

**INTERIM REPORT** JANUARY 1 - JUNI 30, 2009



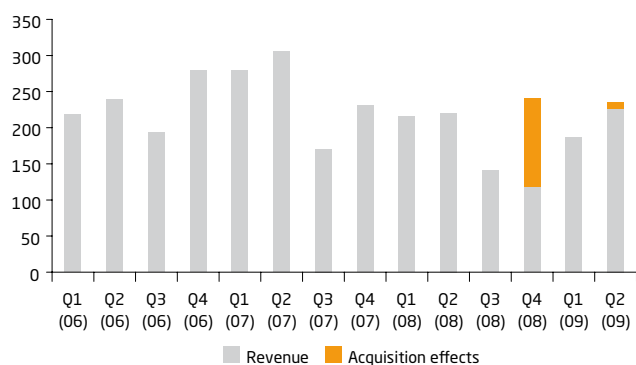
# POSITIVE TREND IN ALL AREAS

## SECOND QUARTER

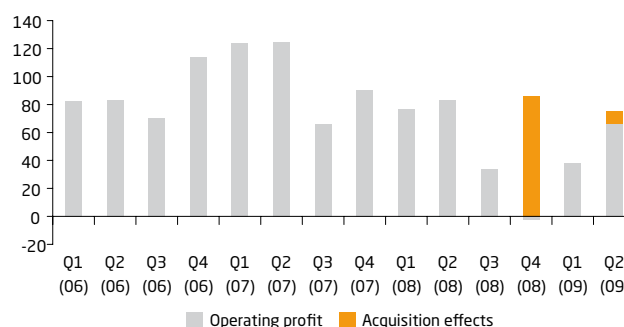
- + OPERATING REVENUE SEK 237 (221) MILLION + 7 %
- + OPERATING PROFIT SEK 76 (83) MILLION - 8 %
- + PROFIT AFTER TAX SEK 60 (59) MILLION + 2 %
- + DILUTED EARNINGS PER SHARE SEK 2.1 (2.2) - 5 %
- + OPERATING MARGIN 32 (38) %
- + ASSETS UNDER MANAGEMENT INCREASED SEK 12.3 BILLION IN THE SECOND QUARTER TO SEK 69.0 BILLION, OF WHICH NET INFLOW SEK 1.8 (3.0) BILLION

- + Operating profit was SEK 76 (83) million, and profit after tax was SEK 60 (59) million, corresponding to SEK 2.1 (2.2) per share after dilution. Profits include a positive acquisition effect of SEK 9 million attributable to the acquisition of OPM. Despite the decrease in earnings it is reassuring that the profit trend since the third quarter of 2008 is positive in all business units. The basis of this positive profit trend is partly the substantial increase in assets under management, and partly an increased proportion of client-driven turnover on the Stockholm stock exchange.
- + Revenue was SEK 237 (221) million. Net revenue from commissions and fees increased by 5 percent to SEK 172 (164) million. Of the net revenue from commissions and fees, SEK 54 (71) million was from asset management fees, a decrease of 24 percent. Business opportunities in Corporate Finance have been relatively limited for some time as a consequence of the financial turbulence. However, the second quarter has shown signs of recovery and revenues from financial advisory services and underwriting amounted to SEK 31 (37) million. Net revenue from financial transactions including dividends increased by 21 percent to SEK 40 (33) million, of which Trading accounted for SEK 27 (26) million.
- + Expenses increased by 17 percent to SEK 161 (138) million, which is entirely explained by the acquisition of HQ Direct, which is not included in the comparative figures for 2008. Pro forma including HQ Direct, expenses decreased by 18 percent to SEK 161 (196) million, of which provisions for profit sharing were SEK 31 (40) million and other expenses SEK 130 (156) million.
- + Total assets under management increased by SEK 12.3 billion to SEK 69.0 billion during the quarter. The net inflow of new client volumes during the quarter was SEK 1.8 (3.0) billion, which corresponds to annualised organic growth of 15 (20) percent in HQ Private Banking.
- + Stock market turnover averaged SEK 15 (19) billion per day during the second quarter. HQ's market share was 6.3 (1.8) percent, which makes HQ the third-largest participant on the Stockholm stock exchange during the period.

REVENUE (SEKm)



OPERATING PROFIT (SEKm)



# GOOD OUTLOOK FOR STABLE GROWTH

JANUARY – JUNE

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- + OPERATING REVENUE SEK 424 (436) MILLION - 3%
  - + OPERATING PROFIT SEK 114 (160) MILLION - 29%
  - + PROFIT AFTER TAX SEK 87 (114) MILLION - 24%
  - + DILUTED EARNINGS PER SHARE SEK 3.1 (4.2) - 26%
  - + OPERATING MARGIN 27 (37)%
  - + ASSETS UNDER MANAGEMENT INCREASED SEK 14.7 BILLION SINCE THE START OF THE YEAR TO SEK 69.0 BILLION, OF WHICH NET INFLOW SEK 3.4 (3.4) BILLION
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## HQ IN SUMMARY

### COMMENTS FROM CEO MIKAEL KÖNIG

The first six months of the year have been successful. All our areas of business are demonstrating a positive trend and we have further advanced our positions. The net inflow of new volumes in HQ Private Banking was SEK 3.4 billion, which represents an organic growth rate of 15 percent. During the period assets under management increased by 27 percent to amount to SEK 69.0 billion at the end of June. This is SEK 14.7 billion more than at the start of the year, which will contribute to a higher proportion of repeat revenue and continued profitable expansion.

The merger with HQ Direct was completed on April 1. This business is developing according to plan, and existing and new clients alike are trading increasingly actively through HQ Direct's trading platform, DMA. During the second quarter HQ was the third-largest participant on the Stockholm stock exchange, with a market share of 6.3 percent. In addition, liquidity and the willingness to accept risk have generally increased during the period and have contributed to ever better prospects for HQ Investment Banking. The trading operations, which have a much clearer focus on market making, reported net profit from financial transactions and dividends of SEK 79 (48) million for the period.

Cost control has remained a high priority, and despite some costs of a non-recurring nature, expenses are in line with the established target. The group's current expenses excluding profit sharing were 57 (107) percent covered by repeat revenue. This substantial decline is explained by a lower proportion of repeat revenue in HQ Direct. As previously communicated we will work hard to return to 100 percent coverage of expenses. Our ambition, among other things, is to realise further synergy when, next year, we bring together the operations in Stockholm into new office premises. Our target to reduce costs by SEK 75 million annually for the merged business has thus been raised to a minimum of SEK 90 million in annual savings.

We have an established and successful business concept, and an organisation and technical platform that is able to take on more new clients and new capital. In the past year we have strengthened our offering of products and services, our local presence and our distribution power. Going forward these proactive efforts will increasingly contribute to revenues and improved profitability.

## THE GROUP - REPORTING PERIOD JANUARY 1-JUNE 30, 2009

### POSITIVE PROFIT TREND IN ALL AREAS

HQ reports for the period January 1–June 30 operating profit of SEK 114 (160) million and profit after tax of SEK 87 (114) million, corresponding to SEK 3.1 (4.2) per share after dilution. Profits include a positive acquisition effect of SEK 9 million attributable to the acquisition of OPM. Amortisation of intangible assets has been recognised in profit and loss at SEK 10 (7) million.

The prolonged financial crisis and the considerable declines in the world's stock markets last year are the primary cause of the weakening of earnings. However, there are plenty of signs to suggest a recovery, and profit growth in 2009 is positive in all business units. An increased appetite for risk on the market and a renewed willingness to conduct transactions are strong contributory factors in the increased activity within Corporate Finance, which has conducted several assignments during the second quarter. In addition, assets under management have increased by SEK 14.7 billion since the start of the year, and amounted to SEK 69.0 billion at the end of the period. The quality of revenues and profits has thus successively improved, as has the diversification in the composition of profits. This is confirmed not least by the fact that 88 percent of profits during the second quarter, representing SEK 67 million, were generated by units other than Trading. HQ therefore enters the third quarter with a considerably higher and more stable revenue base.

Throughout the financial turbulence HQ has worked proactively, and a series of forward-looking efforts have been initiated that are expected to contribute positively to HQ's profit trend. The integration of HQ Direct (formerly Glitnir) is proceeding according to plan, and existing and new clients alike are trading increasingly actively through HQ Direct's trading platform, DMA.

HQ reports a positive net inflow of assets under management during the period of SEK 3.4 (3.4) billion, which will further contribute to continued profitable expansion.

Overall the operating margin was 27 (37) percent, which is lower than our financial target of an average of 35 percent. Our assessment, however, is that the operating margin will increase from its current level due to the positive revenue trend and implemented cost savings.

### MAJOR FOCUS ON INCREASING THE PROPORTION OF REPEAT REVENUE

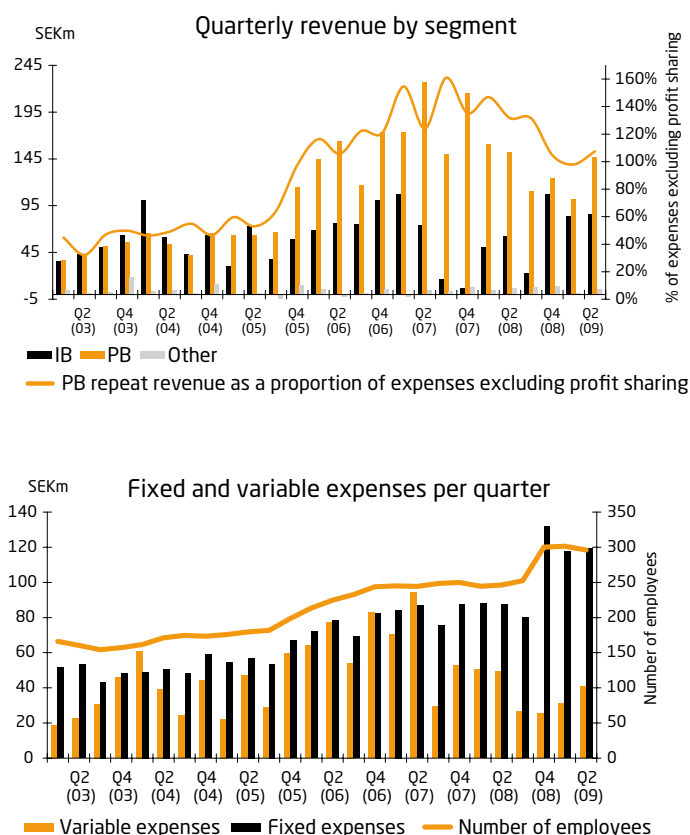
In total operating revenue was SEK 424 (436) million, a decrease of 3 percent. Net revenue from commissions and fees decreased by 15 percent to SEK 277 (327) million. The decrease is explained mainly by lower asset management fees, which decreased by SEK 54 million to SEK 97 (151) million as a function of lower average assets under management during the period. Of the net revenue from commissions and fees SEK 386 (416) million was secondary, a decrease of 7 percent. The revenue from commissions and fees also includes revenue of SEK 41 (58) million from financial advisory services and underwriting, a decrease of 29 percent. The substantial lowering of the repo interest rate has also had a negative impact on net interest income. Despite higher deposits from and lending to the public, net interest income attributable to HQ's custodian account clients decreased by 19 percent to SEK 44 (54) million. Trading on the company's own account, comprising the net result of financial transactions and dividends, increased by 37 percent to SEK 97 (71) million, of which Trading accounted for SEK 79 (48) million.

Repeat revenue in HQ Private Banking decreased by 32 percent to SEK 132 (194) million, which means that 104 (139) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue. Repeat revenue is defined as asset management fees and net interest income from the public less expenses for commissions and fees. At a consolidated level 57 (107) 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.

### COSTS WITHIN ESTABLISHED TARGET

Expenses increased by 12 percent to SEK 310 (276) million, which is explained exclusively by the acquisition of HQ Direct, which is not included in the comparative figures for 2008. Pro forma including HQ Direct expenses decreased by 20 percent to SEK 310 (388) million, of which provisions for profit sharing corresponded to SEK 51 (88) million and other expenses to SEK 259 (300) million.

Cost control remains good and even though the period was charged with expenses of a non-recurring nature attributable to the integration of HQ Direct, expenses are in line with the established cost target. Since the acquisition of HQ Direct a series of cost synergies have been realised, mainly on the personnel side. Additional cost savings in the form of dual office premises in Stockholm and dual back office systems with associated expenses will be realised within 12 months. These additional cost savings are estimated at approximately SEK 15 million annually. Overall it is our assessment that the annual cost savings will be at least SEK 90 million for the merged business.



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

The group's cash and cash equivalents amounted to SEK 3,400 (4,288 per December 31, 2008) million. Equity amounted to SEK 1,164 (1,157 per December 31, 2008) million, corresponding to SEK 42 (43 per December 31, 2008) per share. On June 17, 2009, a total of 810,800 convertibles of 813,400 attributable to HQ Konvertibel 1 were converted into shares in HQ AB. The conversion price was SEK 96, which means that equity increased by SEK 78 million. Consolidated capital adequacy amounted to 17 (15 per December 31, 2008) percent, corresponding to a capital adequacy ratio of 2.2. 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 increased compared to the same period in the preceding year. Despite this increase the net interest income attributable to HQ's custodian account clients decreased by 19 percent to SEK 44 (54) million as a result of low market interest rates. The repo rate during the period averaged 1.07 (4.18) percent.

The number of employees in the group was 296, compared with 300 at the start of the year. The average number of employees during the period was 302 (246).

## STRONG GROWTH IN ASSETS UNDER MANAGEMENT

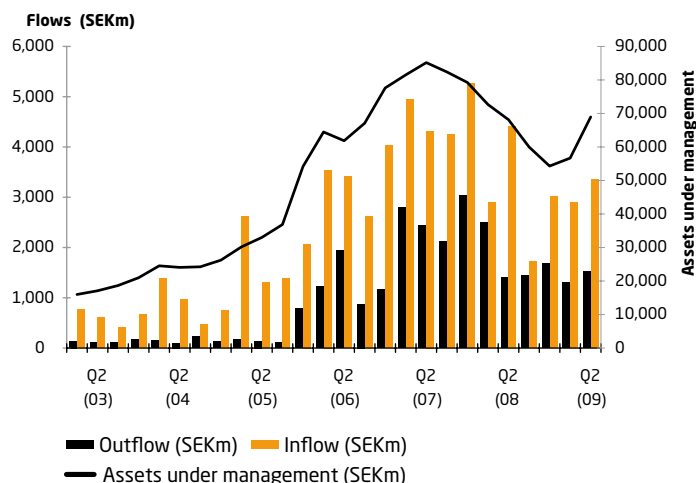
Despite an unstable and uncertain market situation HQ Private Banking managed to attract new assets under management of SEK 3.4 (3.4) billion. This represents annualised organic growth of 15 percent, which exceeds our financial target.

During the period assets under management increased by 27 percent to SEK 69.0 (54.3 per December 31, 2008) billion. This means that the downward trend since the middle of 2007 has been broken.

## FINANCIAL TARGETS

In conjunction with the year-end report for 2007 the board of directors established the following financial targets:

- + The operating margin shall average a minimum of 35 %, outcome 27 %
- + The net inflow of assets under management in Private Banking shall be a minimum of 10 % per year, outcome 15 %
- + Repeat revenue as a proportion of total expenses excluding profit sharing shall be a minimum of 100 %, outcome 57 %
- + Capital adequacy shall be a minimum of 10 %, outcome 17 %



## OUTLOOK - HQ WILL CONTINUE TO EXPLORE, INNOVATE AND PERFORM

Market conditions have successively improved during the year. However, 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 remain 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. 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.

<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME IN SUMMARY (SEKm)</b>		<b>2009 Apr - Jun</b>	<b>2008 Apr - Jun</b>	<b>2009 Jan - Jun</b>	<b>2008 Jan - Jun</b>
Revenue from commissions and fees		256	247	427	474
Expense from commissions and fees		-84	-83	-150	-147
Interest income		52	83	119	153
Interest expense		-35	-60	-83	-117
Net result of financial transactions, including dividends	note 1	40	33	97	71
Other operating revenue	note 2	8	1	14	2
<b>Total operating revenue</b>		<b>237</b>	<b>221</b>	<b>424</b>	<b>436</b>
Employee benefits expense		-109	-97	-206	-197
General administrative expenses		-40	-26	-78	-52
Depreciation and amortisation of non-current assets		-7	-5	-15	-10
Other operating expense		-5	-10	-11	-19
Credit losses and bad debt losses		0	0	0	2
<b>Total operating expense</b>		<b>-161</b>	<b>-138</b>	<b>-310</b>	<b>-276</b>
<b>Operating profit</b>		<b>76</b>	<b>83</b>	<b>114</b>	<b>160</b>
Income tax expense for the period		-16	-24	-27	-46
<b>Profit for the period</b>		<b>60</b>	<b>59</b>	<b>87</b>	<b>114</b>
<i>Other comprehensive income</i>					
Available-for-sale financial assets		4	-	4	-
<b>Comprehensive income for the period</b>		<b>64</b>	<b>59</b>	<b>91</b>	<b>114</b>
Comprehensive income for the period attributable to:					
Equity holders of the parent		64	59	91	114
Minority interest		0	0	0	0
Basic earnings per share, SEK		2.2	2.2	3.1	4.2
Diluted earnings per share, SEK		2.1	2.2	3.1	4.2

<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN SUMMARY (SEKm)</b>	<b>Jun 30, 2009</b>	<b>Dec 31, 2008</b>
Lending to credit institutions	3,400	4,288
Lending to the public	3,575	3,552
Shares and participations	1,896	593
Intangible assets	601	619
Other assets	2,245	2,815
<b>Total assets</b>	<b>11,717</b>	<b>11,867</b>
Liabilities to credit institutions	2,409	2,430
Deposits and borrowing from the public	3,521	3,240
Other liabilities	4,623	5,040
Equity attributable to equity holders of the parent	1,163	1,157
Minority share of equity	1	-
Equity	1,164	1,157
<b>Total liabilities and equity</b>	<b>11,717</b>	<b>11,867</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEKm)</b>	<b>Jun 30, 2009</b>	<b>Jun 30, 2008</b>	<b>Dec 31, 2008</b>
<b>Equity - start of period</b>	<b>1,157</b>	<b>1,181</b>	<b>1,181</b>
Dividends	-163	-271	-271
Conversion of convertible debenture	78	-	-
Equity component of convertible debenture	0	-3	1
Comprehensive income for the period	91	114	246
<b>Equity attributable to equity holders of the parent</b>	<b>1,163</b>	<b>1,021</b>	<b>1,157</b>
Minority share of equity	1	1	-
<b>Total equity - end of period</b>	<b>1,164</b>	<b>1,022</b>	<b>1,157</b>

<b>CONSOLIDATED PERFORMANCE PER QUARTER (SEKm)</b>	<b>2009 Apr - Jun</b>	<b>2009 Jan - Mar</b>	<b>2008 Oct - Dec</b>	<b>2008 Jul - Sep</b>	<b>2008 Apr - Jun</b>
Net revenue from commissions and fees	172	105	125	109	164
Net interest income	17	19	26	26	23
Net gain or loss from financial transactions, including dividends	40	58	-36	5	33
Other operating revenue	8	5	126	1	1
Operating revenue	237	187	241	141	221
Operating expenses	-161	-149	-157	-107	-138
Operating profit	76	38	84	34	83

<b>KEY FIGURES</b>	<b>2009 Jan - Jun</b>	<b>2008 Jan - Jun</b>	<b>2008-2009 Jul - Jun</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Operating revenue, SEKm	424	436	806	818	986	931
Operating expenses, SEKm	-310	-276	-574	-540	-581	-581
Operating profit, SEKm	114	160	232	278	405	350
Basic earnings per share, SEK	3.1	4.2	7.9	9.1	10.7	9.2
Equity per share, SEK	42	38	42	43	44	39
Operating margin, %	27%	37%	29%	34%	41%	38%
Return on equity, %*	20%	22%	20%	21%	26%	26%
Capital adequacy, %	17%	16%	17%	15%	21%	29%

\* Returns are calculated on a rolling 12-month basis.

## INFORMATION PER SEGMENT (SEKm)

	HQ Private Banking		HQ Investment Banking		Other/Eliminations		Total	
	2009 Jan - Jun	2008 Jan - Jun	2009 Jan - Jun	2008 Jan - Jun	2009 Jan - Jun	2008 Jan - Jun	2009 Jan - Jun	2008 Jan - Jun
Operating revenue from external clients	249	312	169	112	6	12	424	436
Operating expenses	-152	-174	-135	-77	-23	-25	-310	-276
<b>Operating profit</b>	<b>97</b>	<b>138</b>	<b>34</b>	<b>35</b>	<b>-17</b>	<b>-13</b>	<b>114</b>	<b>160</b>
Tax	-	-	-	-	-27	-46	-27	-46
<b>Profit for the period</b>	<b>97</b>	<b>138</b>	<b>34</b>	<b>35</b>	<b>-44</b>	<b>-59</b>	<b>87</b>	<b>114</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (SEKm)

	2009 Jan - Jun	2008 Jan - Jun
Cash flow from operating activities	69	69
Cash flow from assets and liabilities of operating activities	-879	1,884
<b>Cash flow from operating activities</b>	<b>-810</b>	<b>1,953</b>
Cash flow from investing activities	7	-33
Cash flow from financing activities	-85	-271
<b>Cash flow for the period</b>	<b>-888</b>	<b>1,649</b>
Cash and cash equivalents at beginning of the period	4,288	1,238
Cash and cash equivalents at end of the period	3,400	2,887

## PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEKm)

	2009 Jan - Jun	2008 Jan - Jun
Other operating revenue	-18	0
Overhead expenses	-7	-8
<b>Operating profit (loss)</b>	<b>-25</b>	<b>-8</b>
Investment revenue	-15	-7
<b>Profit (loss) after financial income</b>	<b>-40</b>	<b>-15</b>
Income tax expense	5	4
<b>Profit for the period</b>	<b>-35</b>	<b>-11</b>

## PARENT COMPANY BALANCE SHEET IN SUMMARY (SEKm)

	Jun 30, 2009	Jun 30, 2008	Dec 31, 2008
Non-current assets	862	821	908
Current assets	165	137	279
<b>Total assets</b>	<b>1,027</b>	<b>958</b>	<b>1,187</b>
Equity	724	618	840
Non-current liabilities	255	336	331
Current liabilities	48	4	16
<b>Total liabilities and equity</b>	<b>1,027</b>	<b>958</b>	<b>1,187</b>

## 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 IFRS 8 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 81 (149) for the six-month period and 72 (149) for the three-month period.

### Note 2 – Other operating revenue

Other operating revenue includes a positive acquisition effect of 9 at-

tributable to the acquisition of OPM. A contribution in non-monetary assets has been recognised in the income statement in accordance with SIC 13 as applicable untaxed.

## 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 three outstanding convertible programmes. One was launched during 2006 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 leader in the field of private banking and asset management. Business is conducted in the following seven service areas divided into four segments: Wealth Management (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 Apr - Jun	2008 Apr - Jun	2009 Jan - Jun	2008 Jan - Jun
Brokerage fees and other sales commission	83	84	128	157
Asset management fees	94	120	167	238
Expenses from transactions and commission	-59	-77	-102	-133
Net interest income/expense	16	22	34	44
Net result of financial transactions, including dividends	12	3	22	6
Other operating revenue	-	0	-	0
<b>Total operating revenue</b>	<b>146</b>	<b>152</b>	<b>249</b>	<b>312</b>
Employee benefits expense	-46	-46	-81	-94
General administrative expenses	-13	-14	-25	-27
Depreciation and amortisation of non-current assets	-1	-1	-2	-2
Other operating expense	-23	-26	-44	-51
Credit losses and bad debt losses	0	0	0	0
<b>Total operating expense</b>	<b>-83</b>	<b>-87</b>	<b>-152</b>	<b>-174</b>
<b>Operating profit</b>	<b>63</b>	<b>65</b>	<b>97</b>	<b>138</b>
Average number of employees	110	114	110	115
Operating margin	43%	43%	39%	44%
Assets under management at end of period			56,607	59,788
Total revenue/average assets under management *)			0.95%	1.02%

\*) 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 249 (312) million, a decrease of 20 percent compared with the same period in the preceding year. Brokerage fees and other sales commission decreased by 18 percent to SEK 128 (157) million due to lower activity on the market. The net result of financial transactions increased by 267 percent to SEK 22 (6) million. Asset management fees and net interest income decreased by 29 percent to SEK 201 (282) million as a result of lower assets under management.

Operating expenses for HQ Private Banking decreased by 13 percent to SEK 152 (174) million. Employee benefit expense excluding profit sharing decreased by 3 percent, amounting to SEK 58 (60) million, and other expenses excluding profit sharing decreased by 11 percent to SEK 71 (80) 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 3.4 billion, which represents annualised organic growth of 15 percent. Despite a strong inflow of assets under management, average assets under management were lower than in the same period in the preceding year. This meant that repeat revenue in the form of asset management fees and net interest income less expenses for commissions and fees, decreased by 32 percent to SEK 132 (194) million, corresponding to 53 (62) percent of HQ Private Banking's total revenues. Meanwhile this means that 104 (139) percent of HQ Private Banking's current expenses excluding profit sharing were covered by repeat revenue. At the start of the third quarter assets under management were SEK 56.6 billion, compared with average assets under management of SEK 52.5 billion during the second half of 2008. This means that, assuming a neutral stock market, asset management fees will increase during the second half of the year compared to the same period in the preceding year.

During the first quarter distribution power was considerably strengthened following completion of a structural transaction 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 further inflows of assets under management.

The business unit reported operating profit of SEK 97 (138) 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 Apr - Jun	2008 Apr - Jun	2009 Jan - Jun	2008 Jan - Jun
Brokerage fees	51	24	95	49
Revenue from financial advisory services and underwriting	18	15	22	24
Expenses from transactions and commission	-24	-5	-47	-13
Net interest income (expense)	5	0	5	0
Net gain or loss from financial transactions, including dividends	26	26	78	47
Other operating revenue	10	2	16	5
<b>Total operating revenue</b>	<b>86</b>	<b>62</b>	<b>169</b>	<b>112</b>
Employee benefit expense	-34	-30	-74	-57
General administrative expenses	-19	-6	-40	-12
Depreciation and amortisation of non-current assets	2	0	-1	-1
Other operating expenses	-14	-5	-20	-9
Credit losses and bad debt losses	0	-	0	2
<b>Total operating expenses</b>	<b>-65</b>	<b>-41</b>	<b>-135</b>	<b>-77</b>
<b>Operating profit</b>	<b>21</b>	<b>21</b>	<b>34</b>	<b>35</b>
Average number of employees	69	46	70	46
Operating margin	24%	34%	20%	31%
Assets under management at end of period			12,364	8,353

## IMPROVED MARKET CONDITIONS

Operating revenue for HQ Investment Banking was SEK 169 (112) million, an increase of 51 percent compared to the same period in the preceding year. Excluding HQ Direct revenue increased by 18 percent to SEK 132 (112) 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 has successively improved during the year. A number of transactions have been completed during the second quarter and the outlook for the second half of the year appears promising. Revenue from financial advisory services and underwriting decreased by 8 percent to SEK 22 (24) million.

The conditions for conducting trade on the company's own account have 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 65 percent to SEK 79 (48) 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.

Through the acquisition of HQ Direct the Equities service unit has been enriched with a business that is able to offer clients direct access to the Nordic stock markets. Equities has been negatively affected by the financial worries that led to a lower level of activity in institutional share trading. The inflow of new and existing clients, however, has accelerated with every month, which combined with increased turnover on the Nordic stock markets bodes well for the future. Revenues in Equities increased by 55 percent to SEK 76 (49) million.

The business unit reported operating profit of SEK 34 (35) million.

## HQ - MISCELLANEOUS

### CONVERSION OF CONVERTIBLE DEBENTURE

On June 17, 2009, a total of 810,800 convertibles of 813,400 attributable to HQ Konvertibel 1 were converted into shares in HQ AB. The conversion price was SEK 96, which increased equity by SEK 78 million.

### ACQUISITION OF SHARES IN BURGUNDY

On June 2, HQ acquired all of D. Carnegie & Co's shares in the new marketplace Burgundy. Through this acquisition HQ gained a stake of 5.6 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 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.

### SCHEDULED REPORTS

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

## 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, July 17, 2009

**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

# AUDITOR'S REVIEW REPORT FOR INTERIM REPORT

**To the board of directors of HQ AB (publ)**

Corporate Identity Number 556573-5650

## Introduction

We have reviewed this interim report for the period January 1, 2009 until June 30, 2009. The preparation and presentation of these interim accounts in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies for the group and the Swedish Annual Accounts Act for the parent company 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 has a different emphasis and 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 Swedish Annual Accounts Act for Credit institutions and Securities Companies for the group and the Swedish Annual Accounts Act for the parent company.

Stockholm, July 17, 2009

KPMG AB

Johan Dyrefors

Authorised Public Accountant



HQ AB (publ)

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