. Net revenue from commissions and fees decreased by 10 percent to SEK 163 (182) million. The decrease is explained mainly by revenue from brokerage fees decreasing by 28 percent to SEK 75 (104) million. Of the net revenue from commissions and fees SEK 207 (229) million was secondary, a decrease of 10 percent. The revenue from commissions and fees also includes revenue of SEK 21 (18) million from financial advisory services and underwriting, an increase of 17 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, decreased by 61 percent to SEK 38 (97) million, of which Trading accounted for SEK 21 (74) million.

As the net inflow of new client volumes has risen, the proportion of repeat revenue has also risen. Repeat revenue includes asset management fees and net interest income from the public, less expenses for commissions and fees. Repeat revenue in HQ Private Banking increased by 3 percent to SEK 101 (98) million, which means that 147 (155) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue. At a consolidated level, 112 (104) percent of current expenses excluding profit sharing were covered by repeat revenue.

LOWER EXPENSES AS A CONSEQUENCE OF LOWER PROVISIONS FOR PROFIT SHARING

Operating expenses decreased by 11 percent to SEK 138 (155) million. This decrease is explained by lower expenses for provisions for profit sharing, which decreased by 40 percent to SEK 35 (58) million and comprised 31 (32) percent of operating profit before provisions. Employee benefit expense excluding profit sharing increased by 5 percent to SEK 64 (61) million, which is partly explained by HQ during the first quarter paying double expenses for its CEO and former CEO until March 3, 2008. Other expenses increased by 8 percent to SEK 39 (36) million. This increase is mainly attributable to various business development projects aimed at further improving HQ's business model and value proposition. During the second quarter HQ has launched an entirely new internet service for its clients. In addition a major series of client seminars has been held around the country, which resulted in increased marketing expenses.

Several business development projects have now been completed and it is estimated that no additional investment is required to meet increased demand during the year. For full year 2008 it is estimated that expenses excluding profit sharing will be lower than the outcome for 2007, that is to say approximately SEK 400 million excluding profit sharing.



*) Including HQ Fonder from October 28, 2005

CASH AND CASH EQUIVALENTS, CAPITAL ADEQUACY, NET INTEREST INCOME AND HUMAN RESOURCES

The group's cash and cash equivalents amounted to SEK 1,419 (1,238 per December 31, 2007) million. Equity amounted to SEK 1,237 (1,182 per December 31, 2007) million, corresponding to SEK 46 (44 per December 31, 2007) per share. Consolidated capital adequacy amounted to 19 (21 per December 31, 2007) percent, corresponding to a capital adequacy ratio of 2.38. The current level of capital adequacy exceeds both the legal requirement of at least 8 percent and HQ's financial target of a minimum of 10 percent.

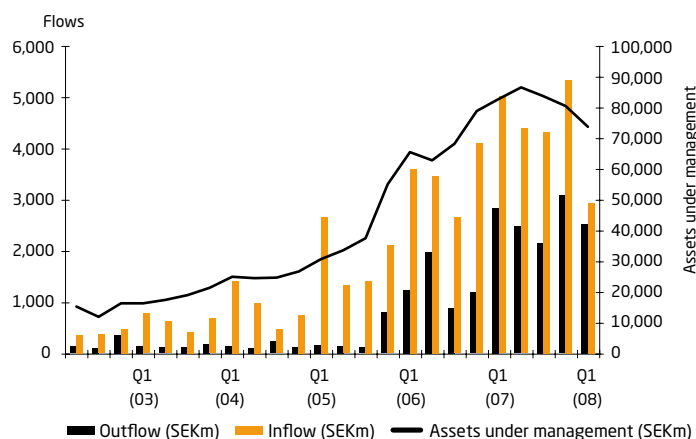
Average deposits from and lending to the public have increased compared to the preceding year. Net interest income attributable to HQ's custodian account clients has thus increased by 71 percent to SEK 29 (17) million.

The number of employees in the group was 244, compared with 250 at the start of the year. The average number of employees during the period was 248 (244).

ASSETS UNDER MANAGEMENT

The trend of the Stockholm stock exchange was negative during the first quarter of 2008. The AFGX index declined by 12 percent. This negatively impacted assets under management, which decreased by 8 percent to SEK 72.6 (79.2 per December 31, 2007) billion.

The net inflow of assets under management during the period was SEK 0.4 billion, which represents annualised organic growth of 2 percent in HQ Private Banking. The quarter has seen a net outflow of SEK 0.7 billion from HQ Fonder, while the rest of Private Banking reported a net inflow of SEK 1.1 billion.



FINANCIAL TARGETS

In conjunction with the latest year-end report the board of directors established the following financial targets:

- + The operating margin shall average a minimum of 35 %, outcome 36 %
- + The net inflow of assets under management in Private Banking shall be a minimum of 10 % per year, outcome 2 %
- + Repeat revenue as a proportion of total expenses excluding profit sharing shall be a minimum of 100 %, outcome 112 %
- + Capital adequacy shall be a minimum of 10 %, outcome 19 %

ACQUISITION OF BUSINESS

HQ has signed an acquisition agreement with the shareholders of SFK Svensk Förvaltningskonsult AB. SFK provides insurance policyholders with management of insurance capital in fund portfolios, for example within the framework of Skandia. SFK currently manages approximately SEK 1.1 billion.

The acquisition provides HQ with stable and profitable unit-linked volumes and additional repeat revenue. This acquisition is also strategically important since it provides HQ with access to the occupational pension market and an opportunity to offer a fund management service within the framework of Skandia. The price excluding acquired net assets is approximately 1 percent of assets under management. HQ will take over the company on April 30, 2008 and the effect on profits for the current year is expected to be marginally positive.

OUTLOOK - HQ WILL CONTINUE TO EXPLORE, INNOVATE AND PERFORM

The beginning of 2008 has been defined by unstable capital markets and it is difficult to foresee the trends in the short term. A continued adverse climate will have a negative impact on HQ's business, but a greater proportion of repeat revenues has contributed to increased stability and has successively lowered the level of risk in operations.

HQ works in a long-term perspective and has made considerable investment in its business model, in its personnel and in broadening the Private Banking concept outside the Stockholm area. The venture in Alternative Investments, which is an area with a high level of growth and profitability potential, is going according to plan. During 2008 additional efforts will be made in this area, partly through offerings based on real assets such as property, infrastructure or forest.

A poorer stock-market climate is also a market of opportunity and there are factors that suggest a structural transformation of the financial industry during 2008. HQ has built a platform and a leading position in private banking that will facilitate an active role in any consolidation.

HQ retains its operating target to have assets under management of SEK 100 billion no later than 2010, which will require continued development of HQ's distribution channels, both existing and new.

Overall HQ has a unique value proposition, a scalable business model and therefore good prospects for continued profitable expansion.

CONSOLIDATED INCOME STATEMENTS (SEKm)	2008 Jan - Mar	2007 Jan - Mar
Revenue from commissions and fees	228	248
Expense from commissions and fees	-65	-66
Interest income	70	22
Interest expense	-57	-23
Net gain or loss from financial transactions, including dividends	38	97
Other operating revenue	1	1
Total operating revenue	215	279
Employee benefits expense	-99	-119
General administrative expenses	-27	-24
Depreciation and amortisation of non-current assets	-5	-5
Other operating expense	-9	-7
Credit losses and bad debt losses	2	0
Total operating expense	-138	-155
Operating profit	77	124
Income tax expense for the period	-22	-35
Profit for the period	55	89
Attributable to minority interest	0	0
Basic earnings per share, SEK	2.0	3.3
Diluted earnings per share, SEK	2.0	3.2
Average issued shares before dilution	27,114,480	27,114,480
Average issued shares after dilution	29,527,880	28,602,037
Issued shares before dilution	27,114,480	27,114,480
Issued shares after dilution	29,527,880	28,727,880

CONSOLIDATED BALANCE SHEETS (SEKm)	Mar 31, 2008	Dec 31, 2007
Lending to credit institutions	1,419	1,238
Lending to the public	3,676	2,526
Investments in associates	1,411	2,214
Intangible assets	573	574
Other assets	2,206	2,686
Total assets	9,285	9,238
Liabilities to credit institutions	2 480	1 516
Deposits and borrowing from the public	2 834	3 451
Other liabilities	2 734	3 089
Equity attributable to equity holders of the parent	1,236	1 181
Minority interest	1	1
Equity	1,237	1,182
Total liabilities and equity	9,285	9,238

CONSOLIDATED CHANGE IN EQUITY (SEKm)	Mar 31, 2008	Mar 31, 2007	Dec 31, 2007
Equity - start of period	1,181	1,046	1,046
Dividends	-	-163	-163
Equity component of convertible debentures	-	4	8
Profit for the period	55	89	290
Equity attributable to HQ's shareholders	1,236	976	1,181
Minority interest	1	1	1
Total equity - end of period	1,237	977	1,182

GROUP TRENDS PER QUARTER (SEKm)	2008 Jan - Mar	2007 Oct - Dec	2007 Jul - Sep	2007 Apr - Jun	2007 Jan - Mar
Net revenue from commissions and fees	163	224	153	256	182
Net interest income	13	14	4	-2	-1
Net gain or loss from financial transactions, including dividends	38	-8	11	49	97
Other operating revenue	1	1	3	3	1
Operating revenue	215	231	171	306	279
Operating expenses	-138	-140	-105	-181	-155
Operating profit	77	91	66	125	124

KEY FIGURES	2008 Jan - Mar	2007 Jan - Mar	2007-2008 Apr - Mar	2007	2006	2005
Operating revenue, SEKm	215	279	923	986	931	518
Operating expenses, SEKm	-138	-155	-564	-581	-581	-390
Operating profit, SEKm	77	124	359	405	350	128
Basic earnings per share, SEK	2.0	3.3	9.4	10.7	9.2	4.9
Equity per share, SEK	46	36	46	44	39	33
Operating margin, %	36%	45%	39%	41%	38%	25%
Return on equity, %	23%	31%	23%	26%	26%	15%
Capital adequacy, %	19%	21%	19%	21%	29%	42%

* Returns are calculated on a rolling 12-month basis.

SEGMENT REPORTING (SEKm)

	HQ Private Banking		HQ Investment Banking		Other/Eliminations		Total	
	2008 Jan - Mar	2007 Jan - Mar	2008 Jan - Mar	2007 Jan - Mar	2008 Jan - Mar	2007 Jan - Mar	2008 Jan - Mar	2007 Jan - Mar
Operating revenue	160	174	50	107	5	-2	215	279
Operating expenses	-88	-84	-36	-57	-14	-14	-138	-155
Operating profit	72	90	14	50	-9	-16	77	124
Tax	-	-	-	-	-22	-35	-22	-35
Profit for the period	72	90	14	50	-31	-51	55	89

CONSOLIDATED CASH FLOW STATEMENTS (SEKm)

	2008 Jan - Mar	2007 Jan - Mar
Cash flow from operating activities	-21	8
Cash flow from assets and liabilities of operating activities	206	-64
Cash flow from operating activities	185	56
Cash flow from investing activities	-4	-1
Cash flow from financing activities	0	3
Cash flow for the period	181	-54
Cash and cash equivalents at beginning of the period	1,238	1,477
Cash and cash equivalents at end of the period	1,419	1,423

INCOME STATEMENTS FOR PARENT COMPANY (SEKm)

	2008 Jan - Mar	2007 Jan - Mar
Other operating revenue	0	-
Overhead expenses	-4	-5
Operating profit (loss)	-4	-5
Investment revenue	-4	-8
Profit after financial income	-8	-13
Income tax expense	2	4
Profit for the year	-6	-9

BALANCE SHEETS FOR PARENT COMPANY (SEKm)

	Mar 31 2008	Dec 31 2007
Non-current assets	803	803
Current assets	448	520
Total assets	1,251	1,323
Equity	898	904
Non-current liabilities	335	334
Current liabilities	18	85
Total liabilities and equity	1,251	1,323

ACCOUNTING POLICY

HQ's interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations adopted by the EU of the applicable standards, IFRIC. The interim report for the group has been prepared in accordance with IAS 34, Interim Financial Reporting as well as the regulations and general advice of the Swedish Financial Supervisory Authority FFFS 2006:16 regarding Annual Accounts for Credit Institutions and Securities Companies and RR 31 Interim Reporting for Groups. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act. The accounting policy and methods of calculation are unchanged from those applied in the Annual Report for 2007.

NOTES (ALL AMOUNTS IN SEKm)**Note 1– Net gain or loss from financial transactions, including dividends**

The net gain or loss from financial transactions includes dividends of 0 (12).

DEFINITIONS**Earnings per share after tax**

Net profit/loss for the period in relation to the average number of shares during the period, before and after dilution. The dilution effect is attributable

to the three outstanding employee convertible programmes. Two of these were launched during 2006, of which the second with duration from January 2007, and one was launched during 2007.

Equity per share

Equity in relation to issued shares on the reporting date.

Operating margin

Operating profit/loss in relation to operating revenue.

Return on equity

Net profit or loss for the period in relation to average equity. Returns are calculated on a rolling 12-month basis.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances with central banks as well as lending to credit institutions.

Capital adequacy

Capital base in relation to risk-weighted amounts for market and credit risks.

HQ PRIVATE BANKING

HQ Private Banking is a leading player in the field of private banking and asset management. Business is conducted in the following seven service areas divided into four units: High Net Worth Individuals (with the service areas Asset Management, Financial Planning, Entrepreneur Services and HQ Pension); Emerging Markets; HQ Fonder; and External Distribution of structured products and funds.

(SEKm)	2008 Jan - Mar	2007 Jan - Mar
Brokerage fees and other sales commission	73	82
Asset management fees	118	125
Expenses from transactions and commission	-56	-56
Net interest income (expense)	22	14
Net result of financial transactions, including dividends	3	8
Other operating revenue	0	1
Total operating revenue	160	174
Employee benefits expense	-48	-53
General administrative expenses	-13	-12
Depreciation and amortisation of non-current assets	-1	-1
Other operating expense	-26	-18
Credit losses and bad debt losses	0	0
Total operating expense	-88	-84
Operating profit	72	90
Average number of employees	116	117
Operating margin	45%	52%
Assets under management at end of period	60,865	67,690
Total revenue/average assets under management*)	1.11%	1.10%

*) Total revenue and average assets are calculated on a rolling 12-month basis

CONTINUED GROWTH IN REPEAT REVENUE

Operating revenue for HQ Private Banking was SEK 160 (174) million, a decrease of 8 percent compared with the same period in the preceding year. Brokerage revenue decreased by 25 percent to SEK 50 (67) million and the net revenue from financial transactions by 62 percent to SEK 3 (8) million. The total of asset management fees and net interest income was more or less unchanged.

Operating expenses for HQ Private Banking increased by 5 percent to SEK 88 (84) million. Employee benefit expense excluding profit sharing decreased by 9 percent to SEK 29 (32) million and other expenses excluding profit sharing increased by 29 percent to SEK 40 (31) million. This increase is explained by higher marketing expenses associated with various client recruitment activities around the country, as well as increased allocation of expenses for group functions.

The net inflow of assets under management within HQ Private Banking during the period was SEK 0.4 billion, which represents annualised organic growth of 2 percent. Alongside the net inflow of new volumes, repeat revenue in the form of asset management fees and net interest income less expenses for commissions, has increased by 3 percent to SEK 101 (98) million, corresponding to 63 (56) percent of HQ Private Banking's total revenue. This means that 147 (155) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue.

The business unit reported operating profit of SEK 72 (90) million.

HQ INVESTMENT BANKING

HQ Investment Banking's operations are made up of four service areas: Corporate Finance, Equities, Trading and Alternative Investments. Activities are conducted in the fields of research, trade in shares and derivatives on the company's own account and on behalf of clients, and capital market transactions and advice in conjunction with mergers and acquisitions. The business focuses on providing advice and ideas that generate added value for clients.

(SEKm)	2008 Jan - Mar	2007 Jan - Mar
Brokerage fees	25	34
Revenue from financial advisory services and underwriting	9	5
Net interest income (expense)	0	-1
Net gain or loss from financial transactions, including dividends	22	77
Expenses from transactions and commission	-8	-10
Other operating revenue	2	2
Total operating revenue	50	107
Employee benefit expense	-27	-47
General administrative expenses	-7	-6
Depreciation and amortisation of non-current assets	0	0
Other operating expenses	-4	-4
Credit losses and bad debt losses	2	0
Total operating expenses	-36	-57
Operating profit	14	50
Average number of employees	47	48
Operating margin	27%	47%
Assets under management at end of period	11,728	13,844

TRADING ADVERSELY AFFECTS PROFITS

Operating revenue for HQ Investment Banking was SEK 50 (107) million, a decrease of 53 percent compared to the same period in the preceding year. The decrease in revenue is mainly attributable to Trading, which reported a decrease in revenue of SEK 51 million.

Corporate Finance has started the year strongly despite a turbulent market. During the quarter several structured placements and advisory assignments have been completed, which led to revenue from financial advisory services and underwriting increasing by 80 percent to SEK 9 (5) million.

Trading's net gain from financial transactions including dividends declined by 72 percent to SEK 21 (74) million. The weaker outcome is an effect of the financial turbulence that also characterised early 2008. As previously communicated, Trading in its current form is under restructuring. Given the uncertainty that exists on the financial markets, plans to transform Trading into a hedge fund have been postponed. The trading operations will therefore continue within HQ, but with a clearer focus on market making in liquid instruments. The total scope of the portfolio has been successively reduced and risk has been lowered. Trading reported an operating profit of SEK 4 (35) million.

For the Equities service unit the quarter was adversely affected by the financial turbulence that led to a lower level of activity in institutional share trading. Revenue in Equities therefore decreased by 26 percent to SEK 25 (34) million.

The business unit reported operating profit of SEK 14 (50) million.

HQ - MISCELLANEOUS

RISKS AND UNCERTAINTIES

HQ's business entails daily risks that must be measured, controlled and managed as necessary in order to protect the company's capital and reputation. The manner in which HQ identifies, follows up and manages these risks is a pivotal aspect of operations. See Note 28 in HQ's Annual Report 2007 for a more detailed description of the risk exposure and risk management of the group and parent company. It is estimated that there are no new material risks other than those described in the Annual Report.

ANNUAL GENERAL MEETING

The annual general meeting of shareholders on April 4, 2008 approved the dividend of SEK 10 per share proposed by the board of directors. Payment was made through VPC on April 14, 2008. The annual general meeting also approved a reduction of the company's statutory reserve by SEK 525 million for transfer to unrestricted equity. The annual general meeting also endorsed the board's proposal for authorisation to acquire and transfer a number of the company's own common shares so that the company, after the acquisitions, holds a maximum of one tenth of the company's total number of shares.

Stockholm, April 18, 2008

Mikael König, Chief Executive Officer, telephone +46 8 696 17 00

SCHEDULED REPORTS

Interim report Q2 2008	July 17, 2008
Interim report Q3 2008	October 17, 2008
Year-end report 2008	January 29, 2009

REVIEW REPORT

This report has not been submitted for review by the company's auditors.



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