

# INTERIM REPORT

JANUARY 1 – MARCH 31 • 2003

HAGSTRÖMER  
& QVIBERG

## INTERIM REPORT JANUARY 1 - MARCH 31, 2003

- PROFIT AFTER TAX AND MINORITY SEK 2 (2) MILLION
- SIGNIFICANT INCREASE OF MARKET SHARE ON STOCKHOLMSBÖRSEN 6.1% (3.6%)
- CONTINUING NET INFLOW OF NEW CUSTOMERS VOLUMES

### Performance and financial position

#### Group

Hagströmer & Qviberg (H&Q) reports for the first quarter of 2003 a profit after tax and minority of SEK 2 (2) million. The market activity during the period was low. The turnover on the Stockholm exchange, Stockholmsbörsen, declined while proprietary trading on the market increased at the expense of customer trading.

Total operating income was SEK 77 (103) million, a reduction of 25 percent compared to the same period last year. Net income from commissions and fees decreased by 45 percent to SEK 38 (69) million. Of commission income, SEK 6 (23) million constituted income from financial advice and underwriting, a reduction of 74 percent. Net income from financial transactions including dividends increased by 12 percent to SEK 29 (26) million.

Operating expenses amounted to SEK 75 (97) million, a reduction of 23 percent. Personnel expenses reduced by 18 percent to SEK 53 (65) million and other expenses by 31 percent to SEK 22 (32) million.

The group's liquid funds amounted to SEK 1,282 million (-175 per 31 December 2002). Equity amounted to SEK 375 million (373 per 31 December 2002), amounting to SEK 72 per share (72 per 31 December 2002). The group's capital adequacy ratio was 34 percent (42 percent per 31 December 2002).

The number of employees in the group amounted to 177 on March 31 (247 per 31 March 2002, 177 per 31 December 2002). The average number of employees during the period amounted to 177 (247).

#### H&Q Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 37 million, a reduction of 23 percent compared to last year. Fewer capital procurement and consultancy engagements primarily explain the decline in operating income. Institutional share trading is continuing to increase, although from a low level. The result for the business area was positive.

The number of employees on March 31 amounted to 57 (80 per 31 March 2002, 60 per 31 December 2002).

#### H&Q Private Banking

Operating income for H&Q Private Banking amounted to SEK 35 million, a reduction of 37 percent compared to the first quarter of last year. The decrease is explained by generally lower market activity as well as lower market value.

H&Q Private Banking has met the low level of activity on the market by focusing on products and services which entail less risk for the customer, but which concurrently yield an attractive return – Absolute Asset Management. The products which were launched during the first quarter have been well received by the market, which greatly contributed to further net inflow into the custody accounts, i.e. growth. The result was positive for the business area.

In total, managed capital amounted to SEK 16 billion (16 per 31 December 2002). The net flow of new customers and volumes continued to be positive.

The number of employees on March 31 amounted to 63 (90 per 31 March 2002, 59 as per 31 December 2002).

#### Other

On April 3, 2003, the annual general meeting was held at the Grand Hôtel in Stockholm. At the annual general meeting, a resolution was adopted to pay a dividend of SEK 5 per share (ordinary and preference shares) for the 2002 financial year. The record date was set for Tuesday, April 8, 2003. Disbursement was made via VPC on Friday, April 11, 2003.

#### Outlook

Low market activity combined with sinking share prices and turnover constitute bad conditions for the financial sector. Notwithstanding the aforesaid, in order to be able to report a profit, an extensive savings programme has been undertaken which commenced in 2001. In conjunction with such savings, a number of offensive efforts have occurred including Absolute Asset Management, Fund of Funds company, and automated customer and proprietary trading. The business areas have moved their positions and market shares forward, which is also reflected in a greater overall level of activity for Hagströmer & Qviberg. In one year, Hagströmer & Qviberg's market share of trading on Stockholmsbörsen has increased from 3.6 per cent to 6.1 per cent, which makes the company the third largest actor at the end of the first quarter for 2003.

Hagströmer & Qviberg has adapted to address costs and developed new products and services in keeping with the prevailing climate. H&Q is thus well equipped to meet an upturn in the business cycle in the finance sector.

Stockholm, 22 April 2003



Patrik Enblad, Chief Executive Officer, Telephone +46 8 696 17 00

#### Scheduled Reports and Meetings

Interim Report  
Interim Report

16 July, 2003  
October, 2003

**CONSOLIDATED INCOME STATEMENT (SEKm)**

		<b>2003</b> <b>Jan - Mar</b>	<b>2002</b> <b>Jan - Mar</b>
Income from commissions and fees	Note 1	46	80
Expenses from commissions and fees		-8	-11
Net interest income		8	8
Dividends received		0	1
Net result of financial transactions		29	25
Other operating income		2	-
<b>Total operating income</b>		<b>77</b>	<b>103</b>
General administrative expenses		-68	-86
Depreciation and write-down of tangible and intangible fixed assets		-4	-6
Other operating expenses		-3	-5
Net credit losses		0	-
<b>Total operating expenses</b>		<b>-75</b>	<b>-97</b>
<b>Operating profit</b>		<b>2</b>	<b>6</b>
Tax on profit/loss for the period		-2	-4
Minority share of period's profit		2	0
<b>Profit/loss for the period</b>		<b>2</b>	<b>2</b>
Earnings per share before dilution, SEK		0.4	0.4
Earnings per share after dilution, SEK		0.4	0.4
Average number of shares before dilution		5,176,162	5,175,421
Average number of shares after dilution		5,208,562	5,458,624
Number of shares outstanding before dilution		5,176,162	5,175,724
Number of shares outstanding after dilution		5,208,562	5,458,624

**CONSOLIDATED BALANCE SHEET (SEKm)**

		<b>Mar 31, 2003</b>	<b>Dec 31, 2002</b>
Lending to credit institutions		1,282	143
Lending to the public		593	681
Shares and participations		501	831
Other assets	Note 2	459	1,103
<b>Total assets</b>		<b>2,835</b>	<b>2,758</b>
Liabilities to credit institutions		-	318
Deposits and borrowing from the public		1,132	1,158
Other liabilities	Note 2	1,325	904
Minority share of equity		3	5
Shareholder's equity	Note 3	375	373
<b>Total equity and liabilities</b>		<b>2,835</b>	<b>2,758</b>

**CHANGE IN SHAREHOLDER EQUITY**

	<b>2003</b> <b>Mar 31</b>	<b>2002</b> <b>Mar 31</b>	<b>2002</b> <b>Dec 31</b>
Shareholder equity at beginning of period	373	389	389
Dividend	-	-	-26
Translation difference etc	0	1	-2
Profit/loss for period	2	2	12
<b>Shareholder equity at end of period</b>	<b>375</b>	<b>392</b>	<b>373</b>

**GROUP TRENDS PER QUARTER (SEKm)**

	<b>2003</b> <b>Jan - Mar</b>	<b>2002</b> <b>Okt - Dec</b>	<b>2002</b> <b>Jul - Sep</b>	<b>2002</b> <b>Apr - Jun</b>	<b>2002</b> <b>Jan - Mar</b>
Commissions and fees, net	38	43	48	64	69
Net interest income	8	7	9	7	8
Financial transactions including dividends, net	29	49	18	18	26
Other operating income	2	7	7	-	-
Operating income	77	106	82	88	103
Operating expenses	-75	-93	-86	-107	-97
Profit before tax	2	13	-4	-19	6

**KEY RATIOS**

	<b>2003</b> <b>Jan - Mar</b>	<b>2002</b> <b>Jan - Mar</b>	<b>2002-2003</b> <b>Apr - Mar</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Operating income, SEKm	77	103	353	379	505	935
Operating expenses, SEKm	-75	-97	-361	-382	-495	-685
Profit before tax and minority, SEKm	2	6	-8	-3	10	250
Earnings per share before dilution, SEK	0.4	0.4	2.4	2.4	-0.8	36
Earnings per share after dilution, SEK	0.4	0.4	2.3	2.3	-0.8	35
Return on equity, SEK	72	76	72	72	75	93
Operating margin, %	2%	6%	-2%	-1%	2%	27%
Return on equity, %*	3%	-1%	3%	3%	-1%	46%
Capital coverage, %	34%	32%	34%	42%	26%	24%

\* Returns are calculated on moving 12-month basis

**INFORMATION BY SEGMENT (SEKm)**

	<b>Private Banking</b>		<b>Investment Banking</b>		<b>Other</b>		<b>Total</b>	
	<b>2003 Jan - Mar</b>	<b>2002 Jan - Mar</b>	<b>2003 Jan - Mar</b>	<b>2002 Jan - Mar</b>	<b>2003 Jan - Mar</b>	<b>2002 Jan - Mar</b>	<b>2003 Jan - Mar</b>	<b>2002 Jan - Mar</b>
Total operating income	35	56	37	48	5	-1	77	103
Total expenses	-34	-47	-38	-47	-3	-3	-75	-97
Profit/loss for the year	1	9	-1	1	2	-4	2	6
Minority share and tax	-	-	2	0	-2	-4	0	-4
<b>Profit/loss for the year</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>-8</b>	<b>2</b>	<b>2</b>

**CASH FLOW STATEMENT (SEKm)**

	<b>2003 Jan - Mar</b>	<b>2002 Jan - Mar</b>
Cash flow from continuing operations	5	6
Cash flow from continuing assets and liabilities	1,453	-1,138
Cash flow from continuing operations	1,458	-1,132
Cash flow from investing activities	-1	-3
Cash flow from financing activities	0	0
Cash flow for the period	1,457	-1,135
Liquid funds at beginning of period	-175	1,474
Liquid funds at end of period	1,282	339

**Accounting principles**

This interim report has been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council for interim reports (RR20), and the regulations of the Swedish Financial Supervisory Authority 2002:22. The accounting principles and methods of calculation are unchanged from those used in the annual report for 2002. New recommendations have had no effect on the accounts for the first quarter.

**Notes** (all amounts in SEKm)

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage fees of 38 (67) for the three-month period.

Note 2 – Other assets/Other liabilities

Other assets includes stock-related derivative instruments with positive value in the amount of 131 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 166 (actual value).

Note 3 – Shareholders' equity

Of the total number of issued shares in the amount of 5,190, 224, preference shares account for 1,413,631.

Note 4 – Segments

The group is organised into two business segments, Investment Banking and Private Banking. The business areas constitute the primary basis for division. Other matters consist of overhead expenses and group adjustments which cannot be attributed to either of the business areas.

**Definitions**

Earnings per share after tax

Net profit after tax in relation to the average number of shares during the period. In the calculation of the average number of shares after dilution, outstanding warrants with exercise prices of SEK 71 and 133 have been included. During the third quarter of 2002 outstanding warrants with an exercise price of SEK 133 have been excluded.

Shareholders' equity per share

Shareholders' equity in relation to the number of shares on the closing day.

Operating margin

Operating profit in relation to operating income.

Return on equity

Profit after tax in relation to average shareholders' equity. Returns are calculated on a moving 12-month basis.

Liquid funds

Liquid funds include cash and central bank balances, lending to credit institutions and liabilities to credit institutions.

Capital adequacy

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

**Auditor's report for Hagströmer & Qviberg AB (Publ.)**

We have reviewed this year-end report in accordance with the recommendations issued by the Swedish Institute of Authorised Public Accountants (FAR). A review is considerably limited compared to an audit. Nothing has come to our attention that indicates that the year-end report does not fulfill the requirements of the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm, April 22, 2003

KPMG

Caj Nackstad, Authorised Public Accountant

**HAGSTRÖMER  
& QVIBERG**

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