

YEAR-END REPORT
2003

HAGSTRÖMER
& QVIBERG

YEAR-END REPORT 2003

- OPERATING EARNINGS FOR YEAR SEK 90 (-3) MILLION
- EARNINGS AFTER TAX FOR YEAR SEK 60 (12) MILLION
- INCOME FOR YEAR SEK 424 (379) MILLION
- OPERATING EARNINGS FOR FOURTH QUARTER SEK 46 (13) MILLION
- EARNINGS PER SHARE AFTER DILUTION SEK 11.6 (2.3)
- PROPOSED DIVIDEND SEK 5.00 (5.00) AND REDEMPTION OF EVERY TENTH SHARE AT SEK 200

Performance and financial position

Group

Hagströmer & Qviberg (H&Q) reports for 2003 earnings before tax and minority of SEK 90 (-3) million, and earnings after tax and minority of SEK 60 (12) million. Earnings have during the year been burdened with expenses of SEK 5 (13) million for staff reductions. In the previous year earnings were also burdened with expenses of SEK 16 million for the closure of international subsidiaries.

Total operating income was SEK 424 (379) million, an increase of 12 percent compared with the previous year. Net income from commissions and fees was SEK 224 (223) million. Of the income from commissions and fees, SEK 209 (180) million was from secondary commission, a rise of 16 percent. The income from commissions and fees also includes income from financial advisory services and underwriting of SEK 61 (76) million, a decrease of 20 percent. Net income from financial transactions, including dividends, increased by 27 percent to SEK 141 (111) million. Other operating income comprises largely income from value-added tax. Operating earnings were positively affected in the fourth quarter by non-recurring income of SEK 13 million following recovery of value-added tax.

Total operating expenses for the period amounted to SEK 334 (382) million, a decrease compared to the previous year of 13 percent. Personnel expenses decreased to SEK 233 (236) million, despite considerably higher bonus expenses during 2003. Other expenses, excluding credit losses, bad-debt losses and items affecting comparability, decreased by 10 percent to SEK 101 (112) million. The cost reductions are part of the cost-savings programme implemented in recent years. Cost awareness remains high. Cost reductions are higher than the established goals. Current expenses excluding bonuses are lower than SEK 250 million.

The group's liquid funds amounted to SEK 1,142 (-175 per December 31, 2002) million. Shareholder equity amounted to SEK 404 (373 per December 31, 2002) million, corresponding to SEK 78 (72 per December 31, 2002) per share. Capital adequacy for the group amounted to 35 percent (42 percent per December 31, 2002).

The number of employees in the group amounted to 168 (177 per December 31, 2002). The average number of employees during the year was 171 (219).

H&Q Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 213 (195) million, an increase of 9 percent compared to the previous year. The increase in income is explained mainly by greater activity. Institutional stock brokerage continues to increase as a result of greater emphasis on absolute analysis. In addition, the climate within corporate-finance-related services improved during the second half of the year, which is confirmed by fees for corporate advisory services rising by 15 percent compared to the previous year. Trading on the company's own account also increased during 2003, mainly as a consequence of increased turnover on the traded markets. The business unit reports earnings before tax and minority of SEK 57 (4) million.

The number of employees was 53 (60 per December 31, 2002).

H&Q Private Banking

Operating income for H&Q Private Banking amounted to SEK 183 (168) million, an increase of 9 percent compared to the previous year. The increase in income is the effect of a continued successful focus on Absolute Asset Management combined with the generally increased level of activity on Stockholms Fondbörs.

H&Q Private Banking is building further on its strategy of an open architecture and external partnerships. The business unit today has a well functioning contact network of product and services suppliers, and a large number of distributors marketing and selling Hagströmer & Qviberg's asset management products. Hagströmer & Qviberg packages complete solutions and products. New structured products have been launched and more are under development. In addition, interest in H&Q's fund-of-funds company, H&Q Fond i Fond, is great, which overall for the period

has resulted in a continued large net inflow to custodian accounts, that is to say continued growth.

Total assets under management have risen to SEK 21 (16 per December 31, 2002) billion, which represents growth of 31 percent compared with the previous year. The inflow to the new products, Absolute Asset Management and H&Q Fond i Fond, is large. The net inflow of new client volumes in 2003 was SEK 2 billion, which represents organic growth of 12.5 percent.

As the net inflow of new client volumes has risen, the proportion of repeat income has also risen, mainly during the second half of the year. The target is for current expenses, excluding bonuses, within H&Q Private Banking as a whole to be covered by repeat income from 2005. The business unit reports earnings before tax and minority of SEK 27 (-12) million.

The number of employees was 59 (59 per December 31, 2002).

Outlook

The finance industry has been as cold as ice in recent years. The upturn came in 2003. The financial chill was followed by springtime. The Stockholm exchange, Stockholms Fondbörs, rose 30 percent (AFGX), and turnover rose by 20 percent during the second half of the year compared with the same period in 2002.

Hagströmer & Qviberg has greatly reduced its expenses while implementing a series of forward-looking proactive measures. Hagströmer & Qviberg is demonstrating profit and growth in all parts of the company. The level of activity is high and profitability is good. It is particularly pleasing that it is repeat income increasing. Hagströmer & Qviberg has applied to the Swedish Financial Supervisory Authority (Finansinspektionen) for permission to start new equity funds based on China and India.

The positive trend for Hagströmer & Qviberg, with low costs, a high level of activity and improved earnings, is expected to continue. With higher targets and continuity, earnings for 2004 are expected to exceed those of 2003.

Annual General Meeting, Dividend and Redemption

The annual general meeting of shareholders will be held on Thursday, April 1, 2004 at 4 pm in the Auditorium, Moderna Muséet, Skeppsholmen, Stockholm.

The board of directors proposes that the annual general meeting approve a dividend of SEK 5.00 (5.00) per share. The board also plans to propose redemption of every tenth share against payment of SEK 200 per share, of which SEK 100 in cash and SEK 100 in the existing perpetual subordinated debenture. The subordinated debenture is listed on Stockholms Fondbörs (SOX). If the redemption offering is full accepted, around 520,000 shares will be redeemed and around SEK 104 million will be transferred to shareholders of Hagströmer & Qviberg AB.

Stockholm, January 30, 2004

Hagströmer & Qviberg AB
Board of directors

For further information please contact Patrik Enblad,
Chief Executive Officer, Telephone +46 8 696 17 00

Forthcoming Reports

Annual Report 2003
Interim Report Q1

March 2004
April 20, 2004

CONSOLIDATED INCOME STATEMENT (SEKm)

	2003	2002	2003	2002
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Income from commissions and fees	91	50	270	256
Expenses from commissions and fees	-13	-7	-46	-33
Interest income	20	20	76	86
Interest expense	-10	-13	-38	-55
Dividends received	1	1	27	26
Net result of financial transactions	38	48	114	85
Other operating income	19	7	21	14
Total operating income	146	106	424	379
General administrative expenses	-91	-80	-299	-311
Depreciation and amortisation of fixed assets	-3	-5	-14	-21
Other operating expenses	-6	-3	-21	-16
Credit and bad debt losses	-0	-5	-0	-18
Items affecting comparability	-	-0	-	-16
Total operating expenses	-100	-93	-334	-382
Operating earnings	46	13	90	-3
Tax on earnings for the period	-14	14	-28	9
Minority share of earnings for the period	-2	4	-2	6
Earnings for the period	30	31	60	12
Earnings per share before dilution, SEK	5.9	5.9	11.6	2.4
Earnings per share after dilution, SEK	5.9	5.9	11.6	2.3
Average number of shares before dilution	5,188,512	5,177,601	5,182,371	5,176,844
Average number of shares after dilution	5,188,512	5,210,001	5,198,482	5,375,305
Number of shares outstanding before dilution	5,188,512	5,176,162	5,188,512	5,176,162
Number of shares outstanding after dilution	5,188,512	5,208,562	5,188,512	5,208,562

CONSOLIDATED BALANCE SHEET (SEKm)

	Dec 31, 2003	Dec 31, 2002
Lending to credit institutions	1,142	143
Lending to the public	590	681
Shares and participations	1,986	831
Other assets	1,112	1,103
Total assets	4,830	2,758
Liabilities to credit institutions	-	318
Deposits and borrowing from the public	1,297	1,158
Other liabilities	3,123	904
Minority share of equity	6	5
Shareholder equity	404	373
Total equity and liabilities	4,830	2,758

CONSOLIDATED CHANGE IN SHAREHOLDER EQUITY (SEKm)

	Dec 31, 2003	Dec 31, 2002
Shareholder equity at beginning of the period	373	389
Dividend	-26	-26
Translation differences etc.	-3	-2
Earnings for period	60	12
Shareholder equity at end of the period	404	373

GROUP TRENDS PER QUARTER (SEKm)

	2003	2003	2003	2003	2002
	Oct - Dec	Jul - Sep	Apr - Jun	Jan - Mar	Oct - Dec
Net income from commissions and fees	78	56	52	38	43
Net interest income	10	14	6	8	7
Financial transactions including dividends, net	39	38	35	29	49
Other operating income	19	-	0	2	7
Operating income	146	108	93	77	106
Operating expenses	-100	-78	-81	-75	-93
Earnings before tax and minority	46	30	12	2	13

KEY RATIOS

	2003	2003	2002	2001
	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Operating income, SEKm	146	424	379	505
Operating expenses, SEKm	-100	-334	-382	-495
Earnings before tax and minority, SEKm	46	90	-3	10
Earnings per share before dilution, SEK	5.9	11.6	2.4	-0.8
Shareholder equity per share, SEK	78	78	72	75
Operating margin, %	32%	21%	-1%	2%
Return on equity, %*	15%	15%	3%	-1%
Capital adequacy, %	35%	35%	42%	26%

* Returns are calculated on moving 12-month basis

INFORMATION BY SEGMENT (SEKm)

	Investment Banking		Private Banking		Other		Total	
	2003 Jan - Dec	2002 Jan - Dec	2003 Jan - Dec	2002 Jan - Dec	2003 Jan - Dec	2002 Jan - Dec	2003 Jan - Dec	2002 Jan - Dec
Operating income	213	195	183	168	28	16	424	379
Operating expenses	-156	-191	-156	-180	-22	-11	-334	-382
Operating earnings by segment	57	4	27	-12	6	5	90	-3
Minority share and tax	-2	7	-	-	-28	8	-30	15
Earnings for the period	55	11	27	-12	-22	13	60	12

CONSOLIDATED CASH FLOW STATEMENT (SEKm)

	2003 Jan - Dec	2002 Jan - Dec
Cash flow from continuing operations	1,344	-1,614
Cash flow from investing activities	-2	-7
Cash flow from financing activities	-25	-28
Cash flow for the period	1,317	-1,649
Liquid funds at beginning of the period	-175	1,474
Liquid funds at end of the period	1,142	-175

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 from the Swedish Financial Accounting Standards Council have had no effect on the accounts for 2003.

Notes (all amounts in SEKm)

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage of 198 (207) for twelve-month period.

Note 2 – Other assets/Other liabilities

Other assets includes stock-related derivative instruments with positive value in the amount of 332 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 187 (actual value) and currency-related derivative instruments with negative values of 16 (actual value). The deviation of balance sheet items compared with December 31, 2002, is mainly attributable to trade in stock index arbitrage.

Note 3 – Shareholder equity

Of the total number of shares outstanding in the amount of 5,202,574, preference shares account for 1,413,631. Includes 14,062 common shares bought back.

Definitions

Earnings per share after tax

Earnings 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. From the third quarter of 2002 outstanding warrants with an exercise price of SEK 133 have been excluded.

Shareholder equity per share

Shareholder equity in relation to the number of shares on the closing day. Consideration has been made for 14,062 own shares bought back.

Operating margin

Operating earnings in relation to operating income.

Return on equity

Earnings after tax in relation to average shareholder 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.

Repeat Income

Repeat income refers to asset management fees and net interest.

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 interim report does not fulfil the requirements of the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm, January 30, 2004

KPMG Bohlins AB

Caj Nackstad, Authorised Public Accountant

**HAGSTRÖMER
& QVIBERG**

HAGSTRÖMER & QVIBERG AB (PUBL)

S-103 71 STOCKHOLM SWEDEN. VISITORS: NORRLANDSGATAN 15 ENTRANCE D. CORPORATE REG. NO.: SE556573-5650

TELEPHONE: +46(0)8-696 17 00. TELEFAX: +46(0)8-696 17 01

<http://www.hagqviberg.com>