

2012

Avanza Bank Preliminary Financial Statement 2012

- Operating income decreased by 19 percent (+12 %) to SEK 562 million (SEK 695 m)
- The profit after tax decreased by 45 percent (+7 %) to SEK 160 million (SEK 291 m)
- Earnings per share decreased by 46 percent (+5 %) to SEK 5.58 (10.28)
- Net inflow totalled SEK 5,380 million (SEK 6,460 m), corresponding to 7 percent (8 %) of the total savings capital at the beginning of the year
- The number of accounts increased by 13 percent (+18 %) to 471,600 (417,200 as of 31st December 2011)
- The total savings capital increased by 16 percent (–10 %) to SEK 85,800 million (SEK 74,200 m as of 31st December 2011)
- The Board proposes that a dividend of SEK 8.00 (10.00) per share be paid

Fourth quarter

- Operating income decreased by 17 percent (–6 %) to SEK 131 million (SEK 157 m)
- The profit after tax decreased by 45 percent (–19 %) to SEK 30 million (SEK 55 m)
- Earnings per share decreased by 46 percent (–21 %) to SEK 1.04 (1.94)
- Net inflow totalled SEK 1,420 million (SEK 120 m)

Preliminary Financial Statement 2012

Comments from the Managing Director

"We leave an eventful 2012 behind us. During the year we have, overall, grown by more than 20,000 new customers and 54,000 new accounts. Savings capital has increased by SEK 12 billion during the year, from SEK 74 billion to SEK 86 billion, an increase of 16 percent. The basis of the growth has been our focus on customer benefits and customer satisfaction, which is evidenced by the survey undertaken by Swedish Quality Index (Svenskt Kvalitetsindex (SKI)) where Avanza Bank has Sweden's most satisfied savers, for the third year in a row.

At the same time, the last twelve months have been characterised by rapid changes on the market in which Avanza Bank operates. Despite strong growth in savings capital and customers, combined with strong cost control, we could not compensate for sharply reduced trading activity and prime lending rates. As a result, operating income decreased by 19 percent and operating profit by 41 percent.

With a Stock Exchange return of 16 percent during an unstable trading year, we have seen savings behaviour move away from investment in stocks to investment in interest savings. During 2012, investment in stocks in Sweden was at its lowest level for ten years. Even though we have maintained our market shares of the trading on the Stockholm Stock Exchange, total trading volumes on the exchange have declined by 24 percent since 2011.

We could towards the end of the year see an increase of both trading activity and net inflow, as well as a shift back from fixed income funds to equity funds. Net inflow in December was SEK 650 million, the strongest month since February. The trends have continued in early 2013 with a net inflow during the two first weeks of January of SEK 640 million, compared with SEK 280 million during the same period of the previous year. One swallow does not a summer make, but a swallow is still a swallow and the conditions for 2013 thus look brighter than at the beginning of 2012.

One of our more important investments during the year has been in the continued development of the bank platform which is to be launched during next year. The transition to more modern IT systems, and the rejuvenated customer experience of Avanza as an internet bank, is important in both the short and long term. More modern underlying systems make possible cost-efficient growth in the future in terms of both the number of customers and the scope of our product offering. An enhanced customer experience on the internet will, therefore, strengthen Avanza's competitive edge.

In spite of the positive growth in the number accounts and savings capital in a challenging market, I am not satisfied. Avanza Bank can and shall deliver strong growth and the path to that goal has entirely to do with putting the customer value in focus – something that we have always done but will emphasise even more. Low fees, more freedom of choice, better service and simplicity in everything we do. It is there we find the competitive advantages which can provide more added value for our customers. And through added value for our customers, we create added value for our shareholders."

Martin Tivéus, Managing Director, Avanza Bank

Operations

Market and sales

During the fourth quarter, the Stockholm Stock Exchange continued its positive development, and the index rose by 4 percent. This implies that the total return on the Stock Exchange was 16 percent since the beginning of the year. In spite of the relatively good return on the Stock Exchange during the year, savers have been wary of trading in stocks. Compared to its closest competitors, Avanza Bank has retained its market share in trading on the Stockholm Stock Exchange, even though total trading in stocks decreased significantly compared with the same period during the previous year; with a greater interest in interest-based investments. The exchange-traded credit-linked note launched during the spring, as well as the Sparkonto+ account, have proved popular products in terms of interest savings, with total savings capital of SEK 560 million and SEK 4,100 million (3,300 million), respectively, as per year-end.

Saving in the new Investment Savings Account (ISA), which was new for this year, continues to increase both in terms of new accounts and new savings capital. Compared with endowment insurance, ISA showed ten times as high a net inflow of funds during 2012 and three times as many new accounts. During 2012, Avanza Bank's customers deposited SEK 3,520 million into 14,300 ISA accounts.

At the end of the third quarter, the results of the investigation regarding life insurance were presented, proposing that statutory transfer rights for occupational pensions be extended. Once the extended transfer rights gain legal force, Avanza Bank will have a good opportunity to increase its shares in both the occupational pension market and the Swedish savings market. The preparatory work for this extension of transfer rights is underway both internally within the bank and externally in the form of intensive lobbying. Avanza Bank also became affiliated with the pension information website, minpension.se, during the year. The net inflow in occupational pensions has remained at a good level during the fourth quarter, in terms of both capital and new accounts.

For the third year in a row, Avanza Bank has been awarded the number one ranking in "Sweden's Most Satisfied Savers" in the annual survey undertaken by Swedish Quality Index (Svenskt Kvalitetsindex (SKI)). This survey measures customers' views regarding the Swedish banks' various savings services. Avanza received the highest ranking of the banks included in the survey in five of the seven different categories.

In order to improve Avanza Bank's customer communication and strengthen growth possibilities, a new model for customer segmentation was introduced during the year. The organisation has also been adapted by creating separate departments for Marketing and Customer Services. Both of these departments are represented in Group management.

Avanza Bank had a 1.7 (1.8) percent share of the total savings market in Sweden as of 30 September 2012. During the period October 2011 to September 2012, inclusive, Avanza Bank had a 2.0 (4.5) percent share of the total net inflow to the Swedish savings market.

The Swedish Central Bank lowered the prime lending rate in December 2012 by 0.25 percentage points, to 1.00 percent. This lowering of the prime lending rate has a negative impact on Avanza Bank's net interest items.

	2012	2011	Change	2012	2011	Change
	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
Activity						
Net inflow, equity & investment fund accounts, SEK m	1,010	180	461	3,520	-1,800	-
of which, investment savings accounts, SEK m	670	-	-	3,520	-	-
Net inflow, savings accounts, SEK m	480	1,370	-65	370	2,090	-82
of which, external deposit accounts, SEK m	500	1,090	-54	750	2,470	-70
Net inflow, pension- & insurance-based accounts, SEK m	-70	-1,430	-95	1,490	6,170	-76
of which, endowment insurance, SEK m	-400	-1,610	-75	330	5,350	-94
of which, occupational pensions, SEK m	250	140	79	1,010	700	44
Net inflow, SEK m	1,420	120	1,083	5,380	6,460	-17
Net inflow/Savings capital, %	7	1	6	7	8	-1
No. commission notes per account & month	1.2	1.5	-20	1.4	1.7	-18
No. transactions per commission note	1.7	1.8	-6	1.6	1.7	-6
Brokerage per commission note, SEK	73	77	-5	75	78	-4
Market shares						
NASDAQ OMX Stockholm, First North and Burgundy						
No. transactions, %	6.9	6.2	0.7	6.4	7.1	-0.7
Turnover, %	4.1	4.7	-0.6	4.1	4.6	-0.5

For definitions, see page 10.

The level of trading activity on the market has been low during the fourth quarter, in spite of an upturn of 4 percent on the Stock Exchange. During the fourth quarter, activity among Avanza Bank's customers, expressed as the number of transactions per account, was 20 (-15) percent lower than the corresponding period during the previous year. Brokerage fees per transaction were 5 (-5) percent lower than during the fourth quarter of the previous year and 4 (-5) percent lower during the period January to December compared with the previous year. At the same time, Avanza Bank has increased its market share of the number of completed deals on the Stockholm Stock Exchange to 6.9 percent (6.2) during the fourth quarter.

	31-12-2012	30-09-2012	Change	31-12-2011	Change
			%		%
Savings capital					
Savings capital, equity & investment fund accounts, SEK m	46,010	43,610	6	39,550	16
of which, investment savings accounts, SEK m	3,960	3,140	26	-	-
Savings capital, savings accounts, SEK m	4,990	4,490	11	4,550	10
of which, external deposit accounts, SEK m	4,110	3,600	14	3,300	25
Savings capital, pension- & insurance-based accounts	34,800	34,100	2	30,100	16
of which, endowment insurance, SEK m	26,500	26,300	1	23,500	13
of which, occupational pensions, SEK m	3,250	2,940	11	2,040	59
Savings capital, SEK m	85,800	82,200	4	74,200	16
Equities, bonds, derivatives, etc. SEK m	54,560	52,080	5	46,860	16
Investment funds, SEK m	18,900	17,900	6	15,200	24
Deposits, SEK m	15,200	15,000	1	14,700	3
of which, external deposits, SEK m	4,110	3,600	14	3,300	25
Lending, SEK m	-2,860	-2,780	3	-2,560	12
Savings capital, SEK m	85,800	82,200	4	74,200	16
Deposits/Lending, %	531	540	-9	574	-43
Net deposits/Savings capital, %	14	15	-1	16	-2
Avanza Bank, SEK m	47,780	45,810	4	41,550	15
Mini, SEK m	1,470	1,430	3	1,410	4
Private Banking, SEK m	34,100	32,500	5	29,100	17
Pro, SEK m	2,450	2,460	0	2,140	14
Savings capital, SEK m	85,800	82,200	4	74,200	16
Return, average account since Jan 1 st, %	8	6	2	-16	24
SIX Return Index since Jan 1 st, %	16	12	4	-14	30

For definitions, see page 10.

	31-12-2012	30-09-2012	Change %	31-12-2011	Change %
Accounts					
No. equity & investment fund accounts	238,400	233,900	2	214,800	11
of which, no. investment savings accounts	14,300	12,000	19	–	–
No. savings accounts	63,300	59,000	7	49,300	28
of which, no. external deposit accounts	35,200	31,200	13	23,000	53
No. pension- & insurance-based accounts	169,900	165,900	2	153,100	11
of which, no. endowment insurance	94,200	93,400	1	89,400	5
of which, no. occupational pensions	38,400	36,800	4	30,100	28
No. accounts	471,600	458,800	3	417,200	13
Avanza Bank, no. accounts	431,890	420,520	3	381,430	13
Mini, no. accounts	20,100	19,900	1	19,200	5
Private Banking, no. accounts	17,200	16,100	7	14,500	19
Pro, konton, no. accounts	2,410	2,280	6	2,070	16
No. accounts	471,600	458,800	3	417,200	13
No. accounts per customer	1.66	1.64	1	1.59	4

For definitions, see page 10.

Avanza Bank continues to gain new customers. The number of customers at year-end amounted to 283,300 (263,000). The number of accounts per customer represents a measure of savers' customer loyalty to Avanza Bank and, thereby, also a measure of our share of customers' savings. The number of accounts per customer has increased during the period and now amounts to 1.66 (1.59) accounts. The launch of online electronic identification at the end of the second quarter has positively impacted the inflow of new customers during the year.

The number of new occupational pension accounts was 8,300 (7,700) during the period January to December, which corresponds to 15 (12) percent of the total number of new accounts.

Development

In November, Avanza Bank launched three passively managed funds-of-funds with a low management fee of 0.49%. These were supplemented in December with three professionally managed funds-of-funds established in cooperation with renowned fund management companies.

During the fourth quarter, Avanza Bank was the first operator in Sweden to introduce the possibility of trading in options and forward agreements in Investment Savings Accounts. During the quarter, the saving form, Sparkonto+, was also expanded with a fourth cooperation partner, when Nordax was launched.

Work on developing Avanza Bank's new internet presence and modernising the underlying systems has continued. During the fourth quarter, we presented a number of changes to the beta version of the new site, including improved functionality for viewing historical transactions. This work is expected to continue until summer 2013, with the goal of creating Sweden's best internet banking experience. New IT systems also lead to improved scalability and cost efficiency in conjunction with on-going growth, which is important in our ambition to continue to offer the industry's lowest fees and also a good return for our shareholders.

Preparations are underway for the deregulation of the pensions market, whereby transfer rights for pensions will be increased, as presented in the results of the investigation regarding life insurance.

Financial overview

	2012	2011	Change	2012	2011	Change
	Oct–Dec	Oct–Dec	%	Jan–Dec	Jan–Dec	%
Income Statement, SEK m						
Brokerage income	46	67	-31	216	305	-29
Fund commissions	17	14	21	64	70	-9
Net interest items	52	66	-21	235	258	-9
Other income, net *	16	10	60	47	62	-24
Operating income	131	157	-17	562	695	-19
Personnel **	-53	-52	2	-207	-189	10
Marketing	-6	-7	-14	-21	-23	-9
Depreciation	-3	-3	0	-13	-11	18
Other expenses	-31	-33	-6	-119	-125	-5
Operating expenses before credit losses	-93	-95	-2	-360	-348	3
Profit before credit losses	38	62	-39	202	347	-42
Credit losses, net	0	0	-	-1	-6	-83
Operating profit	38	62	-39	201	341	-41
Operating margin, %	29	39	-10	36	49	-13
Profit margin, %	23	35	-12	28	42	-14
Cost/income ratio, %	71	61	10	64	50	14
Earnings per share, SEK	1.04	1.94	-46	5.58	10.28	-46
Earnings per share after dilution, SEK	1.04	1.93	-46	5.58	10.21	-45
Return on shareholders' equity, %	4	6	-2	19	35	-16
Investments, SEK m	0	5	-100	3	21	-86
Brokerage income/Operating income, %	35	43	-8	38	44	-6
Non-brokerage income/Operating income, %	65	57	8	62	56	6
of which, Fund commissions/Operating income, %	13	9	4	11	10	1
of which, Net interest items/Operating income, %	40	42	-2	42	37	5
of which, Other income/Operating income, %	12	6	6	8	9	-1
Non-brokerage income/Operating expenses, %	91	95	-4	96	112	-16
of which, Net interest items/Operating expenses, %	56	69	-13	65	74	-9
Operating income/Savings capital, %	0.16	0.22	-0.06	0.70	0.88	-0.18
of which, Net interest items/Savings capital, %	0.06	0.09	-0.03	0.29	0.33	-0.04
Average no. employees	276	263	5	269	256	5
No. trading days	61.5	63.5	-3	247.5	251.0	-1
Web service operational availability, %	98.4	100.0	-1.6	99.6	99.9	-0.3

	31–12–2012	30–09–2012	Change	31–12–2011	Change
			%		%
Shareholders' equity per share, SEK	28.68	27.64	4	30.97	-7
Capital base/Capital requirement	2,21	2.41	-8	2.06	7
No. employees	262	281	-7	260	1
Market value, SEK	131.50	144.75	-9	164.50	-20
Market capitalisation, SEK m	3,797	4,180	-9	4,650	-18

For definitions, see page 10.

Avanza Bank also publishes an Excel document containing financial history. The information is presented in English and can be viewed at avanzabank.se/keydata.

* Including an impairment of the holding in Burgundy with SEK 9 million in the third quarter 2012.

** Including non-recurring costs related to rationalization through personnel changes of SEK 3.5 million in the third quarter 2012.

Operating income decreased by 17 (–6) percent in the fourth quarter compared with the corresponding period during the previous year, as a result of the lower level of trading activity and the lower prime lending rate.

Operating income decreased in total during 2012 by 19 percent compared with the previous year, primarily due to lower brokerage income. Avanza Bank's customers undertook, on average, 18 percent fewer securities transactions per client during 2012 than during 2011 and, in addition, brokerage fees per transaction declined somewhat. The prime lending rate was, on average, 0.30 percentage points lower during 2012 than during 2011, which negatively impacted net interest items. As the uncertainty in Europe remained during the entire year, customers' interest in interest savings was high.

Expenses before credit losses increased during 2012 by 3 (+20) percent compared with the previous year. During the fourth quarter, costs were somewhat lower than in the equivalent period in 2011. During the year, we have implemented a number of cost efficiency measures offset by continued investments in our new internet bank, investments which are directly written off. The investments in our new internet bank and the modernisation of underlying systems were initiated in 2011 and are expected to be completed during the second quarter of 2013.

During 2012 non-brokerage income amounted to 96 (112) percent of expenses. Non-brokerage income is comprised primarily of net interest items, fund commissions, net foreign exchange income, and fees from corporate finance. Our objective is that this item should, in the long term, exceed 100 percent.

Capital surplus

	31–12–2012	31–12–2011
Shareholders' equity, the Group	828	875
Intangible fixed assets and deferred tax receivables, SEK m	–24	–25
Capital requirement with reference to Avanza Bank's internal capital evaluation (IKU), SEK m	–298	–292
Total capital surplus before dividend, SEK m	507	558
Capital surplus per share, SEK	17.54	19.75

Intangible fixed assets and deferred tax receivables are not included in the capital base under the capital adequacy rules and are thus not distributable and should be reduced from the equity. See also note 3, page 13.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 507 million as of 31 December 2012.

Dividend

The Board of Directors proposes that a dividend of SEK 8.00 (SEK 10.00) per share be paid, or 145 per cent (97 %) of the profit for the year. It is calculated that in the long-term, Avanza Bank will be able to distribute a minimum of 70 per cent of its profits to the shareholders.

Financial position

All of Avanza Bank's assets have a high level of liquidity. The majority of the assets can, therefore, be transferred within one day. The assets are deemed to be secure. Between 2001 and the third quarter of 2012 total credit losses amounted to SEK 8 million, which is the equivalent, on average, to less than 0.03 percent per year. Avanza Bank does not conduct, and has not previously conducted, trading in securities on its own behalf.

The statutory protection and guarantees (such as the state deposit guarantee) apply to customers in Avanza Bank in the same manner as applying to other Swedish banks and insurance companies. Additional information on Avanza Bank and security matters can be found on avanzabank.se.

The Parent Company, Avanza Bank Holding AB

Avanza Bank Holding AB is the Parent Company in the Avanza Bank Group. The operating result for the period January to December 2012 was SEK –5 (–7) million. The Parent Company does not report any sales. Anticipated dividends from subsidiary companies totalling SEK 149 million (SEK 280 m) have been reported. A dividend payment of SEK 283 million (SEK 266 m) has been made to the shareholders.

Future outlook

During the second quarter of 2012, Avanza Bank conducted a review of its long-term growth targets, as the conditions on the market have changed dramatically since the most recent review conducted in 2008. Due to the various factors of uncertainty that imply difficulties in making an assessment of forthcoming years, we have chosen not to set explicit targets for profit growth. Instead, we have chosen to concentrate the work in the areas which drive the underlying growth of the company, in combination with thorough monitoring of expenses.

Factors which impact Avanza Bank's future growth outlook include:

Growth of the savings market

Our assessment is that the Swedish savings market will grow by 6–8 percent per year in the long-term, which is in line with the growth over the last ten years. However, there is a risk that concerns regarding the housing market might spread to the savings market. Worries about falling housing prices, in combination with uncertainty regarding the stock market, may mean that more Swedes will choose to save by paying off their housing loans, which, in the short-term, may have a negative impact on the growth of the Swedish savings market. Avanza Bank's growth opportunities are not, however, limited to the growth of the Swedish savings market. This is because Avanza Bank currently has a market share of just under 2 percent of the Swedish savings market, in combination with capital moved from other savings institutions to Avanza Bank which is not included in the net inflow to the Swedish savings market.

Possible deregulation of transfer market for pension savings

The investigation underway regarding life insurance presented in September 2012 a proposal for the extended right to transfer pension savings. The pensions and insurance market is twice the size of the market for direct savings in shares and funds. It is, therefore, estimated that Avanza Bank's customers will have more pension savings than direct share and fund savings. If there were to be an extension to the transfer rights for pension capital, customers would be able to transfer portions, or all, of their pension savings to Avanza Bank and, in doing so, receive a larger pension, as Avanza Bank offers the lowest fees and the widest product range for pension savings. A resolution in favour of unlimited transfer rights would, therefore, have a positive effect on Avanza Bank's growth opportunities. It has been proposed that the extension to transfer rights regarding life insurance becomes applicable as of 1 January 2015.

Net inflow and growth in value

Avanza Bank aims to attract a minimum of 5 percent of the net inflow to the Swedish savings market, excluding transferred pension capital, per year, which is in line with recent years' market share of the net inflow. In addition to the net inflow, customers' savings capital also grows in value. Together, the net inflow and growth in value create growth in Avanza Bank's customers' savings capital. Furthermore, Avanza Bank aims to attract 20–30,000 new customers per year, as well as to utilise its advantages in terms of offering the market's widest range of savings products, as well as its lowest prices, in order to grow the Bank's share of customers' savings over time. Our assessment is that our customers today have half of their transferrable savings in Avanza Bank.

Link between growth in savings capital and growth in operating income

From a long-term perspective, there is a clear link between growth in savings capital and growth in operating income, for which reason an underlying growth in savings capital creates the conditions necessary for increased income. Income is primarily generated through brokerage income from trade in securities, net interest income from borrowing and lending, fund commissions and other compensation from suppliers of savings products. Income per krona saved has fallen by 5 percent per year over the last five years, due to price pressure combined with the effects of the product mix of savings, a lower short interest rate level and variations in trading activity on the stock market. Our assessment is that income per krona saved, with an unchanged repo rate, will fall at a lower rate than the historical rate from the current level. This assessment is based on our forecast of continued effects of the product mix of savings capital, as we believe that fund savings and interest savings will increase in the future, to the detriment of trade in shares, in conjunction with an increase in pension capital. Price pressure due to competitive pressure is however assessed to be limited.

Rate of increase of expenses

As stated previously, Avanza Bank has reviewed the pace of increase of expenses prior to 2012. Given the company's substantial investments in the new internet presence, as well as the modernisation of the underlying systems which will be undertaken during 2012 and 2013, expenses for the coming years are not expected to increase at the same rate as income, which creates the conditions for increased operating margins. This is due to the fact that the new systems require less maintenance and facilitate increased efficiency in the operations, subsequently creating an improved scalability with continued customer growth. In the long-term, the target is that increases to expenses are not in excess of increases in income.

Future profit growth

Avanza Bank aims to create long-term shareholder value through a high level of customer satisfaction, strong customer growth, a strong net inflow, good scalability in the operations and sound profit growth. Due to the various factors of uncertainty implying difficulty in making an assessment of forthcoming years, we have chosen not to announce explicit targets for profit growth. These factors of uncertainty include, among other things, the climate on the stock market, market rates, the anticipated results of the investigation regarding transfer rights for pension savings, and a possible regulation implying a ban on commission income for advisory services. For example, to illustrate the difficulty in assessing the development of net interest income, a change in the repo rate of 0.25 percent from the current level would historically have entailed an impact on net profit of MSEK 20–25 on an annual basis. Instead, we have chosen to concentrate the work in the areas which are under our control and which drive the underlying growth of the company, in combination with thorough monitoring of expenses – a strong net inflow, customer growth and satisfied customers.

Other corporate events

Significant risks and uncertainly factors

Avanza Bank's operations are exposed to risks on a daily basis. These risks are measured, controlled and, where necessary, acted upon, in order to protect the Company's capital and reputation. The manner in which Avanza Bank identifies, follows up and manages these risks has a bearing on the soundness of the business and on the Company's long-term profitability. A detailed description of the Group's risk exposure and risk management is provided in Avanza Bank's Annual Report for 2011, Note 31. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this interim report.

Transactions with associated parties

Avanza Bank's transactions with associated parties are presented in the Annual Report for 2011, Note 32. No significant changes have taken place since the publication of the Annual Report.

Executive management

Peter Westling was appointed Marketing Director in August 2012 and is a part of the Group management. Peter has assumed responsibility for the marketing department, replacing the previous Customer Relations Manager. Peter has a 19-year professional background involving roles in communications, marketing and branding work. His most recent position was with Garbergs advertising firm.

Annual General Meeting

The Annual General Meeting of the company's shareholders will be held on 17th April 2013 at 15.00 (CET) at Nalen in Stockholm. The Annual Report is scheduled to be available at the company's offices and on the company's website at www.avanza.com, as of week 11 2013.

Nomination Committee

The Nomination Committee comprises the Chairman of the Board, Sven Hagströmer, Erik Törnberg, who represents Creades AB, Ulf Hjalmarsson, who represents Lannebo Fonder, and Sven Dybeck, who represents the Dybeck family and companies. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza Bank's website at www.avanza.com.

Incentives programme

Avanza Bank implemented an incentives programme for the Group's employees in the spring in accordance with a resolution passed by the Annual General Meeting held on 14th April 2011. The stock option programme is the second of a total of three stock option programmes approved for implementation between 2011 and 2013. This year's programme comprises warrants corresponding to the entitlement to subscribe for 490,000 new shares, and the redemption price is SEK 190.12. The term expires on 29 May 2015. The stock option programme has been implemented on market terms.

The redemption period of subsidiary programme 2 of the previous 2008–2010 stock option programme had redemption period from 2 to 25 May 2012. The redemption price was SEK 118.43 per share. 611,198 of a total of 611,569 shares have been subscribed for in respect of this subsidiary programme, and all shares subscribed for have been issued. There are a total of 28,873,747 registered and outstanding shares.

Buy-back of the company's own shares

On 19 April 2012, the Annual General Meeting decided to authorise the Board of Directors to implement the acquisition of own shares, up to a maximum of 10 percent of the shares in Avanza Bank Holding AB. No shares were repurchased during the year and the company holds no bought back shares as of 31 December 2012.

Financial calendar

Annual Report, 2012	March 2013
Interim Report, January – March 2013	17 April 2013
Annual General Meeting	17 April 2013
Interim Report, January – June 2013	10 July 2013
Interim Report, January – September 2013	16 October 2013

Definitions

Account:	An account opened with holdings.
Brokerage income:	Brokerage income less direct costs.
Brokerage per commission note:	Gross brokerage income for account customers in relation to the number of commission notes excluding investment fund commission notes.
Capital base:	The financial conglomerate's shareholders' equity, adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies with regard to the way in which the capital base and capital requirement are determined.
Commission note:	Daily compilation of the buying and selling commissions completed by a customer and involving a specific security. A commission note may include one or more transactions. Brokerage fees are charged on the basis of the commission notes.
Commission notes per account:	Commission notes per account excluding savings accounts.
Cost/income ratio:	Costs before credit losses in relation to income.
Deposits:	Deposits by the public as per balance sheet with deduction for the portion which are covered in their entirety by cash pledged on endowment insurance accounts which entirely corresponds to the lending to the public and the addition of client fund deposits and external deposits.
Earnings per share:	Profit/loss after tax in relation to the average number of shares during the period.
Equity per share:	Shareholders' equity in relation to the number of outstanding ordinary shares before dilution at the end of the period.
External deposits:	Savings accounts in external banks and credit market companies, Sparkonto+, opened and managed by customers via Avanza Bank's website.
Lending:	Loans to the public as per balance sheet with deduction for the portion which are covered in their entirety by cash and cash equivalents pledged on endowment insurance accounts.
Net deposits/Savings capital:	Deposits, including client accounts, minus lending, in relation to the savings capital at the end of the period.
Net interest items/Savings capital:	Net interest items in relation to average savings capital during the period.
Net inflow:	Deposits, less withdrawals, of liquid assets and securities.
Net inflow/Savings capital:	The period's net inflow on an annual basis in relation to savings capital at the beginning of the period.
Non-brokerage income:	Income excluding brokerage income less direct costs.
Operating expenses:	Operating expenses before credit losses.
Operating income/Savings capital:	Operating income in relation to average savings capital during the period.
Operating margin:	Operating profit/loss in relation to operating income.
Profit margin:	Profit/loss after tax in relation to operating income.
Savings capital:	The combined value of accounts held with Avanza Bank.
Return on equity:	Profit/loss after tax in relation to the average shareholders' equity during the period. The return on shareholders' equity for interim periods is not recalculated at a yearly rate.
Stock market:	Refers to the SIX Return Index share index, which shows the average development on the Stockholm Stock Exchange, including dividends.
Transactions:	Buying and selling transactions completed in different markets and involving different securities.

Consolidated Income Statements (SEK m) *

	2012	2011	2012	2011
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income				
Commission income	95	108	400	504
Commission expenses	-16	-19	-67	-72
Interest income	68	92	307	343
Interest expenses	-16	-26	-72	-85
Net result of financial transactions	0	1	-7	1
Other operating income	0	1	1	4
Total operating income	131	157	562	695
Operating expenses				
General administrative costs	-79	-79	-306	-280
Depreciation of tangible and intangible fixed assets	-3	-3	-13	-11
Other operating expenses	-11	-13	-41	-57
Total operating expenses before credit losses	-93	-95	-360	-348
Operating profit before credit losses	38	62	202	347
Credit losses, net	0	0	-1	-6
Operating profit	38	62	201	341
Tax on profit for the period	-8	-7	-41	-50
Net profit/loss for the period **	30	55	160	291
Earnings per share, SEK	1.04	1.94	5.58	10.28
Earnings per share after dilution, SEK	1.04	1.93	5.58	10.21
Average no. shares before dilution, thousand	28,874	28,341	28,665	28,263
Average no. shares after dilution, thousand	28,874	28,490	28,665	28,473
Outstanding no. shares before dilution, thousand	28,874	28,263	28,874	28,263
Outstanding no. shares after dilution, thousand	28,874	28,401	28,874	28,401
No. shares upon full dilution, thousand	30,431	29,907	30,431	29,907

* Corresponds to total comprehensive income in that no other total comprehensive income exists.

** The entire profit accrues to the Parent Company's shareholders.

Consolidated Balance Sheet (SEK m)

	31-12-2012	31-12-2011
Assets		
Loans to credit institutions	7,989	8,672
Loans to the public	Note 1	3,710
Shares and participations	0	10
Assets in insurance operations	33,067	27,990
Intangible fixed assets	23	24
Tangible assets	17	26
Other assets	316	407
Prepaid costs and accrued income	84	40
Total assets	45,206	39,726
Liabilities and shareholders' equity		
Deposits by the public	Note 2	11,116
Liabilities in insurance operations	33,067	27,990
Other liabilities	115	243
Accrued costs and prepaid income	71	57
Provisions	9	-
Shareholders' equity	828	875
Total liabilities and shareholders' equity	45,206	39,726

Changes in the Group's shareholders' equity (SEK m)

	2012	2011
	Jan–Dec	Jan–Dec
Shareholders' equity at the beginning of the period	875	813
Dividend	–283	–266
Warrants issue	3	5
Exercise of share warrants	72	79
Buyback of own shares	–	–46
Net profit/loss for the period	160	291
Shareholders' equity at the end of the period	828	875

There are no minority shareholdings included in the shareholders' equity.

Consolidated Cash Flow Statements (SEK m)

	2012	2011	2012	2011
	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
Cash flow from operating activities	63	11	116	298
Cash flow from operating activities' assets and liabilities	–1,024	–482	–589	2,289
Cash flow from investment operations	–1	–5	–3	–21
Cash flow from financial operations	–	–20	–207	–228
Cash flow for the period	–962	–496	–683	2,338
Liquid assets at the beginning of the period *	8,951	9,168	8,672	6,334
Liquid assets at the end of the period *	7,989	8,672	7,989	8,672

* Liquid assets are defined as loans to credit institutions.

At the end of the period SEK 572 (711) million of consolidated liquid assets are pledged as collateral.

Parent Company Income Statements (SEK m)

	2012	2011
	Jan–Dec	Jan–Dec
Operating income	1	1
Operating expenses	–7	–8
Operating profit/loss	–6	–7
Profit/loss from financial investments	146	287
Tax on profit/loss for the period	0	0
Net profit/loss for the period	140	280

Parent Company Balance sheets (SEK m)

	31–12–2012	31–12–2011
Assets		
Financial fixed assets	408	417
Current receivables *	256	321
Liquid assets	0	0
Total assets	664	738
Shareholders' equity and liabilities		
Shareholders' equity	663	733
Current liabilities	1	5
Total shareholders' equity and liabilities	664	738

* Of which receivables from subsidiaries 256 (320).

Accounting principles

The Consolidated Preliminary Financial Statement has been prepared in accordance with IAS 34, Interim Reporting, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and with the guidelines and general advice issued by the Swedish Financial Supervisory Authority concerning the annual accounts of credit institutions and securities companies (FFFS 2008:25). The Preliminary Financial Statement for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and the supplementary accounting rules for legal entities (RFR 2) issued by the Swedish Financial Reporting Board. Accounting principles and calculation methods remain unchanged from those applied in the 2011 Annual Report.

Notes

Note 1 – Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. SEK 849 million of loans to the public as of 31 December 2012, so-called account credits, are covered in their entirety by cash and cash equivalents pledged on endowment insurance accounts. This portion of the lending does not impact the net interest items, as the interest on deposits is the same as the lending rate. Collateral for the remainder of the loans to the public is in the form of securities, the basis for which is equivalent to loans to the public which was reported in previous quarters. This change is the result of a new solution for pledging endowment insurance from the 1 January 2012.

Note 2 – Funds managed on behalf of third parties

In addition to the deposits reported in the Balance Sheet, Avanza Bank also has, as of 31 December 2012, deposits by third parties in client fund accounts totalling SEK 847 (823 as of 31st December 2011) million.

Note 3 – Capital requirement for the financial conglomerate (SEK m)

	31-12-2012	31-12-2011
Capital base		
Shareholders' equity, the Group	828	875
Proposed dividend 8.00 (10.00) SEK per share	-231	-283
Shareholders' equity, financial conglomerate	597	592
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-24	-25
Capital base	573	567
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	226	240
Capital requirement for regulated units in the insurance sector	30	31
Theoretical capital requirements for non-regulated units	3	4
Capital requirement	259	275
Capital surplus	314	292
Capital base/Capital requirement	2.21	2.06

The above table refers to the financial conglomerate, including Avanza Bank Holding AB and all of its subsidiary companies. The financial conglomerate's capital base and capital requirement have been calculated using the consolidation method.

When calculating the capital base during the course of an ongoing year, audited profits only are included in the calculations. If the profit for the period has been audited, adjustments are made for the assumed dividend. Assumed dividend refers to the current period and the proposed dividend is the Board of Directors to the Annual General Meeting proposed dividend for the full financial year.

The Board of Directors and the Managing Director ensures that the interim report gives a fair overview of the company and group activities, balance and results, and describes the material risks and uncertainties that the company and the companies of the group is facing.

Stockholm, 17 January 2013

Sven Hagströmer
Chairman of the Board

Anders Ellsell
Board Member

Lisa Lindström
Board Member

Mattias Miksche
Board Member

Andreas Rosenlew
Board Member

Martin Tivéus
Managing Director

Jacqueline Winberg
Board Member

This report has not been subject to review by the company's auditors.

The information contained in this report comprises information both that Avanza Bank Holding AB (publ.) is obliged to provide and that it has chosen to provide in accordance with the provisions of the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information has been released to the market for publication at 08.15 (CET) on 17 January 2013.

Avanza Bank also publishes an Excel document containing its financial history. The information is provided in English and is updated quarterly. The document can be accessed at avanzabank.se/keydata.

This Interim Report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

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