

INTERIM REPORT JANUARY 1 - SEPTEMBER 30, 2008



NET INFLOW DESPITE FINANCIAL CRISIS

THIRD QUARTER

- + OPERATING REVENUE SEK 141 (171) MILLION - 18%
 - + OPERATING PROFIT SEK 34 (66) MILLION - 48%
 - + PROFIT AFTER TAX SEK 25 (47) MILLION - 47%
 - + DILUTED EARNINGS PER SHARE SEK 0.9 (1.7) - 47%
 - + OPERATING MARGIN 24 (39) PERCENT
 - + ASSETS UNDER MANAGEMENT SEK 60 (82.4) BILLION, NET INFLOW SEK 0.3 (2.1) BILLION
-

- + Operating profit was SEK 34 (66) million, and profit after tax was SEK 25 (47) million, corresponding to SEK 0.9 (1.7) per share. The decrease in profit should be regarded in the light of a particularly difficult business climate. HQ's finances, however, are stable. Capital adequacy is high and liquidity is good. HQ has not reported any credit losses in the past five years, and the ongoing financial crisis has not led to any need for provisions for doubtful receivables. See also page 10 for additional information about the effect of the financial crisis on HQ.
- + Revenue was SEK 141 (171) million. Net revenue from commissions and fees decreased by 29 percent to SEK 109 (153) million. Of the net revenue from commissions and fees, SEK 58 (76) million was from asset management fees, a decrease of 24 percent. Net revenue from financial transactions including dividends decreased by 55 percent to SEK 5 (11) million, of which Trading accounted for SEK -1 (-15) million.
- + Expenses were largely unchanged at SEK 107 (105) million. Provisions for profit sharing decreased by SEK 5 million while other expenses increased by SEK 7 million. This increase is attributable mainly to expenses of a non-recurring nature, such as launch costs for new products and legal expenses in conjunction with different acquisition and business development procedures. The fixed cost base for ongoing operations has not increased. The group's total expenses excluding provisions for profit sharing were entirely covered by repeat revenue in the third quarter, which is in line with the financial target of a minimum of 100 percent cost coverage.
- + Total assets under management decreased by SEK 8.1 billion to SEK 60 billion during the quarter. This is a decrease of 12 percent, the same as for the AFGX index for the OMX Nordic Exchange Stockholm, which exhibited a decline of 12 percent during the same period. The net inflow of new client volumes during the quarter was SEK 0.3 billion, which corresponds to annualised organic growth of 2 percent in HQ Private Banking.

STABLE FINANCES AND HIGH CAPITAL ADEQUACY

JANUARY - SEPTEMBER

- + OPERATING REVENUE SEK 577 (755) MILLION - 24 %
- + OPERATING PROFIT SEK 195 (315) MILLION - 38 %
- + PROFIT AFTER TAX SEK 139 (225) MILLION - 38 %
- + DILUTED EARNINGS PER SHARE SEK 5.1 (8.2) - 38 %
- + OPERATING MARGIN 34 (42) PERCENT
- + ASSETS UNDER MANAGEMENT SEK 60 (82.4) BILLION, NET INFLOW SEK 3.7 (6.2) BILLION

COMMENTS FROM CEO MIKAEL KÖNIG

Worries on the financial markets have intensified month by month and have led to an international financial collapse with consequences that we have never previously observed or participated in. Reassuringly, HQ experienced a net inflow of assets under management of SEK 3.7 billion and an operating margin of 34 percent, which demonstrates our operational and financial stability.

HQ has no direct exposure to the financial institutions that have in recent weeks been linked to financing problems and the threat of insolvency. Nor has HQ brokered securities issued by these institutions to their clients.

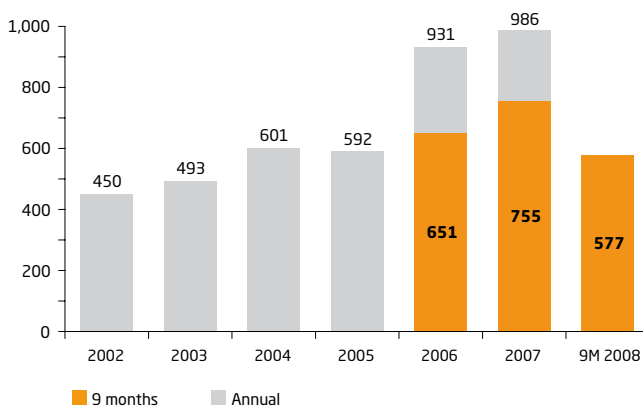
HQ has effective credit management procedures and has not reported any credit losses for the past five years, and the current financial crisis has not resulted in any credit losses or impending provisions for doubtful receivables.

HQ is currently operating with a high level of equity in relation the risks to which the company is exposed. Over time the company's capital adequacy ratio has been twice as high as the legal requirement. In times such as these this forms the primary safety net for HQ's staff, clients and shareholders. In the longer term it will provide opportunities for positive action and for further developing the business.

The systemic crisis on the financial markets has calmed in recent days, following a massive rescue package. Any continued decline will naturally have an adverse effect on future revenues, but our assessment is that the existing business model will generate a positive return even if the business climate worsens further.

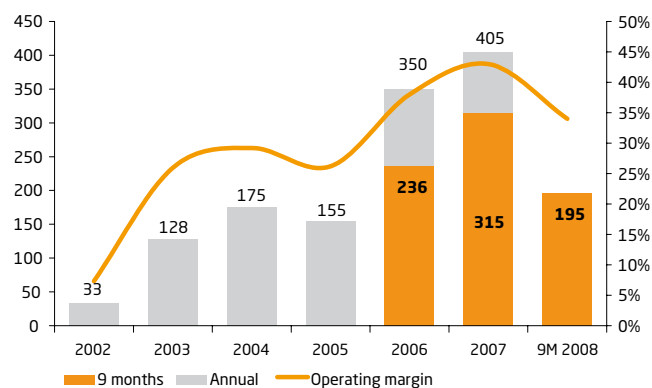
REVENUE (SEKm)

(Pro forma incl HQ Fonder)



OPERATING PROFIT (SEKm)

(Pro forma incl HQ Fonder)



THE GROUP - REPORTING PERIOD JANUARY 1 - SEPTEMBER 30, 2008

FINANCIAL WORRIES HAVE NEGATIVELY IMPACTED REVENUE OPPORTUNITIES

HQ reports for the period January 1 – September 30, 2008 operating profit of SEK 195 (315) million, and profit after tax of SEK 139 (225) million, corresponding to SEK 5.1 (8.2) per share. Amortisation of intangible assets attributable mainly to the merger with HQ Fonder has been recognised in profit and loss at SEK 9 (9) million.

Profits have been adversely affected by the financial turbulence that has involved the entire financial system. Since September 30, 2007 the OMX Nordic Exchange Stockholm has declined by over 40 percent, which has naturally had an adverse effect on HQ's revenues. Thanks to a net inflow and active management HQ's assets under management decreased to a lesser extent, corresponding to 27 percent. In addition, HQ has in its strategic work for several years focused on greater stability and a higher level of efficiency in its operations, which strongly contributed to continued good profitability. The operating margin was 34 percent.

CONTINUED HIGH PROPORTION OF REPEAT REVENUE

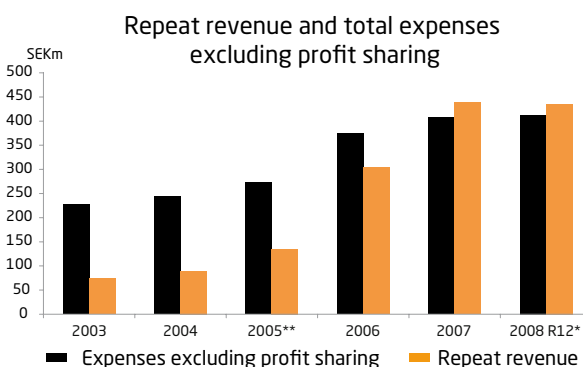
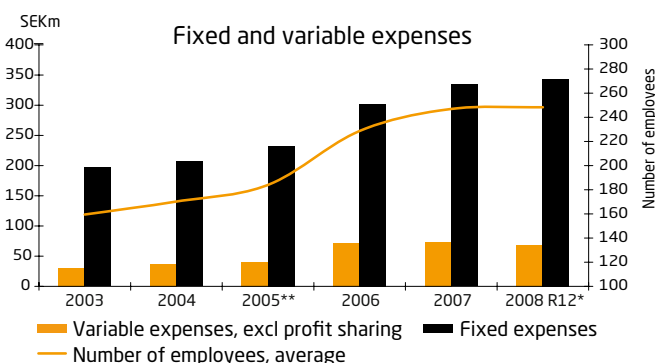
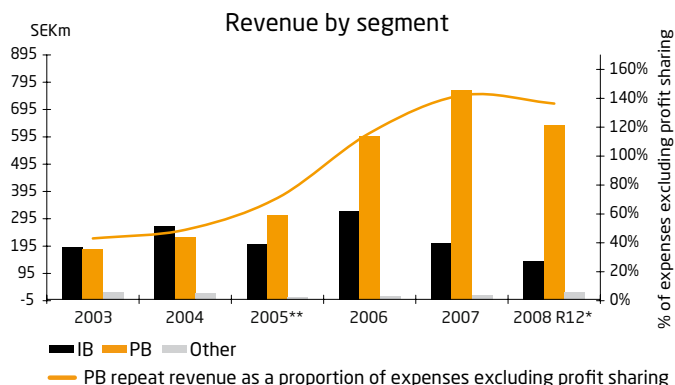
In total operating revenue was SEK 577 (755) million, a decrease of 24 percent. Net revenue from commissions and fees decreased by 26 percent to SEK 437 (591) million. Of the net revenue from commissions and fees SEK 575 (700) million was secondary, a decrease of 18 percent. The revenue from commissions and fees also includes revenue of SEK 62 (119) million from financial advisory services and underwriting, a decrease of 48 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, decreased by 52 percent to SEK 76 (157) million, of which Trading accounted for SEK 47 (79) million.

The principal explanation for the decline in revenue is the unfavourable market climate, which had a negative influence mainly on brokerage fees, trading on the company's own account and advisory fees. Repeat revenue has been affected to a lesser degree and comprised 55 (42) percent of operating revenue. 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 4 percent to SEK 274 (285) million, which means that 137 (145) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue. At a consolidated level, 106 (109) percent of current expenses excluding profit sharing were covered by repeat revenue.

EXPENSES EXCLUDING PROFIT SHARING ENTIRELY COVERED BY REPEAT REVENUE

Operating expenses for the period totalled SEK 382 (440) million, a decrease compared to the preceding year of 13 percent. This decrease is explained mainly by lower expenses for provisions for profit sharing, which declined by SEK 63 million to SEK 82 (145) million and represented 30 (32) percent of operating profit before provisions. Other expenses remained more or less constant and amounted to SEK 300 (295) million.

The fact that total expenses excluding profit sharing were entirely covered by repeat revenue provides security for the business. In order to maintain this security an active review of all expenses is currently being conducted in order to adapt the business to the existing economic climate. The outcome of this is expected during the fourth quarter, and 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, and for 2009 the target is to further improve cost efficiency.



*) Rolling 12 months.

**) 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 2,237 (1,238 per December 31, 2007) million. Equity amounted to SEK 1,050 (1,182 per December 31, 2007) million, corresponding to SEK 39 (44 per December 31, 2007) per share. Consolidated capital adequacy amounted to 16 (21 per December 31, 2007) percent, corresponding to a capital adequacy ratio of 2. 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 40 percent to SEK 80 (57) million.

The number of employees in the group was 252, compared with 250 at the start of the year. The average number of employees during the period was 247 (243).

ASSETS UNDER MANAGEMENT

The trend of the OMX Nordic Exchange Stockholm was negative during the period. The AFGX index declined by 30 percent. This negatively impacted assets under management, which decreased by 24 percent to SEK 60 (79.2 per December 31, 2007) billion.

The net inflow of assets under management during the period was SEK 3.7 billion, which represents annualised organic growth of 7 percent in HQ Private Banking.

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 34 %
- + The net inflow of assets under management in Private Banking shall be a minimum of 10 % per year, outcome 7 %
- + Repeat revenue as a proportion of total expenses excluding profit sharing shall be a minimum of 100 %, outcome 106 %
- + Capital adequacy shall be a minimum of 10 %, outcome 16 %

OUTLOOK

The financial crisis has intensified during the year and it remains difficult to predict the trends in the short term. HQ's board of directors acts to limit the exposure of the balance sheet. Credit has only been provided against acceptable collateral, which has been regularly reviewed. HQ has no actual credit losses and no provisions have been made. In addition the company's capital adequacy ratio is very high for the industry and liquidity is good.

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 established strategy is unchanged and HQ has made considerable investment in its business model and staff, and in broadening its successful Private Banking concept outside the Stockholm area. The efforts in alternative investments continue.

Consolidation in the industry is currently happening apace and this has been intensified by the general climate. This situation provides us with opportunities to gain market share, both organically and through acquisitions.

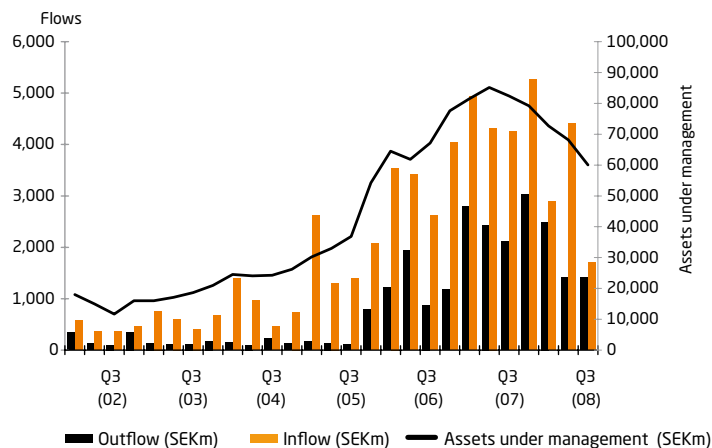
HQ's operating target of achieving assets under management of SEK 100 billion by 2010 is unchanged and will require, among other things, continued development of both new and existing distribution channels.

Stockholm October 17, 2008

Mikael König, CEO, telephone +46 8 696 17 00.

SCHEDULED REPORTS

Year-end report 2008	January 29, 2009
Annual report 2008	March 2009
Annual general meeting	April 3, 2009



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (SEKm)		2008	2007	2008	2007
		Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep
Revenue from commissions and fees		163	223	637	820
Expense from commissions and fees		-54	-70	-200	-229
Interest income		90	38	243	94
Interest expense		-64	-34	-181	-93
Net result of financial transactions, including dividends	note 1	5	11	76	157
Other operating revenue		1	3	2	6
Total operating revenue		141	171	577	755
Employee benefits expense		-69	-71	-265	-320
General administrative expenses		-24	-22	-77	-76
Depreciation and amortisation of non-current assets		-5	-5	-15	-14
Other operating expense		-9	-7	-27	-30
Credit losses and bad debt losses		0	0	2	0
Total operating expense		-107	-105	-382	-440
Operating profit		34	66	195	315
Income tax expense for the period		-9	-19	-56	-90
Profit for the period		25	47	139	225
Attributable to minority interest		0	0	0	0
Basic earnings per share, SEK		0.9	1.7	5.1	8.3
Diluted earnings per share, SEK		0.9	1.7	5.1	8.2
Average issued shares before dilution		27,114,480	27,114,480	27,114,480	27,114,480
Average issued shares after dilution		29,561,251	29,527,880	29,539,004	29,042,586
Issued shares before dilution		27,114,480	27,114,480	27,114,480	27,114,480
Issued shares after dilution		29,927,080	29,527,880	29,927,080	29,527,880

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (SEKm)		Sep 30, 2008	Dec 31, 2007
Lending to credit institutions		2,237	1,238
Lending to the public		3,411	2,526
Investments in associates		1,128	2,214
Intangible assets		591	574
Other assets		2,574	2,686
Total assets		9,941	9,238
Liabilities to credit institutions		2,450	1,516
Deposits and borrowing from the public		2,333	3,451
Other liabilities		4,108	3,089
Equity attributable to equity holders of the parent		1,049	1,181
Minority interest		1	1
Equity		1,050	1,182
Total liabilities and equity		9,941	9,238

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEKm)		Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Balance - start of period		1,181	1,046	1,046
Dividends		-271	-163	-163
Equity component of convertible debentures		0	8	8
Translation differences		-	1	-
Profit for the period		139	225	290
Equity attributable to equity holders of the parent		1,049	1,117	1,181
Minority interest		1	0	1
Total equity - end of period		1,050	1,117	1,182

CONSOLIDATED PERFORMANCE PER QUARTER (SEKm)		2008	2008	2008	2007	2007
		Jul - Sep	Apr - Jun	Jan - Mar	Oct - Dec	Jul - Sep
Net revenue from commissions and fees		109	164	163	224	153
Net interest income		26	23	13	14	4
Net gain or loss from financial transactions, including dividends		5	33	38	-8	11
Other operating revenue		1	1	1	1	3
Operating revenue		141	221	215	231	171
Operating expenses		-107	-138	-138	-140	-105
Operating profit		34	83	77	91	66

KEY FIGURES		2008	2007	2007-2008	2007	2006	2005
		Jan - Sep	Jan - Sep	Oct - Sep			
Operating revenue, SEKm		577	755	808	986	931	518
Operating expenses, SEKm		-382	-440	-523	-581	-581	-390
Operating profit, SEKm		195	315	285	405	350	128
Basic earnings per share, SEK		5.1	8.3	7.5	10.7	9.2	4.9
Equity per share, SEK		39	41	39	44	39	33
Operating margin, %		34%	42%	35%	41%	38%	25%
Return on equity, %*		19%	27%	19%	26%	26%	15%
Capital adequacy, %		16%	18%	16%	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 - Sep	2007 Jan - Sep	2008 Jan - Sep	2007 Jan - Sep	2008 Jan - Sep	2007 Jan - Sep	2008 Jan - Sep	2007 Jan - Sep
Operating revenue	423	551	135	198	19	6	577	755
Operating expenses	-246	-283	-101	-121	-35	-36	-382	-440
Operating profit	177	268	34	77	-16	-30	195	315
Tax	-	-	-	-	-56	-90	-56	-90
Profit for the period	177	268	34	77	-72	-120	139	225

CONSOLIDATED STATEMENT OF CASH FLOWS (SEKm)

	2008 Jan - Sep	2007 Jan - Sep
Cash flow from operating activities	77	174
Cash flow from assets and liabilities of operating activities	1,222	542
Net cash (used in)/generated by operating activities	1,299	716
Net cash (used in)/generated by investing activities	-33	-1
Net cash (used in)/generated by financing activities	-267	14
Net cash (used)/generated for the period	999	729
Cash and cash equivalents at beginning of the period	1,238	1,477
Cash and cash equivalents at end of the period	2,237	2,206

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEKm)

	2008 Jan - Sep	2007 Jan - Sep
Other operating revenue	0	0
Overhead expenses	-12	-14
Operating profit (loss)	-12	-14
Investment revenue	-14	-17
Profit after financial income	-26	-31
Income tax expense	8	9
Profit for the period	-18	-22

PARENT COMPANY STATEMENT OF FINANCIAL POSITION (SEKm)

	Sep 30, 2008	Dec 31, 2007
Non-current assets	847	803
Current assets	116	520
Total assets	963	1,323
Equity	615	904
Non-current liabilities	338	334
Current liabilities	10	85
Total liabilities and equity	963	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. This report 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 regarding Annual Accounts for Credit Institutions and Securities Companies (FFFS 2006:16) as well as RR 31 Interim Reporting for Groups. 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 2.1, Reporting for Legal Entities. 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 for the nine-month period of 155 (203) and for the three-month period of 6 (9).

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 serves private individuals, entrepreneurs, companies and institutions that require complete professional solutions in the area of wealth management. HQ Private Banking assists its clients with everything from asset management to legal matters, insurance, financing and taxation. HQ's range of products and services has proven successful and in Euromoney's latest ranking, HQ Bank was voted Sweden's best Private Bank.

(SEKm)	2008 Jul - Sep	2007 Jul - Sep	2008 Jan - Sep	2007 Jan - Sep
Brokerage fees and other sales commission	37	56	194	285
Asset management fees	98	130	337	390
Expenses from transactions and commission	-49	-62	-182	-197
Net interest income/expense	22	18	65	48
Net result of financial transactions, including dividends	3	8	9	25
Other operating revenue	-	0	0	-
Total operating revenue	111	150	423	551
Employee benefits expense	-36	-46	-130	-176
General administrative expenses	-11	-11	-38	-39
Depreciation and amortisation of non-current assets	-1	-1	-3	-3
Other operating expense	-23	-20	-75	-65
Credit losses and bad debt losses	-	0	0	0
Total operating expense	-71	-78	-246	-283
Operating profit	40	72	177	268
Average number of employees	114	118	114	116
Operating margin	36%	48%	42%	49%
Assets under management at end of period			52,660	69,878
Total revenue/average assets under management*)			1.00%	1.09%

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

CONTINUED NET INFLOW AND LAUNCH OF NEW PRODUCTS

Operating revenue for HQ Private Banking was SEK 423 (551) million, a decrease of 23 percent compared with the same period in the preceding year. Brokerage revenue decreased by 36 percent to SEK 134 (208) million and the net revenue from financial transactions by 64 percent to SEK 9 (25) million. Asset management fees and net interest income were affected to a lesser degree and decreased by 8 percent to SEK 402 (438) million.

Operating expenses for HQ Private Banking decreased by 13 percent to SEK 246 (283) million. Employee benefit expense excluding profit sharing decreased by 6 percent to SEK 85 (90) million and other expenses excluding profit sharing increased by 8 percent to SEK 116 (107) million. This increase is explained by higher marketing expenses associated with the launch of new products and various client recruitment activities around the country, as well as greater allocation of expenses for group functions.

The net inflow of assets under management in HQ Private Banking during the period was SEK 3.7 billion, which represents annualised organic growth of 7 percent and a future positive contribution to repeat revenue. Repeat revenue in HQ Private Banking decreased by 4 percent to SEK 274 (285) million, which means that 137 (145) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue.

During the third quarter HQ Fonder strengthened its position in emerging markets with the launch of a Middle East fund. The HQ Middle East fund is focused on the expanding economies of this region, and will invest in individual companies using a valued-based management style. In addition to the oil and energy sectors, the region has large numbers of companies in fields such as construction and real estate, consumer goods, telecommunications and finance that have good growth potential.

The business unit reported operating profit of SEK 177 (268) 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 Jul - Sep	2007 Jul - Sep	2008 Jan - Sep	2007 Jan - Sep
Brokerage fees	24	28	73	93
Revenue from financial advisory services and underwriting	1	6	25	46
Expenses from transactions and commission	-4	-8	-17	-30
Net interest income (expense)	0	0	-1	0
Net gain or loss from financial transactions, including dividends	-1	-15	46	80
Other operating revenue	2	6	9	9
Total operating revenue	22	17	135	198
Employee benefit expense	-13	-10	-70	-92
General administrative expenses	-6	-5	-18	-17
Depreciation and amortisation of non-current assets	0	0	-1	-1
Other operating expenses	-5	-4	-14	-11
Credit losses and bad debt losses	-	-	2	-
Total operating expenses	-24	-19	-101	-121
Operating profit	-2	-2	34	77
Average number of employees	47	45	46	45
Operating margin	-7%	-15%	25%	39%
Assets under management at end of period			7,369	12,494

EFFORTS IN ALTERNATIVE INVESTMENTS SUCCESSIVELY SHOWING RESULTS

Operating revenue for HQ Investment Banking was SEK 135 (198) million, a decrease of 32 percent compared with the same period in the preceding year. The decrease in revenue is mainly attributable to Trading, which reports a decrease in revenue of SEK 27 million.

Market conditions for Corporate Finance have been unfavourable during the period. In addition, Corporate Finance conducted the largest capital acquisition in its history during the second quarter of 2007, which together explain the decrease in advisory fees of SEK 21 million to SEK 25 (46) million.

Trading's net gain from financial transactions including dividends decreased by 41 percent to SEK 47 (79) million. The weaker outcome is an effect of the financial turbulence that has characterised 2008, while the first half of 2007 was a particularly good half year for Trading. As previously communicated, the Trading operations are focusing increasingly on market making in liquid instruments. The total scope of the portfolio has been successively reduced and risk has been lowered. Trading reports an operating profit of SEK 7 (23) million.

Equities has been adversely affected by the financial turbulence that led to a lower level of activity in institutional share trading. Revenue in Equities therefore decreased by 24 percent to SEK 73 (96) million.

Efforts in Alternative Investments are proceeding according to plan. During the second quarter HQ Loans was launched, a fund that invests in a well diversified portfolio of Nordic corporate loans. Despite a challenging market climate the fund had attracted over SEK 1,000 million when closed, which means additional repeat revenue for HQ Investment Banking.

The business unit reported operating profit of SEK 34 (77) million.

EFFECT OF FINANCIAL CRISIS ON HQ

FINANCIAL STABILITY DESPITE TURBULENCE

REVENUE CAPACITY

HQ has for several years been striving to reduce the level of risk in its business model by focusing on repeat revenues. Even though revenues are declining, HQ is reporting profits in line with its financial targets. A continued downturn will naturally have a negative impact on future revenues, but we estimate that the existing business model will generate positive returns even in weaker times.

RISK MANAGEMENT

Risk management is, and always has been, an important element of HQ's operations, which are complex by nature. Daily controls are conducted of both client transactions and HQ's trading on its own account. This risk management is facilitated to some degree by the relatively small size of HQ and the fact that business is conducted exclusively in Sweden. In other words the operations can be easily reviewed and all material risks are believed to be under control.

CREDIT EXPOSURE

HQ's board of directors has acted to ensure that the balance sheet is not exposed to a level beyond which there has been acceptable control over associated risks. Credit has only been provided against acceptable collateral, and this has been regularly reviewed. One confirmation of an effective credit control procedure is that HQ has not reported any credit losses during the past five years, and nor has the current financial crisis resulted in any credit losses or additional provisions related to uncertain receivables.

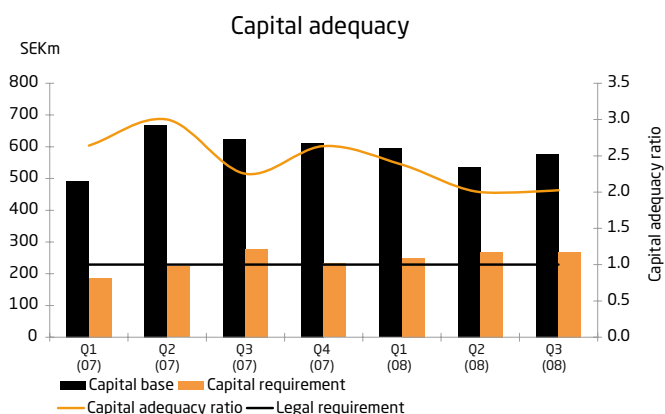
HQ has no direct exposure to the financial institutions that have in recent weeks been linked to financing problems and the threat of insolvency. Nor has HQ brokered securities issued by these institutions to their clients.

LIQUIDITY

HQ's liquidity is strong. During 2008 HQ has net invested surplus liquidity of approximately SEK 2.0 billion. This surplus liquidity has been invested with the major Swedish and Danish banks at short duration. In addition there exist unutilised credit facilities of SEK 1.5 billion. HQ's borrowing from the public amounted on September 30, 2008 to SEK 2.3 billion.

CAPITAL ADEQUACY

HQ is currently operating with a relatively high level of equity given the risks to which it is exposed. Over time the company's capital adequacy ratio has been twice as high as the legal requirement. In times such as these this forms the primary safety net for HQ's staff, clients and shareholders. In the longer term it will provide opportunities to work actively and further develop the business.



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.

HEDGE FUNDS - NEW STRUCTURE TOGETHER WITH OPM

On September 1, HQ revealed new plans for its ventures in hedge funds. Together with Optimized Portfolio Management (OPM) the intention is to create an innovative and independent player in hedge fund solutions.

HQ and OPM have signed an agreement to bring together OPM's business and HQ's three hedge funds – Solid, Global and Nordic – in a joint company. The company, which will retain the name OPM, aims to become a significant independent player in global hedge fund solutions in Scandinavia. OPM was founded in 2003 and is today one of the leading players in Northern Europe in the evaluation and analysis of hedge funds, and also offers funds of funds that invest in hedge funds. OPM has branches in Stockholm and Geneva and its client base is made up of institutions, banks, companies and individuals. A considerable proportion of its clients are outside Sweden.

CONVERTIBLE DEBENTURES

On August 15 an extraordinary meeting of shareholders voted to buy back previously issued personnel convertibles and to issue a maximum of 1,200,000 new personnel convertibles. 568,500 convertibles were bought back and 968,600 new convertibles were issued. The new convertible scheme was oversubscribed 100 percent by HQ personnel. This results in an additional dilution effect of approximately 1.4 percent.

EVENTS SUBSEQUENT TO THE REPORTING DATE

ACQUISITION OF GLITNIR AB

HQ has per October 17 signed an agreement to acquire 100 percent of the shares in Glitnir AB at a price of approximately SEK 60 million. This business complements HQ's existing operations in investment banking. The transaction is expected to make a positive contribution to HQ's earnings per share in the current year. Glitnir AB's operations are entirely isolated from Glitnir banki hf and its owner, the Icelandic government. This transaction is dependent on approval from the Swedish Financial Supervisory Authority. See also the separate press release.

AUDITOR'S 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