

YEAR-END REPORT JANUARY 1 - DECEMBER 31, 2007



BEST YEAR IN HQ'S HISTORY

JANUARY – DECEMBER

- + OPERATING INCOME SEK 986 (931) MILLION + 6%
- + OPERATING PROFIT SEK 405 (350) MILLION + 16%
- + OPERATING PROFIT EXCL TRADING SEK 420 (276) MILLION + 52%
- + PROFIT AFTER TAX SEK 290 (250) MILLION + 16%
- + EARNINGS PER SHARE AFTER DILUTION SEK 10.5 (9.2) + 14%
- + OPERATING MARGIN 41 (38)%
- + ASSETS UNDER MANAGEMENT SEK 79.2 (77.6) BILLION, NET INFLOW SEK 8.3 (8.4) BILLION
- + PROPOSED DIVIDEND SEK 10.00 (6.00) PER SHARE

HQ IN BRIEF

COMMENTS FROM CEO MIKAEL KÖNIG

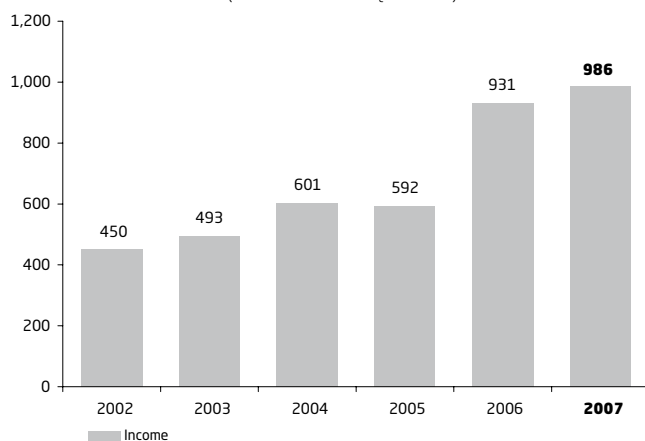
Despite the unfavourable market climate during the second half of the year HQ Bank is reporting its best year-end ever. Income increased by 6 percent and operating earnings by 16 percent, which demonstrates the scalability and stability of our business model. Adjusted for the Trading business, operating earnings increased by a substantial 52 percent. With the exception of Trading, all services areas are demonstrating strong growth. For example, Corporate Finance is reporting doubled operating earnings compared to 2006. This development is explained by continuous focus on delivering added value and repeat income, as well as by talented personnel and cost awareness.

It was naturally gratifying to be voted "Sweden's best private bank" in January 2008 by the prestigious magazine Euro-money. Our ambition is naturally to continue with our proven successful strategy and to maintain this lead.

During 2008 we will expand the business in Alternative Investments, which is an area with great potential, and we will transform this into a natural component of Private Banking's product offering. One crucial factor in our success is our distribution power. Unique and attractive products open up opportunities for significant distribution via external channels. Furthermore work is ongoing to dismantle Trading in its current form. This means lower risk and further clarifies the business model.

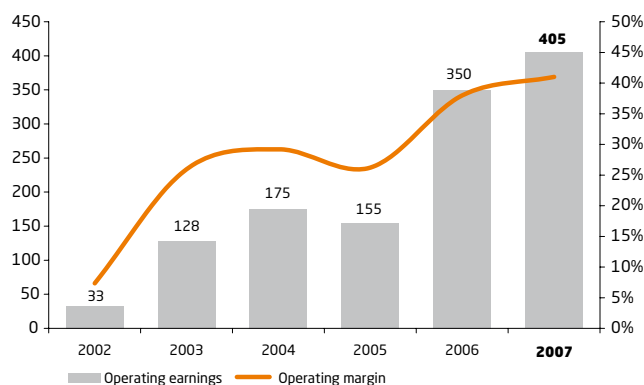
INCOME (SEKm)

(Pro forma incl. HQ Fonder)



OPERATING EARNINGS (SEKm)

(Pro forma incl. HQ Fonder)



CONTINUED STRONG GROWTH IN PRIVATE BANKING

FOURTH QUARTER

- + OPERATING INCOME SEK 231 (279) MILLION - 17%
 - + OPERATING PROFIT SEK 91 (114) MILLION - 20%
 - + OPERATING PROFIT EXCL TRADING SEK 129 (86) MILLION + 50%
 - + PROFIT AFTER TAX SEK 65 (82) MILLION - 21%
 - + EARNINGS PER SHARE AFTER DILUTION SEK 2.4 (3.0) - 20%
 - + OPERATING MARGIN 39 (41) %
 - + NET INFLOW OF ASSETS UNDER MANAGEMENT SEK 2.2 (2.9) BILLION
-

- + Operating earnings decreased to SEK 91 (114) million, and earnings after tax to SEK 65 (82) million, corresponding to SEK 2.4 (3.0) per share after dilution. The reduced earnings are explained exclusively by a loss in Trading of SEK -38 (28) million. Other services areas demonstrated continued growth during the fourth quarter, with an earnings improvement of 50 percent to SEK 129 (86) million.
- + Total income declined by 17 percent to SEK 231 (279) million. This decrease was entirely attributable to Trading operations, which were negatively affected by the financial turbulence that characterised the market during the quarter. As part of the decision to cease the Trading operations in their current form the portfolio has been reduced. Combined with a tough market climate, the net result of financial transactions including dividends decreased to SEK - 8 (79) million, of which Trading accounted for SEK - 36 (62) million.
Net income from commissions and fees increased by 21 percent to SEK 224 (185) million. Of the net income from commissions and fees SEK 83 (71) million was attributable to asset management fees, an increase of 17 percent. Income from financial advisory services and underwriting increased by 40 percent to SEK 49 (35) million.
- + Expenses decreased by 15 percent to SEK 140 (165) million, which is mainly explained by lower profit sharing provisions in Trading. Personnel expenses therefore decreased by 27 percent to SEK 90 (124) million. Other expenses increased by SEK 9 million to SEK 50 (41) million. This increase is primarily attributable to various business development projects in order to improve HQ's business model and offering to clients. In addition, several new products have been launched during the quarter, which resulted in higher marketing expenses. The quarter has also been charged with expenses of a non-recurring nature related to the implementation of MiFID regulations.
- + The operating margin decreased to 39 (41) percent, as an effect of the negative trend for Trading. Excluding Trading, the operating margin increased by 24 percent to 47 (38) percent, which confirms the economies of scale in HQ's business model. Increased business volumes, mainly in HQ Private Banking, can be managed with existing resources.
- + Total assets under management decreased by SEK 3.2 billion to SEK 79.2 billion, a decrease of 4 percent during the quarter. This negative development is explained mainly by a downturn in the Stockholm stock exchange corresponding to 11 percent (AFGX). Despite the financial turbulence during the quarter HQ Private Banking demonstrated a net inflow of new client volumes of SEK 2.2 billion, which represents organic growth of 13 percent annualised within HQ Private Banking.
- + HQ Bank has been voted Sweden's best private bank by financial magazine Euromoney. Euromoney's annual report is based on a comprehensive readership survey among advisors, financial institutions and investors. HQ Bank was top ranked in 11 of the sub-classes in private banking, including best advisor in structured products and entrepreneur services.

GROUP - REPORTING PERIOD JANUARY 1 - DECEMBER 31, 2007

A SCALABLE BUSINESS MEANS CONTINUED STRONG EARNINGS GROWTH

HQ reports for the period January 1 – December 31, 2007 operating earnings of SEK 405 (350) million, and earnings after tax of SEK 290 (250) million, corresponding to SEK 10.5 (9.2) per share after dilution. Amortisation of intangible fixed assets attributable to the merger with HQ Fonder has been charged to earnings at SEK 12 (12) million. During the year HQ has bought back a previously issued debenture at a premium, which negatively impacted operating income by SEK 4.3 million.

The financial turbulence that partly characterised the second half of the year had a negative impact on Trading, which reports operating earnings of SEK -15 (74) million, the first loss-making year for Trading since it was founded in 1994. In all other areas the earnings trends have remained strong, with earnings growth of 52 percent to SEK 420 (276) million. Scalability in the business is becoming increasingly apparent. Volume growth has contributed to a vigorous increase in repeat income in the form of asset management fees and net interest income from custodian account clients. Repeat income 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 102 percent covered by repeat income.

Overall the operating margin increased to 41 (38) percent.

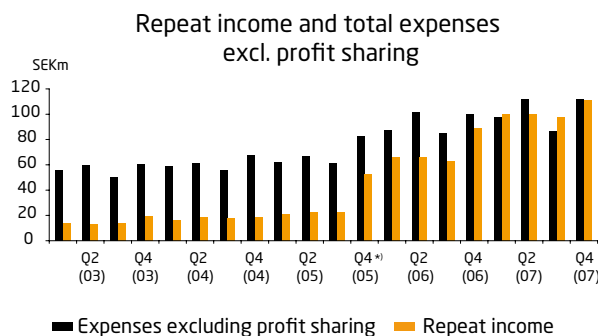
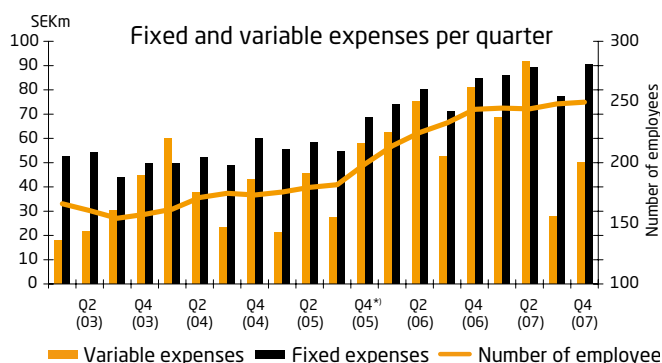
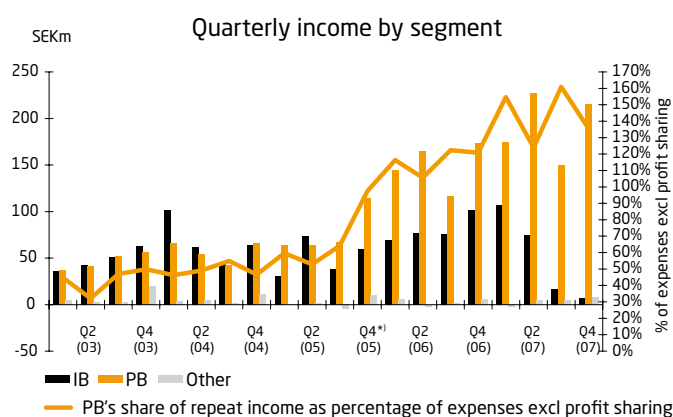
EXPENSES EXCLUDING PROFIT SHARING ENTIRELY COVERED BY REPEAT INCOME

In total operating income amounted to SEK 986 (931) million, an increase of 6 percent. Net income from commissions and fees increased by 24 percent to SEK 815 (659) million. Of the net income from commissions and fees, SEK 962 (811) million was secondary, an increase of 19 percent. This increase is explained by the inflow of managed volumes, which generated a greater proportion of repeat income in the form of asset management fees. The income from commissions and fees also includes income of SEK 169 (114) million from financial advisory services and underwriting, an increase of 48 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, decreased by 36 percent to SEK 149 (232) million, of which Trading accounted for SEK 44 (182) million.

As the net inflow of new client volumes has risen, the proportion of repeat income has also risen. Repeat income includes asset management fees and net interest income from the public, less expenses for commissions and fees. Repeat income in HQ Private Banking increased by 39 percent to SEK 388 (279) million, which means that 142 (116) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat income. At a consolidated level, 102 (72) percent of current expenses excluding profit sharing were covered by repeat income.

EXPENSES UNCHANGED

Operating expenses were unchanged and totalled SEK 581 (581) million. As a result of new recruitment during the latter part of 2006 to expand expertise, personnel expenses excluding profit sharing increased by 12 percent to SEK 238 (213) million. During 2007 the number of employees has remained largely constant and it is believed that no considerable investment is required in the organisation or systems in order to meet increased demand. Provisions for profit sharing decreased by SEK 33 million to SEK 173 (206) million as a consequence of the negative earnings trend in Trading. Provisions for profit sharing correspond to 30 (37) percent of operating earnings before provisions. The profit sharing system is directly linked to earnings and no profit share is paid if earnings are negative for the particular department. Other expenses increased by 4 percent and amounted to SEK 170 (163) million. This increase is primarily attributable to various business development projects in order to improve HQ's business model and offering to clients. In addition, several new products have been launched during the year, which resulted in higher marketing expenses.



*) 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 1,238 (1,477 per December 31, 2006) million. Equity amounted to SEK 1,182 (1,047 per December 31, 2006) million, corresponding to SEK 44 (39 per December 31, 2006) per share. Consolidated capital adequacy amounted to 21 (29 per December 31, 2006) percent, corresponding to a capital adequacy ratio of 2.63. This decrease is explained almost entirely by the effect of new capital adequacy rules (Basel II). The current level of capital adequacy exceeds both the legal requirement of at least 8 percent and HQ's new 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 43 percent to SEK 77 (54) million.

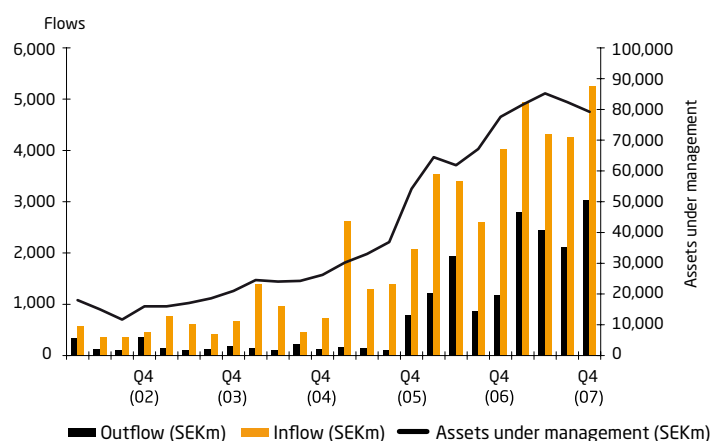
The number of employees in the group amounted to 250, compared with 244 at the start of the year. The average number of employees during the period was 244 (223).

ASSETS UNDER MANAGEMENT

The trend of the Stockholm stock exchange was negative during 2007. The AFGX index declined by 6.8 percent, which negatively impacted assets under management. Despite this, total assets under management increased by SEK 1.6 billion SEK to SEK 79.2 (77.6) billion, corresponding to growth of 2 percent.

The net inflow of assets under management during the year amounted to SEK 8.3 billion, which represents organic growth of 13 percent in HQ Private Banking.

During the year HQ managed an average of SEK 82 (64) billion, which represents a growth rate of 28 percent. This is directly reflected in repeat income within HQ Private Banking, which increased by 39 percent to SEK 388 (279) million. Stability in HQ's current income increases successively as assets under management become greater.



NEW FINANCIAL TARGETS

To better reflect HQ's current business, with a focus on stable and repeat income flows, and to more adequately guide and follow up financial performance, the board of directors of HQ AB has established the following new financial targets:

- + The operating margin shall average a minimum of 35 percent
- + Net inflow of assets under management within Private Banking shall be a minimum of 10 percent per year
- + Repeat income as a proportion of total expenses excluding profit sharing shall be a minimum of 100 percent
- + Capital adequacy shall be a minimum of 10 percent

For full year 2007 the net inflow was 13 percent and the operating margin was 41 percent. Repeat income as a proportion of total expenses excluding profit sharing was 102 percent, while capital adequacy was 21 percent.

Previous financial targets

- + The operating margin shall average a minimum of 25 percent
- + Growth in assets under management shall average 20 percent per year
- + Capital adequacy shall be a minimum of 15 percent

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 its reputation. The manner in which HQ identifies, follows up and manages these risks is a pivotal aspect of operations. See Note 29 in HQ's annual report 2006 for a more detailed description of the risk exposure and risk management of the group and parent company. It is believed that there are no new significant risks other than those described in the annual report.

OUTLOOK

The second half of 2007, like early 2008, has been characterised by unstable capital markets and it is difficult to foresee the trends in the short term. A negative climate will naturally also have an impact on HQ's business, while an increasingly high proportion of repeat income has strongly contributed to greater stability and has successively lowered the risk level in the business. This provides HQ with scope to work proactively. The existing stock-market climate also provides opportunities since there are factors that suggest there will be a structural transformation of the financial industry during 2008. HQ has built up a platform and a leading position in private banking that will facilitate an active role in any consolidation.

During 2008 expansion is planned in alternative investments, which is an area with great potential for growth and profitability that generates added value for clients and shareholders alike. For HQ's clients this will mean an opportunity to invest in asset types that do not correlate as strongly with the stock market as pure share investments.

Overall HQ has a unique offering, a scalable business model and therefore good prospects of continued strong growth in turnover and earnings in both the short term and the long term.

CONSOLIDATED INCOME STATEMENTS (SEKm)

	2007 Oct - Dec	2006 Oct - Dec	2007 Jan - Dec	2006 Jan - Dec
Income from commissions and fees	311	258	1 131	925
Expenses from commissions and fees	-87	-73	-316	-266
Interest income	61	32	155	90
Interest expense	-47	-19	-139	-53
Net result of financial transactions, including dividends	-8	79	149	232
Other operating income	1	2	6	3
Total operating income	231	279	986	931
Personnel expenses	-90	-124	-411	-419
General administrative expenses	-31	-29	-107	-101
Depreciation and amortisation of fixed assets	-5	-5	-19	-18
Other operating expenses	-14	-7	-44	-44
Credit losses and bad debt losses	0	0	0	1
Total operating expenses	-140	-165	-581	-581
Operating profit	91	114	405	350
Tax on profit for the period	-26	-32	-115	-100
Profit for the period	65	82	290	250
Of which minority share of profit for the period	0	0	0	0
Earnings per share before dilution, SEK	2.4	3.0	10.7	9.2
Earnings per share after dilution, SEK	2.4	3.0	10.5	9.2
Average number of shares before dilution	27,114,480	27,114,480	27,114,480	27,114,480
Average number of shares after dilution	29,527,880	27,927,880	29,165,243	27,590,453
Number of shares outstanding before dilution	27,114,480	27,114,480	27,114,480	27,114,480
Number of shares outstanding after dilution	29,527,880	27,927,880	29,527,880	27,927,880

CONSOLIDATED BALANCE SHEETS (SEKm)

	31 Dec 2007	31 Dec 2006
Lending to credit institutions	1,238	1,477
Lending to the public	2,526	1,157
Shares and participations	2,214	2,906
Intangible fixed assets	574	587
Other assets	2,564	1,554
Total assets	9,116	7,681
Liabilities to credit institutions	1,516	134
Deposits and borrowing from the public	3,451	2,493
Other liabilities	2,967	4,007
Equity attributable to HQ's shareholders	1,181	1,046
Minority share of equity	1	1
Equity	1,182	1,047
Total equity and liabilities	9,116	7,681

CONSOLIDATED CHANGE IN EQUITY (SEKm)

	31 Dec 2007	31 Dec 2006
Equity - start of period	1,046	875
Dividends	-163	-81
Equity share convertible debenture	8	2
Profit for the period	290	250
Equity attributable to HQ's shareholders	1,181	1,046
Minority share of equity	1	1
Total equity, end of period	1,182	1,047

GROUP TRENDS PER QUARTER (SEKm)

	2007 Oct - Dec	2007 Jul - Sep	2007 Apr - Jun	2007 Jan - Mar	2006 Oct - Dec
Net income from commissions and fees	224	153	256	182	185
Net interest income	14	4	-2	-1	13
Financial transactions including dividends, net	-8	11	49	97	79
Other operating income	1	3	3	1	2
Operating income	231	171	306	279	279
Operating expenses	-140	-105	-181	-155	-165
Operating profit	91	66	125	124	114

KEY FIGURES

	2007 Oct - Dec	2006 Oct - Dec	2007	2006	2005	2004
Operating income, SEKm	231	279	986	931	518	519
Operating expenses, SEKm	-140	-165	-581	-581	-390	-377
Operating profit, SEKm	91	114	405	350	128	142
Earnings per share before dilution, SEK	2.4	3.0	10.7	9.2	4.9	5.3
Equity per share, SEK	44	39	44	39	33	21
Operating margin, %	39%	41%	41%	38%	25%	28%
Return on equity, % *	22%	25%	22%	25%	15%	27%
Capital adequacy, %	21%	29%	21%	29%	42%	32%

*Returns are calculated on a rolling twelve-month basis

INFORMATION BY SEGMENT (SEKm)

	HQ Private Banking		HQ Investment Banking		Other/Eliminations		Total	
	2007 Jan - Dec	2006 Jan - Dec	2007 Jan - Dec	2006 Jan - Dec	2007 Jan - Dec	2006 Jan - Dec	2007 Jan - Dec	2006 Jan - Dec
Operating income	767	598	205	322	14	11	986	931
Operating expenses	-382	-346	-150	-192	-49	-43	-581	-581
Operating profit/loss by segment	385	252	55	130	-35	-32	405	350
Tax	-	-	-	-	-115	-100	-115	-100
Profit/loss for the period	385	252	55	130	-150	-132	290	250

CONSOLIDATED CASH FLOW STATEMENTS (SEKm)

	2007 Jan - Dec	2006 Jan - Dec
Cash flow from operating activities	248	308
Cash flow from assets and liabilities of operating activities	-498	804
Cash flow from operating activities	-250	1,112
Cash flow from investing activities	-3	-6
Cash flow from financing activities	14	-3
Cash flow for the period	-239	1,103
Cash and cash equivalents at start of period	1,477	374
Cash and cash equivalents at end of period	1,238	1,477

INCOME STATEMENTS FOR PARENT COMPANY (SEKm)

	2007 Jan - Dec	2006 Jan - Dec
Other operating income	0	1
Overhead	-19	-14
Operating loss	-19	-13
Profit from financial items	259	144
Profit after net financial items	240	131
Tax on profit for the period	-67	-16
Net profit for the period	173	115

BALANCE SHEETS FOR PARENT COMPANY (SEKm)

	31 Dec 2007	31 Dec 2006
Fixed assets	803	801
Current assets	420	213
Total assets	1,223	1,014
Equity	832	813
Long-term liabilities	334	175
Current liabilities	57	26
Total equity and liabilities	1,223	1,014

ACCOUNTING POLICY

HQ's year-end report is presented in accordance with the IFRS standards adopted by the EU, and the interpretations of these standards adopted by the EU, IFRIC. This report is presented in accordance with IAS 34, Interim Financial Reporting, and the regulations and general advice of the Swedish Financial Supervisory Authority regarding annual reporting for credit institutions and securities companies (FFFS 2006:16) as well as RR 31 Interim reporting for groups. The year-end report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act. The accounting policies and methods of calculation are unchanged from those applied in the annual report for 2006.

NOTES (ALL AMOUNTS SEKm)

Note 1 – Net result of financial transactions including dividends

The net result of financial transactions includes dividends for the twelve-month period of 204 (74) and for the three-month period of 0 (9).

DEFINITIONS

Earnings per share after tax

Net profit 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 convertible programmes. Two of these were launched during 2006, with the second having a duration from January 2007, and one has been launched during 2007.

The company's shares were divided into two shares (stock split 2:1) with effect at VPC April 12, 2007.

Equity per share

Equity in relation to the number of shares outstanding on the balance sheet day, taking into account the share split (2:1).

Operating margin

Operating profit/loss in relation to operating income.

Return on equity

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

Cash and cash equivalent

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 amount 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 services areas divided into four units: High Net Worth Individuals (with the services areas Asset Management, Financial Planning, Entrepreneur Services and HQ Pension); Emerging Markets; HQ Fonder; and External Distribution of structured products and funds.

(SEKm)	2007 Oct - Dec	2006 Oct - Dec	2007 Jan - Dec	2006 Jan - Dec
Brokerage and selling commission	124	96	409	345
Asset management fees	140	117	529	410
Expenses from transactions and commission	-81	-65	-278	-236
Net interest income/expense	20	14	69	49
Net result of financial transactions, including dividends	13	11	38	30
Other operating income	0	0	0	0
Total operating income	216	173	767	598
Personnel expenses	-52	-62	-229	-208
General administrative expenses	-17	-16	-56	-56
Depreciation and amortisation of fixed assets	-1	-1	-4	-3
Other operating expenses	-29	-22	-93	-79
Credit losses and bad debt losses	0	0	0	0
Total operating expenses	-99	-101	-382	-346
Operating profit	117	72	385	252
Average number of employees	118	103	117	100
Operating margin	54%	42%	50%	42%
Assets under management at end of period			67,194	64,408
Total income/average assets under management*)			1.12%	1.13%

*) Total income and average assets are calculated on a rolling twelve-month basis

STRONG GROWTH AND IMPROVED DISTRIBUTION POWER

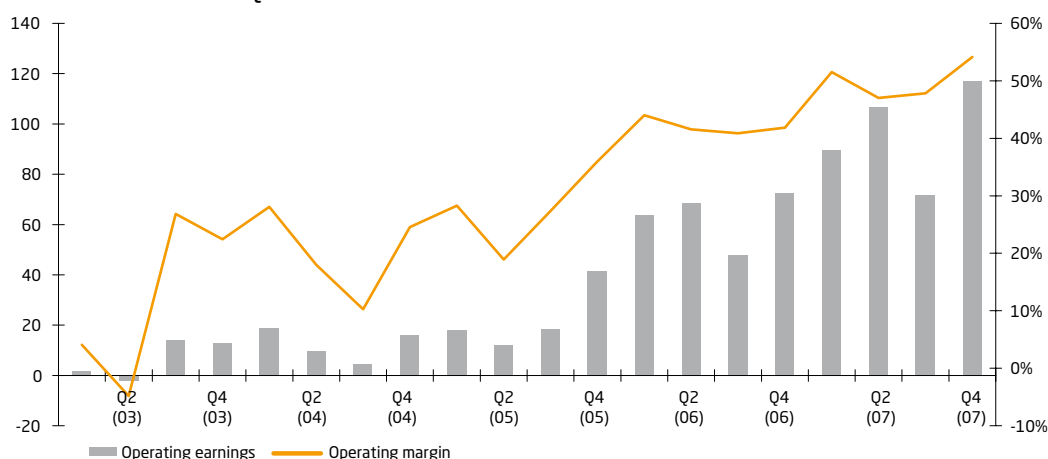
Operating income for HQ Private Banking amounted to SEK 767 (598) million, an increase of 28 percent compared with the preceding year. This increase is explained mainly by asset management fees and net interest income, which increased by 30 percent to SEK 598 (459) million. Brokerage fees and other sales commission increased by 19 percent to SEK 409 (345) million.

The net inflow of assets under management within HQ Private Banking amounted during the period to SEK 8.3 billion, representing organic growth of 13 percent. As the inflow of new volumes has increased, so repeat income in the form of asset management fees and net interest income less expenses for commissions and fees, has increased by 39 percent to SEK 388 (279) million, which corresponds to 51 (47) percent of HQ Private Banking's total income. Meanwhile this means that 142 (116) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat income.

In addition to an attractive offering, distribution power is important in drawing new capital. HQ has for a long time been building up a comprehensive distribution network that markets and sells its products. During the third quarter distribution power was further reinforced when HQ signed strategically important alliances with Swedbank and Aktia, which is one of Finland's biggest savings banks with 76 branches, for the distribution of funds and capital-guarantee products. In addition to improved distribution power, a new geographical market is now opening up. The new agreements generated an inflow in excess of SEK 200 million during the fourth quarter.

The business unit reported operating earnings of SEK 385 (252) million, an increase of 53 percent.

EARNINGS TREND HQ PRIVATE BANKING 2003-2007



HQ INVESTMENT BANKING

HQ Investment Banking's operations are made up of four services 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)	2007 Oct - Dec	2006 Oct - Dec	2007 Jan - Dec	2006 Jan - Dec
Brokerage income	32	35	125	125
Income from financial advisory services and underwriting	13	10	60	41
Transaction and commission expenses	-6	-7	-36	-29
Net interest income/expense	1	-1	0	-4
Net result of financial transactions, including dividends	-36	62	43	182
Other operating income	3	2	13	7
Total operating income	7	101	205	322
Personnel expenses	-16	-45	-108	-145
General administrative expenses	-7	-7	-23	-24
Depreciation and amortisation of fixed assets	0	0	-2	-2
Other operating expenses	-6	-5	-17	-21
Total operating expenses	-29	-57	-150	-192
Operating profit/loss	-22	44	55	130
Average number of employees	45	51	45	50
Operating margin	neg.	44%	27%	40%
Assets under management at end of period			12,039	13,185

TRADING BURDENS EARNINGS – STABLE GROWTH IN OTHER AREAS

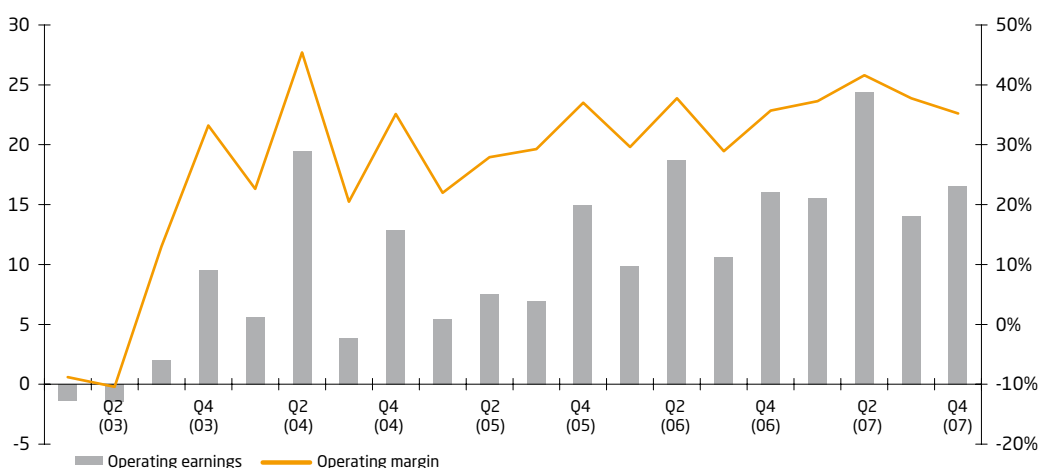
Operating income for HQ Investment Banking amounted to SEK 205 (322) million, a decrease of 36 percent compared to the preceding year. The decrease in income is directly attributable to Trading, which reports a decrease in income of SEK 136 million. Other areas of Investment Banking are developing positively and have for several years been building up a stable platform and sustained profitability, which is also confirmed by the graph below. Since 2004 the operating margin has averaged 33 percent and the prospects for continued growth are believed to be good, particularly in Corporate Finance, which experienced something of a breakthrough in 2007 and reported a strong year despite a turbulent market. During the year several structured placements and advisory assignments have been conducted, which led to income from financial advisory services and underwriting increasing by 46 percent to SEK 60 (41) million.

Trading's net result of financial transactions including dividends decreased by 76 percent to SEK 44 (182) million. This weaker outcome is an effect of the financial turbulence that has characterised the second half of 2007. The conditions for conducting trading on the company's own account have been unfavourable, which is mainly explained by a successive increase in the price of risk alongside decreasing liquidity. As previously communicated there is an ongoing restructuring of Trading in its current form. The total scope of the portfolio has been successively reduced and risk has been lessened. Trading reported operating earnings of SEK -15 (74) million.

The Equities services unit continues its positive development and demonstrated improved earnings. The strategy of focusing on case-driven research remains successful and is confirmed not only by the improved earnings, but also the quality of the income. Operating earnings in Equities improved by 12 percent to SEK 55 (49) million.

The business unit reported operating earnings of SEK 55 (130) million, a decrease of 58 percent. Excluding Trading the operating earnings were SEK 70 (55) million, an increase of 27 percent.

EARNINGS TREND INVESTMENT BANKING EXCL TRADING 2003-2007



HQ - MISCELLANEOUS

ANNUAL GENERAL MEETING AND DIVIDEND

The annual general meeting of shareholders will be held on Friday, April 4 at 11.00 in the Auditorium at Moderna Museet, Skeppsholmen, Stockholm, Sweden. The board of directors proposes that the annual general meeting approve a dividend of SEK 10.00 per share. The proposed dividend corresponds to 94 percent of net profit for the year and a dividend yield of 5,8 percent based on the share price on December 31, 2007.

BUYBACK PROGRAMME

HQ is currently operating with a relatively high level of equity. In order to achieve flexibility with regard to the magnitude of equity the board of directors proposes that the annual general meeting of shareholders authorise the board to conduct a buyback programme amounting to a maximum of 10 percent of the shares in HQ. It is proposed that this authorisation be utilised in the period until the next annual general meeting.

NOMINATION COMMITTEE

The nomination committee is made up of Erik Törnberg, representing Investment AB Öresund, Eva Qviberg, representing the Qviberg family, Peter Lind, representing AB Skrandan and Christer Sandberg, representing Sten Mörtstedt and companies. Erik Törnberg has been appointed chairman of the nomination committee. The nomination committee intends to present proposals with regard to the election of a board of directors and other matters to be dealt with by the committee in good time before the annual general meeting of April 4, 2008.

CERTIFICATION AND SIGNATURES

This interim report provides a fair overview of the business, position and results of the parent company and the group and describes any significant risks and uncertainties faced by the parent company and those companies included in the group.

Stockholm, January 31, 2008

Mats Qviberg
Chairman

Stefan Dahlbo
Director

Carolina Dybeck Happe
Director

Thomas Erséus
Director

Curt Lönnström
Director

Johan Piehl
Director

Anne-Marie Pålsson
Director

Pernilla Ström
Director

Mikael König
Chief Executive Officer

REVIEW REPORT

To the board of directors of HQ AB (publ)

Corporate Identity Number 556573-5650

Introduction

We have reviewed this year-end report (interim report) for 2007 for HQ AB (publ) for the period from January 1, 2007 until December 31, 2007. The preparation and presentation of these interim accounts for the group in accordance with IAS 34 and the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and for the parent company in accordance with the Swedish Annual Accounts Act are the responsibility of the board of directors and the chief executive officer. Our responsibility is to express an opinion on this interim report, based on our review.

The focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe this interim report has not, in every significant respect, been prepared in accordance with IAS 34 and the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies in the case of the group and the Swedish Annual Accounts Act in the case of the parent company.

Stockholm, January 31, 2008

KPMG Bohlins AB

Johan Dyrefors

Authorised Public Accountant



HQ AB (publ)

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