

Avanza

Interim Report

January – March 2014

- Net inflow totaled SEK 5,520 million (SEK 3,290 m), corresponding to 5 (4 %) per cent of the total savings capital at the beginning of the year
- The number of customers increased by 5 (3 %) per cent to 331,000 (316,500 as of 31 December 2013)
- The total savings capital increased by 8 (9 %) per cent to SEK 121,800 million (SEK 112,600 m as of 31 December 2013)
- Operating income increased by 15 (–9 %) per cent to SEK 173 million (SEK 150 m)
- Operating margin was 44 (36 %) per cent
- The profit after tax increased by 44 (–25 %) per cent to SEK 65 million (SEK 45 m)
- Earnings per share increased by 46 (–27 %) per cent to SEK 2.26 (SEK 1.55)

This is Avanza

- Sweden's leading internet bank for savings and investments, with Sweden's most satisfied savings customers four years in a row*
- Largest on the Stockholm Stock Exchange**
- Low risk profile; no trading on its own behalf, self-financed via equity and customer deposits
- Avanza falls under the supervision of the Swedish Financial Supervisory Authority and is covered by the state-provided deposit insurance guarantee
- Best internet broker in Sweden***
- Primary focused on private savers in Sweden
- No fixed account charges, yearly fees or depositing fees
- Brokerage fees from SEK 7
- The widest range of savings products and pension solutions on the market
- Trading in over 1,200 funds in 130 fund companies
- Trading on all the Nordic stock exchanges, as well as those of the United States and Canada via the internet and on other exchanges via telephone
- Tools, analyses, news and software to support you in all of your decisions
- Topical news and impartial advice from the independent online magazine Placera and the weekly financial magazine Börsveckan
- Selection of products:
 - Avanza Zero – Sweden's first free-of-charge fund
 - Super Loan – the lowest interest rates on the market, with the customers' securities as collateral.
 - Super Mortgage – the lowest mortgage interest rates on the Swedish market, linked to the repo rate and with unique flexibility
 - Sparkonto+ – better interest rates and up to five times the state-provided deposit insurance guarantee
- Up to 50 per cent more pension****



Quarterly Summary

| | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Avanza | | | | | | | | |
| Operating income, SEK m | 173 | 162 | 148 | 137 | 150 | 131 | 125 | 141 |
| Operating profit, SEK m | 76 | 64 | 73 | 35 | 54 | 38 | 42 | 48 |
| Operating margin, % | 44 | 40 | 49 | 26 | 36 | 29 | 34 | 34 |
| Earnings per share, SEK | 2.26 | 1.85 | 2.15 | 1.11 | 1.55 | 1.04 | 1.11 | 1.34 |
| Return on shareholders' equity, % | 8 | 7 | 9 | 4 | 5 | 4 | 4 | 5 |
| Net inflow, SEK m | 5,520 | 2,490 | 2,260 | 2,860 | 3,290 | 1,420 | 970 | 1,080 |
| Savings capital at the end of the period, SEK m | 121,800 | 112,600 | 105,000 | 94,600 | 93,400 | 85,800 | 82,200 | 78,700 |
| No. customers at the end of the period | 331,000 | 316,500 | 306,900 | 298,300 | 292,200 | 283,300 | 278,900 | 274,740 |
| No. accounts at the end of the period | 573,600 | 544,900 | 524,000 | 507,200 | 492,200 | 471,600 | 458,800 | 447,900 |

* Source: Swedish Quality Index (SKI)

** Measured as number of transaction on NASDAQ OMX Stockholm incl First North, January–December 2013

*** Source: Aktiespararen magazine, February 2013

**** We can show that a 30-year-old can get 50 per cent pension with us compared to the largest pension company in Sweden

Comments from the CEO

"In March, our main event, Avanza Forum, was held for the ninth year in a row. The increased interest in savings and investments was noticeable in our visitor numbers, and we welcomed 5,000 visiting customers in the Ericsson Globe, a 40 percent increase compared with last year. We also continue to improve our offering. During the quarter, we lowered the fees for trading on the U.S. stock markets in response to the increased interest in American shares on behalf of our customers and are now able to offer customers trading at less than a tenth of the fees of some of the major banks.

Record-high customer inflow from the large banks

Historically speaking, the first quarter usually opens up on a positive note. Many people review their savings situation facing the New Year. This usually leads to increased activity and this year more than ever. We believe that the launch of our new mortgage product, our new banking web site and an increased market presence since the end of last year, have all created an increased interest in our offering. Meanwhile, the economic climate has been favourable with a long period of positive stock market development, in combination with low returns in the interest rate market. Despite a certain degree of slowdown towards the end of the quarter in conjunction with the instability in Ukraine and Russia, we can look back at the best quarter in the history of Avanza in terms of growth in new customers and net inflow. The net inflow of SEK 5.5 billion during the first quarter implied an increase of 68 percent and the inflow of new customers totalling 14,500 represented a 63 percent increase compared with the same period last year. The growth has continued during the first two weeks of April with close to SEK 1 billion in net inflow and strong customer inflow. Consequently, we have good hopes in our ability to exceed this year's long-term growth targets: an increase of 20,000–30,000 new customers and securing at least 5 percent of the total net inflow to the Swedish savings market.

Avanza Zero exceeds SEK 10 billion in assets under management

The strong inflow into mutual funds continues. Our most popular fund, Avanza Zero, the fund with zero fees, has now passed the 200,000 savers mark, as well as surpassing SEK 10 billion of

assets under management. Meanwhile during the latter part of the quarter, we could see that many customers now selling and taking home their gains on Swedish index funds and biotech funds in favour of fixed-income funds while waiting for signals as to where the market is headed.

Expansion within the sale of Occupational Pension and Private Banking

In the middle of January, we opened up the doors to our new office in Gothenburg as an important step in our ambition to further our position within the Occupational Pensions sector and within Private Banking. Simultaneously, we extended our sales force within Occupational Pensions in Stockholm and have thereby doubled our selling power compared with last year. With a geographically expanded presence in western Sweden, we look forward to being able to maintain our strong growth rate within Occupational Pensions and Private Banking."

Stockholm, 15 April 2014



Martin Tivéus, CEO Avanza



Operations

Market and sales

The first quarter was yet another positive quarter for the stock market. The yield on the Stockholm stock exchange was five percent higher and the turnover 15 percent higher compared with corresponding period last year.

The trend of customers choosing mutual funds for their savings continued during the quarter. At the end of the period, 26 percent of the Avanza customers' capital was invested in mutual funds which is more than 2 percentage points higher than one year ago. During the first part of the quarter, the focus was mainly on equity funds but towards the end of the quarter, the interest in fixed-income funds with a lower risk increased.

The investment savings account (ISK) maintained its popularity during the first quarter. Nearly half of the net inflow to Avanza went to ISK and the number of accounts increased by 28 percent.

The net inflow to Occupational Pensions continued to be strong during the first quarter with respect to capital, as well as new accounts. The inflow of capital amounted to SEK 460 million which was 35 percent higher than in the first quarter 2013. Avanza Pension has a little more than 1 percent of the total premium inflow into the Occupational Pensions market and is steadily increasing that share. During the first quarter, more

than 500 companies chose Avanza as their supplier of Occupational Pensions.

In the end of March, Avanza Forum, Sweden's largest event regarding private investment and savings, was held for the ninth year in a row. This year's Forum broke the record with 5,000 visitors in the Ericsson Globe in Stockholm and 30,000 people viewed the webcast.

During the last quarter of 2013, Avanza Pension decided to double its sales organisation focused on the Occupational Pensions market and to establish an office in Gothenburg. This was completed during January 2014. The initiative is expected to result in increased costs of three percent compared with the Group's total cost level for 2013.

Towards the end of March, Avanza lowered its brokerage fees on trading in U.S. stocks. The interest in U.S. stocks among Avanza's customers increased by 50 percent during last year and, due to the decreased brokerage fees, Avanza now offers the lowest prices for these stocks in all of Sweden.

As of 31 December 2013, Avanza held 2.2 (1.8) percent of the total savings market in Sweden. During 2013, Avanza's share of the total net inflow to the Swedish savings market amounted to 5.7 (2.9) percent.

| Activity | 2014 Jan-Mar | 2013 Jan-Mar | Change % | 2013-2014 Apr-Mar | 2013 Jan-Dec | Change % |
|--|-----------------|-----------------|-------------|----------------------|-----------------|-------------|
| Net inflow, equity & investment fund accounts, SEK m | 3,510 | 1,870 | 88 | 9,120 | 7,510 | 21 |
| of which, investment savings accounts, SEK m | 2,550 | 1,800 | 42 | 6,270 | 5,520 | 14 |
| Net inflow, savings accounts, SEK m | 250 | 240 | 4 | 480 | 460 | 4 |
| of which, external deposit accounts, SEK m | 350 | 340 | 3 | 530 | 520 | 2 |
| Net inflow, pension- & insurance-based accounts, SEK m | 1,760 | 1,180 | 49 | 3,500 | 2,930 | 19 |
| of which, endowment insurance, SEK m | 1,260 | 830 | 52 | 1,830 | 1,400 | 31 |
| of which, occupational pensions, SEK m | 460 | 340 | 35 | 1,440 | 1,330 | 8 |
| Net inflow, SEK m | 5,520 | 3,290 | 68 | 13,100 | 10,900 | 20 |
| Net inflow/Savings capital, % | 20 | 15 | 5 | 14 | 13 | 1 |
| No. commission notes per customer & month | 2.4 | 2.2 | 9 | 2.1 | 2.1 | 0 |
| No. transactions per commission note | 1.6 | 1.7 | -6 | 1.6 | 1.7 | -6 |
| Brokerage per commission note, SEK | 70 | 72 | -3 | 71 | 71 | 0 |
| Market shares | | | | | | |
| NASDAQ OMX Stockholm and First North | | | | | | |
| No. transactions, % | 7.5 | 7.4 | 0.1 | 7.3 | 7.3 | 0.0 |
| Turnover, % | 4.1 | 4.1 | 0.0 | 4.1 | 4.1 | 0.0 |

For definitions see page 15.

During the first quarter, the net inflow amounted to SEK 5.5 billion, which is 68 percent higher compared with the corresponding period last year and is the highest inflow in the history of Avanza. A majority of the inflow continued to go into investment savings accounts but endowment insurance also continues to see large inflows.

During the first quarter, the customers' trading activity increased and the number of deals per customer and month was 9 percent higher compared with the corresponding period last year. Avanza's share of the number of trades on the Stockholm stock exchange increased slightly and totalled 7.5 (7.4) percent. Brokerage per commission note was 3 (-6) percent lower than corresponding period last year.

| Savings Capital | 31-03-2014 | 31-12-2013 | Change % | 31-03-2013 | Change % |
|---|-------------------|-------------------|---------------------|-------------------|---------------------|
| Savings capital, equity & investment fund accounts, SEK m | 67,110 | 61,680 | 9 | 49,560 | 35 |
| of which, investment savings accounts, SEK m | 15,100 | 11,700 | 29 | 6,120 | 147 |
| Savings capital, savings accounts, SEK m | 5,790 | 5,520 | 5 | 5,240 | 10 |
| of which, external deposit accounts, SEK m | 5,060 | 4,690 | 8 | 4,470 | 13 |
| Savings capital, pension- & insurance-based accounts, SEK m | 48,900 | 45,400 | 8 | 38,600 | 27 |
| of which, endowment insurance, SEK m | 36,900 | 34,200 | 8 | 29,600 | 25 |
| of which, occupational pensions, SEK m | 5,710 | 5,150 | 11 | 3,740 | 53 |
| Savings capital, SEK m | 121,800 | 112,600 | 8 | 93,400 | 30 |
| Equities, bonds, derivatives, etc. SEK m | 76,480 | 70,390 | 9 | 59,770 | 28 |
| Investment funds, SEK m | 31,300 | 27,900 | 12 | 21,700 | 44 |
| Deposits, SEK m | 18,100 | 17,600 | 3 | 15,000 | 21 |
| of which, external deposits, SEK m | 5,060 | 4,690 | 8 | 4,470 | 13 |
| Lending, SEK m | -4,080 | -3,290 | 24 | -3,070 | 33 |
| of which, mortgage loans, SEK m | -760 | -90 | 744 | - | - |
| Savings capital, SEK m | 121,800 | 112,600 | 8 | 93,400 | 30 |
| Deposits/Lending, % | 444 | 535 | -91 | 489 | -45 |
| Net deposits/Savings capital, % | 12 | 13 | -1 | 13 | -1 |
| Bas & Premium, SEK m | 66,930 | 61,900 | 8 | 52,110 | 28 |
| Mini, SEK m | 1,830 | 1,780 | 3 | 1,590 | 15 |
| Private Banking, SEK m | 50,000 | 46,100 | 8 | 37,200 | 34 |
| Pro, SEK m | 3,040 | 2,820 | 8 | 2,500 | 22 |
| Savings capital, SEK m | 121,800 | 112,600 | 8 | 93,400 | 30 |
| Return, average account since Jan 1 st, % | 3 | 17 | -14 | 5 | -2 |
| SIX Return Index since Jan 1 st, % | 5 | 28 | -23 | 10 | -5 |

For definitions see page 15.

Savings capital grew strongly during the first quarter of 2014, mainly driven by the strong increase in customers and net inflow, in combination with the positive stock market development. At

the end of the period, the customers' savings capital in Avanza totalled SEK 122 billion, an increase of 8 percent compared with year-end.

| Customers and Accounts | 31-03-2014 | 31-12-2013 | Change % | 31-03-2013 | Change % |
|---|-------------------|-------------------|---------------------|-------------------|---------------------|
| No. customers | 331,000 | 316,500 | 5 | 292,200 | 13 |
| No. accounts per customer | 1.73 | 1.72 | 1 | 1.68 | 3 |
| No. equity & investment fund accounts | 295,800 | 277,600 | 7 | 250,200 | 18 |
| of which, no. investment savings accounts | 47,000 | 36,600 | 28 | 20,700 | 127 |
| No. savings accounts | 80,100 | 76,900 | 4 | 67,200 | 19 |
| of which, no. external deposit accounts | 50,100 | 47,200 | 6 | 38,800 | 29 |
| No. pension- & insurance-based accounts | 197,700 | 190,400 | 4 | 174,800 | 13 |
| of which, no. endowment insurance | 103,900 | 100,800 | 3 | 95,700 | 9 |
| of which, no. occupational pensions | 50,500 | 47,600 | 6 | 40,700 | 24 |
| No. accounts | 573,600 | 544,900 | 5 | 492,200 | 17 |
| Bas & Premium, no. accounts | 525,370 | 499,090 | 5 | 450,630 | 17 |
| Mini, no. accounts | 21,400 | 21,200 | 1 | 20,700 | 3 |
| Private Banking, no. accounts | 22,300 | 20,900 | 7 | 18,100 | 23 |
| Pro, no. accounts | 4,530 | 3,710 | 22 | 2,770 | 64 |
| No. accounts | 573,600 | 544,900 | 5 | 492,200 | 17 |

For definitions see page 15.

The customer growth in the first quarter was the strongest in the history of Avanza. The total number of customers increased by 14,500 (8,900) and, at the end of the quarter, amounted to 331,000. The total number of accounts increased by 28,700.

The number of accounts per customer is a good measurement of the saver's engagement in Avanza and, thereby,

also a measure of the share of the customers' savings. The number of accounts per customer has also increased during the year and is now 1.73 (1.68).

During the quarter, the number of new Occupational Pension accounts totalled 2,900 (2,300) which corresponds to 10 (11) percent of the total number of new accounts.

Development

During the first quarter, the development work was focused on the refinement and sophistication of Avanza's new website which was launched in 2013. A number of measures aimed at increasing efficiency and increased stability were taken. For

example, increased efficiency in the administration of client companies within Occupational Pension. A large number of smaller functions were introduced, mainly based on customer feedback.

Financial overview

| | 2014 Jan-Mar | 2013 Jan-Mar | Change % | 2013-2014 Apr-Mar | 2013 Jan-Dec | Change % |
|--|-------------------|-------------------|---------------------|----------------------|---------------------|-------------|
| Income Statement, SEK m | | | | | | |
| Brokerage income | 78 | 64 | 22 | 258 | 245 | 5 |
| Fund commissions | 24 | 19 | 26 | 88 | 82 | 7 |
| Net interest items | 52 | 50 | 4 | 208 | 205 | 1 |
| Other income, net | 19 | 17 | 12 | 66 | 65 | 2 |
| Operating income | 173 | 150 | 15 | 620 | 597 | 4 |
| Personnel | -58 | -52 | 12 | -216 | -210 | 3 |
| Marketing | -5 | -6 | -17 | -22 | -23 | -4 |
| Depreciation | -2 | -3 | -33 | -9 | -10 | -10 |
| Other expenses | -32 | -35 | -9 | -124 | -127 | -2 |
| Operating expenses before credit losses | -97 | -96 | 1 | -371 | -370 | 0 |
| Profit before credit losses | 76 | 54 | 41 | 249 | 227 | 10 |
| Credit losses, net | 0 | 0 | - | -1 | -1 | 0 |
| Operating profit | 76 | 54 | 41 | 248 | 226 | 10 |
| Operating margin, % | 44 | 36 | 8 | 40 | 38 | 2 |
| Profit margin, % | 38 | 30 | 8 | 34 | 32 | 2 |
| Cost/income ratio, % | 56 | 64 | -8 | 60 | 62 | -2 |
| Earnings per share, SEK | 2,26 | 1,55 | 46 | 7,38 | 6,67 | 11 |
| Earnings per share after dilution, SEK | 2,24 | 1,55 | 45 | 7,37 | 6,67 | 10 |
| Return on shareholders' equity, % | 8 | 5 | 3 | 27 | 25 | 2 |
| Investments, SEK m | 2 | 1 | 100 | 5 | 4 | 25 |
| Brokerage income/Operating income, % | 45 | 43 | 2 | 42 | 41 | 1 |
| Non-brokerage income/Operating income, % | 55 | 57 | -2 | 58 | 59 | -1 |
| of which, Fund commissions/Operating income, % | 14 | 13 | 1 | 14 | 14 | 0 |
| of which, Net interest items/Operating income, % | 30 | 33 | -3 | 33 | 34 | -1 |
| of which, Other income/Operating income, % | 11 | 11 | 0 | 11 | 11 | 0 |
| Non-brokerage income/Operating expenses, % | 98 | 90 | 8 | 98 | 95 | 3 |
| of which, Net interest items/Operating expenses, % | 54 | 52 | 2 | 56 | 55 | 1 |
| Operating income/Savings capital, % | 0,15 | 0,17 | -0,02 | 0,59 | 0,61 | -0,02 |
| of which, Net interest items/Savings capital, % | 0,04 | 0,06 | -0,02 | 0,20 | 0,21 | -0,01 |
| Average no. employees | 273 | 269 | 1 | 271 | 269 | 1 |
| No. trading days | 62,0 | 61,5 | 1 | 248,5 | 248,0 | 0 |
| Web service operational availability, % | 99,7 | 99,9 | -0,2 | 99,8 | 99,9 | 0,1 |
| | 31-03-2014 | 31-12-2013 | Change % | 31-03-2013 | Change % | |
| Shareholders' equity per share, SEK | 29.75 | 27.49 | 8 | 30.23 | -2 | |
| Capital base/Capital requirement | 1.69 | 1.96 | -14 | 2.28 | -26 | |
| No. employees | 282 | 264 | 7 | 276 | 2 | |
| Market value, SEK | 248.50 | 209.00 | 19 | 175.00 | 42 | |
| Market capitalisation, SEK m | 7,175 | 6,030 | 19 | 5,050 | 42 | |

For definitions see page 15.

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

During the first quarter of 2014, operational revenues increased by 15 (-9) percent compared with the corresponding period last year. Revenues from brokerage fees increased as a result of the larger customer base and the increased trading activity,

something which was counteracted by a somewhat lower level of brokerage fees per transaction. The mutual fund commissions increased, mainly due to an increased interest in investing in funds and thereby an increase in fund capital. Net interest

increased slightly compared with last year, mainly due to increased lending, partly as a consequence of the introduction of mortgage loans. The base lending interest rate set by the Swedish Central Bank was, on average, 0.25 percentage points lower than in the first quarter of 2013, which negatively impacted net interest.

During the quarter, expenses before credit losses increased by 1 (4) percent compared with last year. Personnel costs increased by 12 percent, partly as a consequence of the

increased investments in Occupational Pensions and the associated sales organisation.

During the first quarter, non-brokerage revenue was equivalent to 98 (90) percent of total costs. Non-brokerage revenues comprised mainly of net interest, mutual funds commission and currency exchange net. The long-term goal is that total non-brokerage revenue shall be in excess of 100 percent of total expenses.

Capital surplus

| | 31-03-2014 | 31-12-2013 |
|--|------------|------------|
| Shareholders' equity, the Group | 859 | 794 |
| Intangible fixed assets and deferred tax receivables, SEK m | -24 | -24 |
| Capital requirement with reference to Avanza Bank's internal capital evaluation (IKU), SEK m | -330 | -318 |
| Total capital surplus before dividend, SEK m | 505 | 452 |
| Capital surplus per share, SEK | 17.47 | 15.67 |

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 4, Page 13.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 505 million as of 31 March 2014.

Financial position

All of Avanza'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 first quarter of 2014 total credit losses amounted to SEK 9 million, which is the equivalent, on average, to less than 0.03 percent per year. Avanza 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 in the same manner as applying to other Swedish banks and insurance

companies. Additional information on Avanza and security matters can be found on avanza.se.

The Parent Company Avanza Bank Holding AB

Avanza Bank Holding AB is the Parent Company in the Avanza Group. The operating result for the first quarter was SEK -1 (-1) million. The Parent Company does not report any sales. The Board of Directors has proposed to the Annual General Meeting a dividend of SEK 231 million, equivalent to SEK 8.00 per share, which is the same level as the previous year.

Outlook for the future

Growth possibilities on the Swedish savings market are deemed to be positive. In order to generate long-term value for our shareholders, Avanza's activities are concentrated on those areas we can impact and which drive the underlying growth of the company, in combination with the thorough monitoring of expenses – good scalability in the operations, strong net inflow, good growth in customers and customer satisfaction.

Factors impacting Avanza's possibilities for future growth include:

Growth of the savings market

We estimate that the Swedish savings market will grow by 6–8 per cent per year in the long-term, which is in line with the growth experienced over the last ten years. Normally, pension and insurance savings account for half of that growth. 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 imply that more Swedes will choose to save by paying off their mortgages, which, in the short-term, may have a negative impact on the growth of the Swedish savings market.

Avanza's growth opportunities are not, however, limited to the growth of the Swedish savings market. This is because Avanza currently has a market share of only 2.1 per cent of the Swedish savings market, and is also due to the fact that capital transferred from other savings institutions to Avanza is not included in the net inflow to the Swedish savings market.

Net inflow and growth in value

An important factor generating long-term growth in savings capital is the net inflow.

Growth in net inflow is achieved through increased savings from existing customers and deposits from new customers. Avanza aims to attract 20,000–30,000 new customers per year, in addition to utilising its advantages in terms of offering the market's widest range of savings products, and its lowest prices, enabling Avanza's total share of customers' savings to increase over time. We estimate that our customers have, today, approximately fifty per cent of their transferrable savings in Avanza. In addition to the net inflow, the value increase also generates growth in customers' savings capital.

Avanza has a goal to annually attract a total of at least 5 per cent of the net inflow in the Swedish savings market.

Relationship between growth in savings capital and growth in operating income

From a long-term perspective, there is a clear relationship between the growth in savings capital and the 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 trading in securities, net interest income from borrowing and lending activities, from fund commission and in the form of other compensation from suppliers of savings products. The income to savings capital ratio has fallen by 10 per cent per year over the last five years due to price pressure, combined with the effects of the product mix of savings, a lower

short-term interest rate level and fluctuations in trading activity on the stock market. Our assessment is that the income to savings capital ratio, with an unchanged repo rate, will fall from its current level at a lower rate than the historical rate. This assessment is based on our forecast of the continued effects of the product mix of savings capital, as we believe that fund savings and interest rate products will increase in the future, to the detriment of trading in shares, in conjunction with an increase in pension capital. Price pressure due to competition is, however, deemed to be limited.

Outlook for 3-5 years

The savings behaviour we have observed during the previous two years has mainly been characterized by a lower risk appetite than has historically been the case, as well as by decreasing actual and expected returns. We have also seen a gradual shift in savings in funds towards funds with lower fees, partly as a consequence of an increasing cost consciousness amongst customers. We see no reason to expect any structural change for the foreseeable future even if risk aversion will appear cyclically. We, therefore, do not expect, and do not plan for, a return to the same level of income to savings capital ratio as the industry was used to experiencing a few years ago. However, we believe that an unchanged focus on low fees and innovative products is well suited to such an environment and that Avanza remains well positioned for growth in savings from both new and existing customers. Our assessment is that the price pressure in coming years may continue, to a limited extent, from the current income to savings capital ratio of 60 basis points, if the current low interest rates and stock market activity remain.

To ensure competitiveness and profitability by reducing the cost to savings capital ratio will, therefore, be a challenge for the industry as a whole, not least in light of the upward cost pressure due to statutory and regulatory compliance requirements in the wake of the financial crisis and due to increased accessibility requirements on behalf of customers, through various channels and mobile devices. Avanza is well equipped to meet this future with the significant scalability of its IT systems and IT development and continued efficiency enhancement measures. As a consequence of the recent efforts to modernize the internet bank and underlying IT systems, we anticipate cost increases of 3–5 per cent per year over the next few years, which creates the conditions for increased operating margins given the continued strong growth in savings and customers. This means that we expect that the cost to savings capital ratio over the next 3–5 years may decline to 25–30 basis points as a direct result of continued growth in customers and savings.

The pension and insurance market is almost twice the size of the market for direct savings in shares and funds. Today's transfer rights only cover pensions which have been subscribed to after 2007, and transferable capital today is, thus, limited to only a fraction of the total pension and insurance market, although this fraction will gradually increase with time. In autumn 2012, the review regarding life insurance announced a proposal for enhanced transferability of pension savings. In case of an extended right to transfer pension funds, customers would have the ability to transfer all or part of their savings to Avanza and, thus, receive a larger pension on retirement, as we offer the

lowest fees and the widest range of products for retirement savings. A Parliamentary decision in favour of an extended

transfer right would, therefore, have a positive effect on Avanza's growth prospects.

Other corporate events

Significant risks and uncertainly factors

Avanza'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 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's Annual Report for 2013, Note 34 and pages 30–32. 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's transactions with associated parties are presented in the Annual Report for 2013, Note 35. No significant changes have taken place since the publication of the Annual Report.

Annual General Meeting

The Annual General Meeting of the company's shareholders will be held on Tuesday 29th April 2014 at 15.00 (CET) at Nalen in

Stockholm. The Annual Report is available from the Company's office and on the Company's website, www.avanza.com. A press release outlining important resolutions made by the Annual General Meeting will be published after the conclusion of the meeting.

Repurchase of the company's own shares

On 17 April 2013, 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 first quarter of 2014 and the company holds no repurchased shares as of 31 March 2014.

Financial calendar

| | |
|--|-----------------|
| Annual General Meeting | 29 April 2014 |
| Interim Report, January – June 2014 | 11 July 2014 |
| Interim Report, January – September 2014 | 16 October 2014 |
| Preliminary Financial Statement 2014 | January 2015 |

Consolidated Income Statements *

| SEK m | 2014 Jan–Mar | 2013 Jan–Mar | 2013–2014 Apr–Mar | 2013 Jan–Dec |
|--|-----------------|-----------------|----------------------|-----------------|
| Operating income | | | | |
| Commission income | 143 | 118 | 490 | 465 |
| Commission expenses | -22 | -18 | -78 | -74 |
| Interest income | 64 | 61 | 256 | 253 |
| Interest expenses | -12 | -11 | -49 | -48 |
| Net result of financial transactions | 0 | 0 | 1 | 1 |
| Other operating income | - | 0 | 0 | 0 |
| Total operating income | 173 | 150 | 620 | 597 |
| Operating expenses | | | | |
| General administrative costs | -83 | -81 | -320 | -318 |
| Depreciation of tangible and intangible fixed assets | -2 | -3 | -9 | -10 |
| Other operating expenses | -12 | -12 | -42 | -42 |
| Total operating expenses before credit losses | -97 | -96 | -371 | -370 |
| Operating profit before credit losses | 76 | 54 | 249 | 227 |
| Credit losses, net | 0 | 0 | -1 | -1 |
| Operating profit | 76 | 54 | 248 | 226 |
| Tax on profit for the period | -11 | -9 | -35 | -33 |
| Net profit/loss for the period ** | 65 | 45 | 213 | 193 |
| Earnings per share, SEK | 2.26 | 1.55 | 7.38 | 6.67 |
| Earnings per share after dilution, SEK | 2.24 | 1.55 | 7.37 | 6.67 |
| Average no. shares before dilution, thousand | 28,874 | 28,874 | 28,874 | 28,874 |
| Average no. shares after dilution, thousand | 29,126 | 28,874 | 28,922 | 28,874 |
| Outstanding no. shares before dilution, thousand | 28,874 | 28,874 | 28,874 | 28,874 |
| Outstanding no. shares after dilution, thousand | 29,144 | 28,874 | 29,144 | 29,009 |
| No. shares upon full dilution, thousand | 30,344 | 30,431 | 30,344 | 30,344 |

* 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 | | 31-03-2014 | 31-12-2013 |
|---|--------|---------------|---------------|
| Assets | | | |
| Treasury bills eligible for refinancing | | 165 | 165 |
| Loans to credit institutions | | 9,085 | 9,078 |
| Loans to the public | Note 1 | 5,181 | 4,188 |
| Shares and participations | | 0 | 0 |
| Assets in insurance operations | | 45,937 | 42,573 |
| Intangible fixed assets | | 23 | 23 |
| Tangible assets | | 11 | 11 |
| Other assets | | 462 | 509 |
| Prepaid costs and accrued income | | 49 | 88 |
| Total assets | | 60,913 | 56,635 |
| Liabilities and shareholders' equity | | | |
| Deposits by the public | Note 2 | 13,382 | 12,987 |
| Liabilities in insurance operations | | 45,937 | 42,573 |
| Other liabilities | | 650 | 186 |
| Accrued costs and prepaid income | | 68 | 78 |
| Provisions | | 17 | 17 |
| Shareholders' equity | | 859 | 794 |
| Total liabilities and shareholders' equity | | 60,913 | 56,635 |

Changes in the Group's shareholders' equity

| SEK m | 2014 | 2013 | 2013 |
|--|------------|------------|------------|
| | Jan-Mar | Jan-Mar | Jan-Dec |
| Shareholders' equity at the beginning of the period | 794 | 828 | 828 |
| Dividend | - | - | -231 |
| Warrants issue | - | - | 4 |
| Net profit/loss for the period (also total comprehensive income) | 65 | 45 | 193 |
| Shareholders' equity at the end of the period | 859 | 873 | 794 |

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

Consolidated Cash Flow Statements

| SEK m | 2014 | 2013 |
|---|--------------|--------------|
| | Jan-Mar | Jan-Mar |
| Cash flow from operating activities | 39 | 4 |
| Cash flow from operating activities' assets and liabilities | -30 | -393 |
| Cash flow from investment operations | -2 | -1 |
| Cash flow from financial operations | 0 | 0 |
| Cash flow for the period | 7 | -390 |
| Liquid assets at the beginning of the period * | 9,078 | 7,989 |
| Liquid assets at the end of the period * | 9,085 | 7,599 |

* Liquid assets are defined as loans to credit institutions.

At the end of the period SEK 661 million (SEK 574 m) of consolidated liquid assets are pledged as collateral.

Parent Company Income Statements

| SEK m | 2014 | 2013 |
|---|-----------|-----------|
| | Jan-Mar | Jan-Mar |
| Operating expenses | | |
| Administration expenses | -1 | -1 |
| Other operating expenses | 0 | -1 |
| Operating profit/loss | -1 | -2 |
| Profit/loss from financial investments | | |
| Interest income and similar items | 0 | 0 |
| Profit/loss before tax | -1 | -1 |
| Tax on profit for the period | 0 | 0 |
| Net profit/loss for the period | -1 | -1 |

Parent Company Balance sheets

| SEK m | 31-03-2014 | 31-12-2013 |
|---|---------------|------------|
| | Assets | |
| Financial fixed assets | 408 | 408 |
| Current receivables * | 232 | 234 |
| Liquid assets | 0 | 0 |
| Total assets | 640 | 642 |
| Shareholders' equity and liabilities | | |
| Shareholders' equity | 638 | 639 |
| Current liabilities | 2 | 3 |
| Total shareholders' equity and liabilities | 640 | 642 |

* Of which receivables from subsidiaries SEK 231 million (SEK 234 m).

Accounting principles

The Interim Report for the Group 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 Interim 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 2013 Annual Report.

Notes

Note 1 – Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. SEK 1,106 million (SEK 902 m as of 31 December 2013) of loans to the public as of 31 March 2014, 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. SEK 757 million (94 as of 31 December 2013) of loans to the public are mortgage loans. Collateral for the remainder of the loans to the public is in the form of securities.

Note 2 – Funds managed on behalf of third parties

In addition to the deposits reported in the Balance Sheet, Avanza also has, as of 31 March 2014, deposits by third parties in client fund accounts totaling SEK 802 million (SEK 813 m as of 31 December 2013).

Note 3 – Financial instruments

Classification of financial information

| SEK m, 03-31-2014 | Financial instruments valued at fair value via Income Statement | Investments held to maturity | Loan receivables and accounts receivable | Other financial liabilities | Non-financial instruments | Total |
|---|---|------------------------------------|--|-----------------------------------|------------------------------|---------------|
| Assets | | | | | | |
| Treasury bills eligible for refinancing | – | 165 | – | – | – | 165 |
| Lending to credit institutions | – | – | 9,085 | – | – | 9,085 |
| Lending to the public | – | – | 5,181 | – | – | 5,181 |
| Shares and participations | 0 | – | – | – | – | 0 |
| Assets in insurance operations | 45,937 | – | – | – | – | 45,937 |
| Intangible assets | – | – | – | – | 23 | 23 |
| Tangible assets | – | – | – | – | 11 | 11 |
| Other assets | – | – | 387 | – | 75 | 462 |
| Prepaid costs and accrued income | – | – | 29 | – | 20 | 49 |
| Total assets | 45,937 | 165 | 14,682 | – | 129 | 60,913 |
| Liabilities | | | | | | |
| Deposits by the public | – | – | – | 13,382 | – | 13,382 |
| Insurance operations liabilities | 45,937 | – | – | – | – | 45,937 |
| Other liabilities | – | – | – | 650* | – | 650 |
| Accrued costs and prepaid income | – | – | – | 49 | 19 | 68 |
| Provisions | – | – | – | – | 17 | 17 |
| Total liabilities | 45,937 | – | – | 14,081 | 36 | 60,054 |

* Net payment of SEK 3 m to clearing house for derivatives trading included.

Financial instruments valued at fair value

| SEK m, 03-31-2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------------|----------|---------------|
| Assets | | | | |
| Equities | 24,149 | 0 | 0 | 24,149 |
| Fund units | 1,360 | 13,464 | – | 14,824 |
| Bonds and other interest-bearing securities | 693 | 308 | – | 1,001 |
| Other securities | 152 | 215 | – | 367 |
| Liquid assets | – | – | – | 5,596 |
| Total assets | 26,354 | 13,987 | 0 | 45,937 |
| Liabilities | | | | |
| Liabilities in insurance operations (investment agreements) | – | 45,937 | – | 45,937 |
| Total liabilities | – | 45,937 | – | 45,937 |

Fair value

In the case of financial instruments reported at accrued acquisition cost, incurring variable interest, or with short maturities, the reported value and fair value are equal.

The fair value of those financial instruments reported at fair value through profit and loss is determined as shown below.

During the period, no transfers between the levels have taken place. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility, investment funds or securities on unlisted securities markets managed electronically by Avanza.

Financial assets valued at fair value via the Income Statement

The majority of the securities in this category, primarily comprising assets within the insurance operations, comprise listed securities and the fair value is determined by using the official bid rate on the closing date. The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the net asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties.

Changes in the value of assets in the insurance operations correspond to changes in the value of liabilities in the insurance operations and the net result is, therefore, zero.

Financial assets valued at fair value are classified through the use of a hierarchy for fair value that reflects the significance of the input data used in the valuations. The hierarchy contains the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. The majority of the shares pertaining to the insurance operations are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Funds (not traded on a stock exchange) are included in this category. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

The level of the hierarchy for fair values where the valuation at fair value is categorised in its entirety shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. To this end, the assessment of the significance of the input data is conducted with regard to the valuation at fair value in its entirety.

Note 4 – Capital requirement for the financial conglomerate

| SEK m | 31-03-2014 | 31-12-2013 |
|--|-------------|-------------|
| Capital base | | |
| Shareholders' equity, the Group | 859 | 794 |
| Less, unaudited profits | -65 | - |
| Proposed dividend 8.00 (8.00) SEK per share | -231 | -231 |
| Shareholders' equity, financial conglomerate | 563 | 563 |
| <i>Less</i> | | |
| Intangible fixed assets and deferred tax receivables | -24 | -24 |
| Capital base | 539 | 539 |
| Capital requirement | | |
| Capital requirement for regulated units within the banking and securities sector | 283 | 260 |
| Capital requirement for regulated units in the insurance sector | 33 | 33 |
| Theoretical capital requirements for non-regulated units | 3 | 3 |
| Capital requirement | 319 | 296 |
| Capital surplus | 220 | 243 |
| Capital base/Capital requirement | 1.69 | 1.82 |

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 dividend proposed by the Board of Directors to the Annual General Meeting for the full financial year.

The Board of Directors and the CEO 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, 15 April 2014



Martin Tivéus
CEO

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

The information contained in this report comprises information that Avanza Bank Holding AB (publ.) is obliged to provide as well as that which 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 15 April 2014.

Avanza 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 avanza.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.

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'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 and external deposits, 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. |
| 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. |



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