

INTERIM REPORT JANUARY 1 - MARCH 31, 2009



STRONG NET INFLOW – GROWING ASSETS UNDER MANAGEMENT

JANUARY - MARCH

- + OPERATING REVENUE SEK 187 (215) MILLION - 13%
 - + OPERATING PROFIT SEK 38 (77) MILLION - 51%
 - + PROFIT AFTER TAX SEK 26 (55) MILLION - 53%
 - + EARNINGS PER SHARE AFTER DILUTION SEK 1.0 (2.0) - 50%
 - + OPERATING MARGIN 20 (36)%
 - + ASSETS UNDER MANAGEMENT SEK 56.7 (72.6) BILLION, NET INFLOW SEK 1.6 (0.4) BILLION
-

HQ IN SUMMARY

COMMENTS FROM CEO MIKAEL KÖNIG

Market conditions remained unfavourable in the first quarter, although it has been possible to discern signs of normalisation in the financial system. In this perspective the group's financial performance during the early part of the year has been satisfactory, even though the comparison figures cannot be matched.

We have experienced positive development in all areas, and particularly gratifying is the net inflow of new volumes in Private Banking, which was SEK 1.6 (0.4) billion. This represents a growth rate of 14 percent, which exceeds our financial target. Overall, assets under management increased during the quarter by some 4 percent to SEK 57 billion. This means that the downward trend since the middle of 2007 has been broken. This will contribute to a higher proportion of repeat revenue and continued profitable expansion.

Cost control has top priority and even though the quarter saw expenses attributable to the integration of HQ Direct, costs are below the established target. The group's current expenses excluding profit sharing were 56 (112) percent covered by repeat revenue. This substantial decrease is explained by a lower proportion of repeat revenue in HQ Direct. As previously communicated, we will work intensely to return to 100 percent cost coverage.

In order to counter the lower level of activity a series of proactive efforts have been initiated in the past year. Going forward these efforts are expected to increasingly contribute to improved profitability and, together with our established and successful business concept, will provide us with a solid foundation from which to work. The integration of HQ Direct is proceeding above expectations and both existing and new clients are trading more actively through HQ Direct's trading platform, DMA. In addition, our distribution power was considerably strengthened during the first quarter through the completion of the joint venture with SÄKRA. SÄKRA has solid local presence which, together with HQ's offering of products and services, offers significant potential for new inflows of assets under management. The inflow so far during April has been positive and level with the development during the first quarter.

THE GROUP - REPORTING PERIOD JANUARY 1 - MARCH 31, 2009

HQ WINNING MARKET SHARE IN TOUGH BUSINESS CLIMATE

HQ reports for the period January 1 – March 31 operating profit of SEK 38 (77) million, and profit after tax of SEK 26 (55) million, corresponding to SEK 1.0 (2.0) per share after dilution. Amortisation of intangible assets has been recognised in profit and loss at SEK 5 (3) million.

The prolonged financial crisis and the considerable declines in the world's stock markets are the primary cause of the weakening of earnings. Assets under management have decreased by 28 percent since December 31, 2007, which has had a negative impact on both asset management fees and brokerage fees. In addition, a low appetite for risk and a lack of corporate transactions had a negative effect on Investment Banking. In order to counter the lower level of activity a series of proactive efforts have been initiated that are expected to make a positive contribution to HQ's earnings growth. The integration of HQ Direct (formerly Glitnir) is proceeding according to plan and both existing and new clients are trading increasingly actively through HQ Direct's trading platform, DMA.

Despite unfavourable market conditions HQ reports a positive net inflow of assets under management during the first quarter of SEK 1.6 (0.4) billion. Taking in new assets under management is a sign of strength during the current circumstances, and will further contribute to continued profitable expansion.

Overall the operating margin was 20 (36) percent, which is lower than our financial target of an average minimum of 35 percent.

MAJOR FOCUS ON INCREASING THE PROPORTION OF REPEAT REVENUE

In total operating revenue was SEK 187 (215) million, a decrease of 13 percent. Excluding HQ Direct, revenue decreased by 22 percent to SEK 167 (215) million. Net revenue from commissions and fees decreased by 36 percent to SEK 105 (163) million. The decrease is explained mainly by revenue from brokerage fees decreasing by SEK 36 million to SEK 44 (80) million as a function of the negative stock-market trend. Of the net revenue from commissions and fees SEK 161 (207) million was secondary, a decrease of 22 percent. The revenue from commissions and fees also includes revenue of SEK 10 (21) million from financial advisory services and underwriting, a decrease of 52 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, increased by 53 percent to SEK 58 (38) million, of which Trading accounted for SEK 52 (21) million.

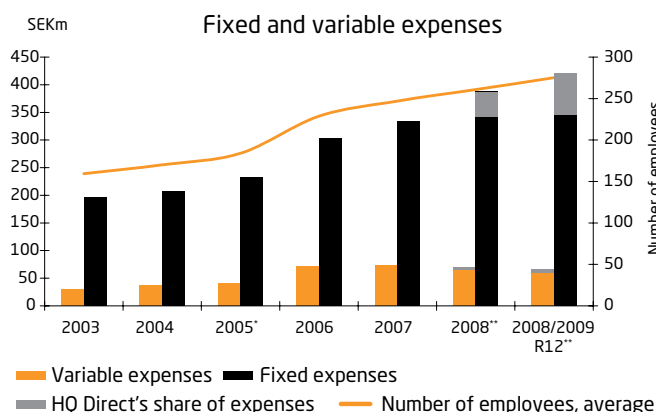
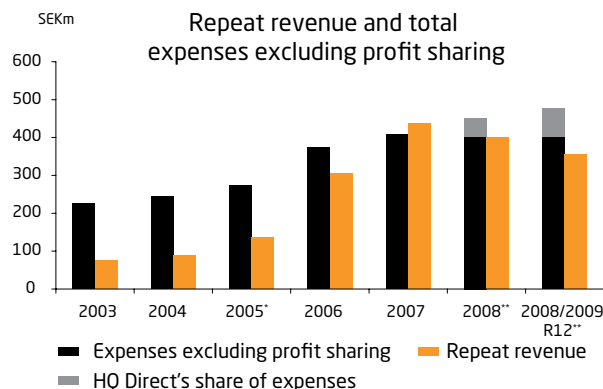
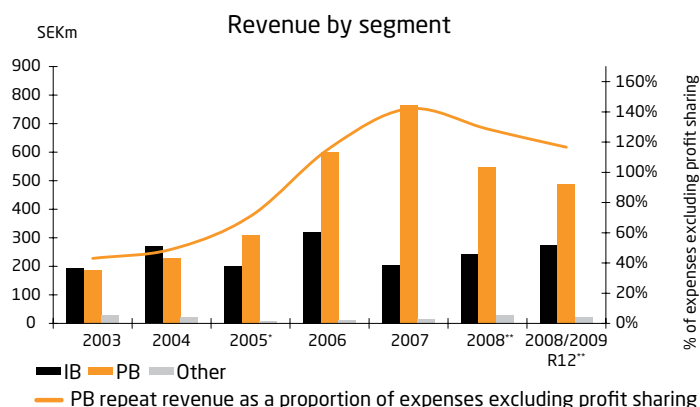
Despite an increased net inflow of new client volumes the proportion of repeat revenue has decreased as a consequence of the weak stock-market performance. Repeat revenue includes asset management fees and net interest income from the public, less expenses for commissions and fees. Repeat revenue in HQ Private Banking decreased by 40 percent to SEK 61 (101) million, which means that 98 (147) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue. At a consolidated level 56 (112) percent of current expenses excluding profit sharing were covered by repeat revenue. The large decrease at consolidated level is explained by a lower proportion of repeat revenue in HQ Direct. As previously communicated great emphasis will be placed on returning to 100 percent cost coverage.

COST CONTROL REMAINS GOOD

Operating expenses increased by 8 percent to SEK 149 (138) million. Excluding HQ Direct, expenses decreased by 13 percent to SEK 120 (138) million. Provisions for profit sharing decreased by 43 percent to SEK 20 (35) million and comprised 34 (31) percent of operating profit before profit sharing.

Employee benefit expenses excluding profit sharing increased by 20 percent to SEK 77 (64) million, which is exclusively explained by the acquisition of HQ Direct. Other expenses increased by 33 percent to SEK 52 (39) million, also explained by the acquisition of HQ Direct. Excluding HQ Direct other expenses decreased by 13 percent to SEK 34 (39) million.

Cost control remains good and even though the quarter saw expenses attributable to the integration of HQ Direct, costs are below the established target. There will be additional integration expenses during the year, but we nonetheless estimate that total expenses excluding profit sharing will amount to approximately SEK 500 million, which corresponds to an annual cost saving of approximately SEK 75 million for the merged business.



* Including HQ Fonder from October 28, 2005

** Including HQ Direct from October 22, 2008

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

The group's cash and cash equivalents amounted to SEK 2,727 (4,288 per December 31, 2008) million. Equity amounted to SEK 1,185 (1,157 per December 31, 2008) million, corresponding to SEK 44 (43 per December 31, 2008) per share. Consolidated capital adequacy amounted to 15 (15 per December 31, 2008) percent, corresponding to a capital adequacy ratio of 1.9. 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.

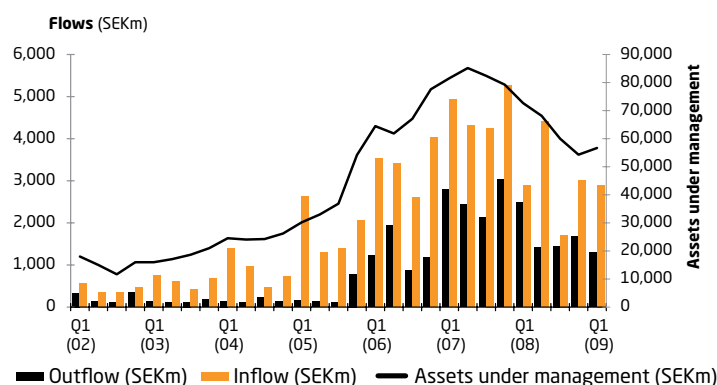
Average deposits from and lending to the public were unchanged compared to the preceding year. Net interest income attributable to HQ's custodian account clients decreased by 10 percent to SEK 26 (29) million. This decrease is explained by the low interest rate environment during the quarter.

The number of employees in the group was 301, compared with 300 at the start of the year. The average number of employees during the period was 305 (248).

STRONG GROWTH IN ASSETS UNDER MANAGEMENT

Despite an unstable and uncertain market situation HQ Private Banking managed to attract new assets under management of SEK 1.6 (0.4) billion. This represents annualised organic growth of 14 percent, which exceeds our financial target.

During the quarter assets under management increased by 4.4 percent to SEK 56.7 (54.3 per December 31, 2008) billion. This means that the downward trend since the middle of 2007 has been broken.



FINANCIAL TARGETS

The board of directors has established the following financial targets:

- + The operating margin shall average a minimum of 35 %, outcome 20 %
- + The net inflow of assets under management in Private Banking shall be a minimum of 10 % per year, outcome 14 %
- + Repeat revenue as a proportion of total expenses excluding profit sharing shall be a minimum of 100 %, outcome 56 %
- + Capital adequacy shall be a minimum of 10 %, outcome 15 %

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 30 in HQ's Annual Report 2008 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.

OUTLOOK - HQ WILL CONTINUE TO EXPLORE, INNOVATE AND PERFORM

Unfavourable market conditions also characterised the first quarter. It remains difficult to predict how the financial markets will look in the short term, and what effect the financial crisis will have on the real economy in the future.

HQ's consistent focus on repeat revenues and cost control has contributed to increased stability and has successively lowered the level of risk in the business operations. This proven strategy is unchanged and HQ has made considerable investment in its business model and staff and in broadening the value proposition of both Private Banking and Investment Banking. The outlook for attracting new clients and new managed assets is therefore believed to be very good.

The board of directors acts to ensure limited exposure of the balance sheet and a rigorous and effective credit procedure. The capital adequacy ratio remains high in a sector perspective and liquidity is good.

HQ's operating target of achieving assets under management of SEK 100 billion is unchanged, but the timeframe has been extended due to the bleak business climate. This will place demands on the continued improvement of our offering of products and services and on the development of both new and existing distribution channels. Overall HQ has a unique offering, a scalable and successful business model and therefore good prospects of continued profitable expansion.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME IN SUMMARY (SEKm)		2009 Jan - Mar	2008 Jan - Mar
Revenue from commissions and fees		171	228
Expense from commissions and fees		-66	-65
Interest income		66	70
Interest expense		-47	-57
Net result of financial transactions, including dividends	note 1	58	38
Other operating revenue		5	1
Total operating revenue		187	215
Employee benefits expense		-97	-99
General administrative expenses		-38	-27
Depreciation and amortisation of non-current assets		-8	-5
Other operating expense		-6	-9
Credit losses and bad debt losses		0	2
Total operating expense		-149	-138
Operating profit		38	77
Income tax expense for the period		-12	-22
Profit for the period		26	55
<i>Other comprehensive income</i>			
Share of other comprehensive income of jointly controlled entities and associates		0	0
Total comprehensive income for the period		26	55
Profit and comprehensive income for the period attributable to:			
Equity holders of the parent		26	55
Minority interest		0	0
Basic earnings per share, SEK		1.0	2.0
Diluted earnings per share, SEK		1.0	2.0

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN SUMMARY (SEKm)		Mar 31, 2009	Dec 31, 2008
Lending to credit institutions		2,727	4,288
Lending to the public		3,528	3,552
Shares and participations		1,413	593
Intangible assets		609	619
Other assets		1,740	2,815
Total assets		10,017	11,867
Liabilities to credit institutions		2,411	2,430
Deposits from the public		3,195	3,240
Other liabilities		3,226	5,040
Equity attributable to equity holders of the parent		1,183	1,157
Minority interest		2	-
Equity		1,185	1,157
Total liabilities and equity		10,017	11,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEKm)		Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Equity per adopted statement of financial position - start of period		1,157	1,181	1,181
Dividends		-	-	-271
Equity component of convertible debentures		-	-	1
Total comprehensive income for the period		26	55	246
Equity attributable to equity holders of the parent		1,183	1,236	1,157
Minority share of equity		2	1	-
Total equity - end of period		1,185	1,237	1,157

CONSOLIDATED PERFORMANCE PER QUARTER (SEKm)		2009 Jan - Mar	2008 Oct - Dec	2008 Jul - Sep	2008 Apr - Jun	2008 Jan - Mar
Net revenue from commissions and fees		105	125	109	164	163
Net interest income		19	26	26	23	13
Net gain or loss from financial transactions, including dividends		58	-36	5	33	38
Other operating revenue		5	126	1	1	1
Operating revenue		187	241	141	221	215
Operating expenses		-149	-157	-107	-138	-138
Operating profit		38	84	34	83	77

KEY FIGURES		2009 Jan - Mar	2008 Jan - Mar	2008-2009 Apr - Mar	2008	2007	2006
Operating revenue, SEKm		187	215	790	818	986	931
Operating expenses, SEKm		-149	-138	-551	-540	-581	-581
Operating profit, SEKm		38	77	239	278	405	350
Basic earnings per share, SEK		1.0	2.0	8.0	9.1	10.7	9.2
Equity per share, SEK		44	46	44	43	44	39
Operating margin, %		20%	36%	30%	34%	41%	38%
Return on equity, %*		18%	23%	18%	21%	26%	26%
Capital adequacy, %		15%	19%	15%	15%	21%	29%

* Returns are calculated on a rolling 12-month basis

SEGMENT REPORTING (SEKm)

	HQ Private Banking		HQ Investment Banking		Other/Eliminations		Total	
	2009 Jan - Mar	2008 Jan - Mar	2009 Jan - Mar	2008 Jan - Mar	2009 Jan - Mar	2008 Jan - Mar	2009 Jan - Mar	2008 Jan - Mar
Operating revenue from external clients	102	160	83	50	2	5	187	215
Operating expenses	-68	-88	-69	-36	-12	-14	-149	-138
Operating profit	34	72	14	14	-10	-9	38	77
Tax	-	-	-	-	-12	-22	-12	-22
Profit for the period	34	72	14	14	-22	-31	26	55

CONSOLIDATED STATEMENT OF CASH FLOWS IN SUMMARY (SEKm)

	2009 Jan - Mar	2008 Jan - Mar
Cash flow from operating activities	13	-21
Cash flow from assets and liabilities of operating activities	-1,573	206
Cash flow from operating activities	-1,560	185
Cash flow from investing activities	-1	-4
Cash flow from financing activities	0	0
Cash flow for the period	-1,561	181
Cash and cash equivalents at beginning of the period	4,288	1,238
Cash and cash equivalents at end of the period	2,727	1,419

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEKm)

	2009 Jan - Mar	2008 Jan - Mar
Other operating revenue	0	0
Overhead expenses	-4	-4
Operating profit (loss)	-4	-4
Investment revenue	-11	-4
Profit (loss) after financial income	-15	-8
Income tax expense	3	2
Profit for the period	-12	-6

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEKm)

	Mar, 31 2009	Dec 31, 2008
Non-current assets	893	908
Current assets	281	279
Total assets	1,174	1,187
Equity	828	840
Non-current liabilities	332	331
Current liabilities	14	16
Total liabilities and equity	1,174	1,187

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. This report has been prepared in accordance with IAS 34, Interim Financial Reporting as well as the applicable parts of the regulations and general advice of the Swedish Financial Supervisory Authority regarding Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25). The interim report for the parent company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the provisions of RFR 2.2 Reporting for Legal Entities. The accounting policy and methods of calculation are unchanged from those applied in the Annual Report for 2008, with the following exceptions due to new or amended standards adopted by the EU and that will be applied from January 1, 2009. Applicable to HQ are IFRS8 Operating Segments, IAS 1 Presentation of Financial Statements and addendums to IAS 27 regarding dividends from subsidiaries, associates and jointly controlled entities. However, these changes have not had any material effect on the presentation of HQ's interim report.

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 SEK 9 (0).

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 four outstanding convertible programmes. Two of these were launched during 2006, of which the second with duration from January 2007, and two were launched in 2007 and 2008.

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 departments: 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)	2009 Jan - Mar	2008 Jan - Mar
Brokerage fees and other sales commission	45	73
Asset management fees	73	118
Expenses from transactions and commission	-44	-56
Net interest income/expense	18	22
Net result of financial transactions, including dividends	10	3
Other operating revenue	0	0
Total operating revenue	102	160
Employee benefits expense	-35	-48
General administrative expenses	-12	-13
Depreciation and amortisation of non-current assets	-1	-1
Other operating expense	-20	-26
Credit losses and bad debt losses	0	0
Total operating expense	-68	-88
Operating profit	34	72
Average number of employees	109	116
Operating margin	33%	45%
Assets under management at end of period	47,779	60,865
Total revenue/average assets under management *)	0.93%	1.11%

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

STRONG INFLOW OF ASSETS UNDER MANAGEMENT

Operating revenue for HQ Private Banking was SEK 102 (160) million, a decrease of 36 percent compared with the same period in the preceding year. Brokerage fees and other sales commission decreased by 38 percent to SEK 45 (73) million due to lower activity on the market. The net result of financial transactions increased by 233 percent to SEK 10 (3) million, with the secondary market for structured products accounting for SEK 8 (2) million. After the close of the quarter HQ took over some 70 structured products from Ålandsbanken, and these are expected to make a further positive contribution to profits. Asset management fees and net interest income decreased by 35 percent to SEK 91 (140) million as a result of lower assets under management.

Operating expenses for HQ Private Banking decreased by 23 percent to SEK 68 (88) million. Employee benefit expense excluding profit sharing was unchanged, amounting to SEK 29 (29) million, and other expenses excluding profit sharing decreased by 18 percent to SEK 33 (40) million. This decrease is a direct function of the measures taken during 2008 to reduce the cost base.

The net inflow of assets under management within HQ Private Banking during the period was SEK 1.6 billion, which represents annualised organic growth of 14 percent. Despite a strong inflow, assets under management were SEK 13 billion lower at the end of the quarter than one year earlier, which means that repeat revenue in the form of asset management fees and net interest income less expenses for commissions and fees, decreased by 40 percent to SEK 61 (101) million, corresponding to 60 (63) percent of HQ Private Banking's total revenues. Meanwhile this means that 98 (147) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue.

During the first quarter distribution power was considerably strengthened following completion of a joint venture with SÄKRA. SÄKRA was founded in 1990 and is today one of Sweden's largest independent insurance brokerage organisations, with a broad value proposition and nationwide operations. SÄKRA has solid local presence which, together with HQ's offering of products and services, offers significant potential for new inflows of assets under management.

The business unit reported operating profit of SEK 34 (72) 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)	2009 Jan - Mar	2008 Jan - Mar
Brokerage fees	43	25
Revenue from financial advisory services and underwriting	4	9
Net interest income (expense)	0	0
Net gain or loss from financial transactions, including dividends	52	22
Expenses from transactions and commission	-23	-8
Other operating revenue	7	2
Total operating revenue	83	50
Employee benefit expense	-41	-27
General administrative expenses	-21	-7
Depreciation and amortisation of non-current assets	-3	0
Other operating expenses	-4	-4
Credit losses and bad debt losses	0	2
Total operating expenses	-69	-36
Operating profit	14	14
Average number of employees	72	47
Operating margin	17%	27%
Assets under management at end of period	8,921	11,728

TRADING RETURNS TO PROFIT

Operating revenue for HQ Investment Banking was SEK 83 (50) million, an increase of 66 percent compared to the same period in the preceding year. Excluding HQ Direct revenue increased by 28 percent to SEK 64 (50) million. The increase in revenue is mainly attributable to Trading, which reported an increase in revenues of SEK 24 million.

The market for Corporate Finance was very weak during the quarter. The number of corporate transactions has been few and the level of activity has generally been very low, which means that revenue from financial advisory services and underwriting decreased by 56 percent to SEK 4 (9) million.

The conditions for conducting trade on the company's own account have successively improved during 2009. Liquidity and the willingness accept risk have generally increased, but from extremely low levels as a result of the financial turbulence. Trading's net gain from financial transactions including dividends increased by 148 percent to SEK 52 (21) million. The trading operations are continually reducing the level of risk in their portfolio and are therefore achieving an increasingly clear focus on market making in liquid instruments.

In the Equities service area the quarter was negatively affected by the financial troubles that led to lower activity in institutional stock trading. Through the acquisition of HQ Direct this service area has been enriched with a business that is able to offer clients direct access to the Nordic stock markets. The inflow of new and existing HQ Direct clients has accelerated with every month. Revenues in Equities therefore increased by 52 percent to SEK 38 (25) million.

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

HQ - MISCELLANEOUS

ANNUAL GENERAL MEETING

The annual general meeting of shareholders held on April 3, 2009 approved the dividend of SEK 6.00 per share proposed by the board of directors. Payment was made through Euroclear Sweden AB on April 15, 2009. 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.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Merger of HQ Direct implemented

The Swedish Financial Supervisory Authority has approved the previously announced merger of HQ Direct into HQ Bank, and the merger was completed on April 1, 2009.

HQ Direct is one of the largest participants on the Nordic stock market and offers direct market access to a large number of leading global stock markets. The business, which was acquired on October 22, 2008, complements HQ's existing operations in investment banking, and provides and expanded product offering and a broadened client base both in Sweden and abroad. The merger has been implemented to create a simpler corporate structure and allow the capital base to be utilised more effectively.

HQ AB utilises authorisation to acquire and transfer treasury shares

The board of directors of HQ AB resolved on April 3, 2009, with the support of authorisation from the annual general meeting of shareholders on April 3, 2009, to acquire and transfer treasury shares. The acquisition and transfer will take place on NASDAQ OMX Stockholm and at a price per share that is within the registered price range at the time of acquisition and transfer. The intention of acquiring and transferring treasury shares is to achieve flexibility with regard to the size of equity. The implementation of the resolution to acquire and transfer treasury shares depends on market terms, applicable regulations and the company's capital position at any time.

HQ Bank takes over structured products from Ålandsbanken

On April 14, 2009, HQ Bank signed an agreement to take over some 70 structured products from Ålandsbanken, formerly Kaupthing Bank, issued by J.P. Morgan and Dresdner Bank. From April 20 HQ Bank will provide a secondary market for these products.

Stockholm, April 21, 2009

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

SCHEDULED REPORTS

Interim report Q2 2009	July 17, 2009
Interim report Q3 2009	October 16, 2009
Year-end report 2009	January 29, 2010

REVIEW REPORT

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



HQ AB (publ)

103 71 Stockholm, Sweden. Visitors: Norrlandsgatan 15 Entrance D. Corporate Registration Number SE556573-5650

Tel +46 8 696 1700. Fax +46 8 696 1701

www.hq.se