



# Interim Report

## January–March 2015

- Net inflow totalled SEK 10,000 million (SEK 5,520 m), corresponding to 7 (5 %) per cent of the total savings capital at the beginning of the year
- The number of customers increased by 9 (5 %) per cent to 403,000 (371,200 as of 31 December 2014)
- The total savings capital increased by 19 (8 %) per cent to SEK 168,200 million (SEK 141,900 m as of 31 December 2014)
- Operating income increased by 30 (15 %) per cent to SEK 225 million (SEK 173 m)
- Operating margin was 51 (44 %) per cent
- The profit after tax increased by 52 (44 %) per cent to SEK 99 million (SEK 65 m)
- Earnings per share increased by 52 (46 %) per cent to SEK 3.43 (SEK 2.26)
- No significant events have occurred after the end of the reporting period

### Quarterly highlights

- Avanza opened a new sales office for occupational pensions and Private Banking in Malmö
- Avanza Forum was held at the Globe arena in Stockholm with over 6,000 visitors (+20 per cent) and a further 50,000 viewers of the web broadcast (+67 per cent)
- Avanza Zero was named "The Readers' Favourite 2014" in a competition on privataaffarer.se
- Avanza was voted "The People's Favourite 2014" at Bankbetyg.se
- Avanza surpassed 400,000 active customers
- Placera.se hit a record in number of visitors
- Avanza's Fund-in-Funds surpassed SEK 1 billion in managed capital

# Avanza in brief

## This is Avanza

Avanza was founded in 1999 and has since grown from a small company, dealing solely in share broking, into a digital bank that is challenging the major banks and insurance brokers on the Swedish savings market. This is a market which still has considerable growth potential.

Avanza offers leading online savings and investment solutions in direct savings as well as pension-based savings. Customers are offered simple and cost-effective ways of saving without fixed account charges, yearly fees or depositing fees in shares, funds, equity-linked bonds, derivatives, currency positions, on savings accounts and in pension products such as endowment insurance, pension insurance and occupational pensions.

In addition to a wide range of savings products and pension solutions, Avanza offers trading on various exchanges and decision-making support, such as share prices and news items in real time, share analyses, portfolio reports, tax return support and software. Avanza primarily targets private investors in Sweden, but also offers services for professional day traders and corporate customers, such as small businesses, banks and asset managers.

Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Mid Cap, is covered by the state deposit guarantee and supervised by the Swedish Financial Supervisory Authority.

For more information about Avanza, see [avanza.se](#) and [investors.avanza.se](#).



## Our mission & business model

With us you will have more money left in your pockets than with any other bank. To achieve this mission Avanza has an Internet-based business model that is based on the law of large numbers. That is to say, charging each customer as little as possible, thereby attracting an ever larger customer base. A strong customer growth, combined with the lowest cost per customer and transaction on the market, through high scalability and good cost control, creates excellent conditions for satisfied customers and long-term profitable growth.

## Our long-term goals

Satisfied customers:

- Sweden's most satisfied savers according to the Swedish Quality Index (SKI)

Satisfied shareholders:

- A market share of at least 7 per cent of the overall net inflow to the Swedish savings market
- 30,000 – 40,000 new customers per year (net)
- The dividend shall amount to at least 70 per cent of the profit of the year
- The cost increase shall not exceed the revenue growth

Satisfied employees:

- A Net Promoter Score (NPS) over 40

## Our strategies

- Customers first
- Price leadership
- We only do what we do best
- 100 % digital
- Improve and challenge ourselves every day

Quarterly overview	Q1 2015	Q4 2014	Q3 <sup>1)</sup> 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Operating income, SEK m	225	193	166	164	173	162	148	137	150
Operating profit, SEK m	115	82	71	67	76	64	73	35	54
Operating margin, %	51	42	43	41	44	40	49	26	36
Earnings per share, SEK	3.43	2.36	2.10	1.92	2.26	1.85	2.15	1.11	1.55
Shareholders' equity per share, SEK	24.65	28.22	25.85	23.67	29.75	27.49	25.64	23.49	30.23
Return on shareholders' equity, %	13	9	8	7	8	7	9	4	5
Net inflow, SEK m	10,000	5,940	4,560	4,040	5,520	2,490	2,260	2,860	3,290
No. new customers (net)	31,800	15,900	12,800	11,500	14,500	9,600	8,600	6,100	8,900
No. customers at the end of the period	403,000	371,200	355,300	342,500	331,000	316,500	306,900	298,300	292,200
Savings capital at the end of the period, SEK m	168,200	141,900	133,400	130,100	121,800	112,600	105,000	94,600	93,400
Income to savings capital ratio %	0.15	0.14	0.13	0.13	0.15	0.15	0.15	0.15	0.17
Costs to savings capital ratio, %	0.07	0.08	0.07	0.08	0.08	0.09	0.08	0.11	0.11

1) Operating profit in the third quarter of 2014 was burdened by provisions of SEK 8 million concerning VAT referring to the years 2010–2012

## Comments from the CEO

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### The negative interest rate creates greenhouse effect

Many people review their savings before the start of a new year, which leads to increased customer growth and activity during the first months of the year. This year was no exception. At the same time we have worked hard to strengthen our services in the recent year, including a new share trading price plan, mortgage loans for Private Banking customers, doubling our sales strength within occupational pensions and hundreds of new, on-line functions. The purpose of this work is to increase our competitiveness and capacity to grow more rapidly than in the past.

Low market rates have historically been a good climate for growth for Avanza, as the importance of fees becomes more apparent while interest in the stock exchange and more active investments increases. Many people are reviewing their savings due to today's historic negative interest rates, and this is to the benefit of a company like Avanza, which offers the market's widest choice within low cost savings and investments.

Against a background of increased marketing efforts over the quarter and the Swedish central bank's continued reductions in the repo rate, we have achieved our strongest growth in any individual quarter, with a net inflow of 10 billion (+81 per cent) and 31,800 new active customers (+119 per cent). This means that we have already surpassed our long-term goal of 30,000–40,000 new customers per year. Given the good results we have had in customer acquisition with increased marketing activities during the beginning of the year, we intend to continue the efforts in 2015. We therefore expect a cost increase rate of 8–10 per cent for the full year, compared with the previously announced 6–8 per cent. Trading activity also significantly increased among our customers during the first quarter and the number of transactions per customer and per month was 46 per cent higher than in the equivalent period for the previous year.

### The operating profit increased by 51 per cent, despite pressure from interest rates

The increased interest in the stock exchange is clearly visible in the trading statistics and in an increasing net brokerage commission income. At the same time, our trading volumes increased more rapidly than the market, which can be seen from our market share of trading measured in the number of transactions on the Stockholm stock exchange, which increased from 7.5 per cent to 9.5 per cent since the first quarter of 2014. Our new price plan for share trading with a minimum 1 krona brokerage fee has extended share trading to a new customer segment, which now has the potential to trade even minor shareholdings without the brokerage eating into the capital. The combination of a steadily increasing customer base and high trading activity increased the operating profit during the quarter to SEK 115 million, which is 51 per cent higher compared with the same quarter in the previous year.

The falling market rates are simultaneously creating pressure on our interest incomes, even though the increased borrowing and lending significantly compensate for reducing interest margins. At today's volumes, a one per cent change in the repo rate is equivalent to an effect of approximately SEK 100–120 million on interest incomes annually. Despite the interest rate

situation, the deposit volume grew by 16 per cent during the quarter and, if the trend continues, the far larger volumes will create good leverage on our interest income when market rates rise again.

### We are continuing to expand within occupational pensions

During January we opened our new sales office for occupational pensions and Private Banking in the Malmö stock exchange building. Together with our Gothenburg office, which was established last year, the new Malmö office is an important keystone in our aim to ensure a strong, consistent growth in occupational pension trading. After the first quarter, total growth in the net inflow for the occupational pension products amounted to 34 per cent compared with the same period in the previous year; we hope to be able to increase this growth further once the new office has got up to speed.

### A new mobile presence and a focus on simplicity

There is a clear trend for far more customers wanting to manage their savings during the holiday period, and we will, as previously advertised, release a new mobile presence during the second quarter.

We are also focusing on the need to make it even simpler for our customers to handle their savings and to find good investment options, regardless of the market conditions. For example, almost one in every six kronor in savings remains uninvested at today's interest rates environment, which is a sign that many customers need better tools and support when making investment decisions.

Stockholm, 20 April 2015



Martin Tivéus, CEO Avanza



# Operations

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## Market and sales

Avanza's focus is the Swedish savings market, which was characterised during the first quarter of the year by an upturn in the stock market and interest rate reductions.

The Stockholm stock exchange developed very strongly during the first quarter and the SIX Return Index increased by 16 per cent. Turnover on the Stockholm stock exchange was 24 per cent higher than the equivalent quarter in the previous year, and the rally attracted significant trading on the stock exchange. In February our savers appeared somewhat apprehensive in their investment decisions, however by the end of the quarter they started to switch from interest trading to the stock exchange, while maintaining a certain degree caution, as they chose a broader selection of more stable companies. The interest in the stock exchange was also strongly noted on Placer.se, which hit a record in the number of visitors with over 12.5 million visits during the first quarter.

Fund trading also increased strongly in comparison with the previous year and share funds dominated during the first quarter. Interest in Avanza's Fund-in-Funds was also strong and in February the funds passed SEK 1 billion in managed capital.

In February the Swedish central bank reduced the repo rate by 0.1 per cent to a historic negative rate, while in March the rate was reduced further by 0.15 per cent to -0.25 per cent. The negative rate also contributed to attracting more savers to the stock exchange, as it became far clearer that Swedish savers were not receiving any earnings on traditional savings accounts.

### *The strongest growth ever in an individual quarter*

During the first quarter the inflow of customers and capital to Avanza was at a record high, as a significant number of savers moved from the major banks to cheaper alternatives and from savings accounts to the stock market. Marketing initiatives during the quarter, including a new price plan and communications, through both social and traditional media, contributed to this increased activity.

The investment savings account (ISK) in particular continued to grow. Around half of Avanza's net inflow was transferred into ISK and the number of accounts increased by 49 per cent. The lowered, and soon completely abolished, right of tax deduction for private pension savings has had a positive effect on ISK as an alternative form of savings. In addition trading activity has strengthened as a result of the low tax on ISK accounts.

Despite a fall in the key interest rate, deposits continued to increase. However, shares invested in external deposit accounts remained relatively constant which indicates a savings pattern in which capital is transferred from traditional savings accounts but with savers still not really daring to take the step and invest in securities.

### *Continued efforts in occupational pensions*

The increased investment in the sales organisation for the occupational pensions market, which Avanza Pension started in

2014, expanded during the first quarter with the establishment of a new sales office in Malmö. Net inflow into Avanza's occupational pension products remained strong during the first quarter of the year, in terms of both capital and new accounts. 785 new companies chose Avanza to supply occupational pensions, and customers transferred SEK 170 million in occupational pension capital from other insurance companies, which is an increase of 22 per cent compared with the equivalent quarter in the previous year.

### *Satisfied customers*

In January Avanza's free Avanza Zero fund was named "The Readers' Favourite" in a competition on privataaffarer.se and in February Avanza was also voted "The People's Favourite 2014" at Bankbetyg.se with the highest score in all categories; treatment of customers, services, technology, fees and recommendations. Satisfied customers are the foundation of Avanza's business concept and the operations are conducted with a constant focus on our customers' best interests. One of Avanza's long-term goals is to achieve Sweden's most satisfied savers based on the Swedish Quality Index (SKI), which is published at the end of each year; an award that Avanza has earned five years in a row.

In March we held the nation's largest savings and investment event in Sweden for the tenth year, the Avanza Forum, at the Globe arena in Stockholm. The interest in this year's Forum was greater than ever due to the historic low interest rate in combination with the increasing stock market. With over 6,000 visitors at the event (+20 per cent) and a further 50,000 viewers of the web broadcast (+67 per cent), this year's Forum surpassed that of previous years by far.

### *Increased market shares*

Avanza's market share of the number of transactions on the Stockholm stock exchange including First North increased during the first quarter and amounted to 9.5 (7.5 %) per cent.

Avanza held 2.3 (2.2 %) per cent of the total savings market in Sweden as at 31 December 2014. During 2014 Avanza's share of total net inflow into the Swedish savings market amounted to 9.2 (5.7 %) per cent, which exceeded the long-term goal of at least 7 per cent of the net inflow.

### *Seasonal variations*

Avanza's operations are to some extent affected by seasonal variations. For example, customer and net inflow is usually greater at the beginning of the year, while activity has historically been lower during the summer months. The latter trend has been broken, however, and trading activity has increased during the summer since mobile services made their debut. The effect of seasonal variations on activities is not necessarily reflected in the company's financial results, which tend to be more affected by cyclical market effects such as developments in the stock market and the key interest rate.

Activity	2015 Jan-Mar	2014 Jan-Mar	Change %	2014–2015 Apr–Mar	2014 Jan–Dec	Change %
<b>Net inflow, SEK m</b>						
Standard	7,920	4,220	88	19,900	16,200	23
Private Banking	1,950	1,290	51	4,350	3,690	18
Pro	130	10	1,200	330	210	57
<b>Net inflow</b>	<b>10,000</b>	<b>5,520</b>	<b>81</b>	<b>24,580</b>	<b>20,100</b>	<b>22</b>
Equity & investment fund accounts	230	960	-76	3,550	4,280	-17
Investment savings accounts	6,590	2,550	158	12,930	8,890	45
Savings accounts	280	250	12	1,850	1,820	2
of which, external deposit accounts	360	350	3	1,950	1,940	1
Pension- & insurance-based accounts	2,900	1,760	65	6,250	5,110	22
of which, endowment insurance	2,380	1,260	89	4,210	3,090	36
of which, occupational pensions	470	350	34	1,670	1,550	8
<b>Net inflow</b>	<b>10,000</b>	<b>5,520</b>	<b>81</b>	<b>24,580</b>	<b>20,100</b>	<b>22</b>
Net inflow/Savings capital, %	28	20	8	20	18	2
No. commission notes per customer & month	3.5	2.4	46	2.5	2.3	9
No. transactions per commission note	1.5	1.6	-6	1.5	1.6	-6
<b>Market shares</b>						
<i>Nasdaq Stockholm and First North:</i>						
No. transactions, %	9.5	7.5	2.0	8.1	7.6	0.5
Turnover, %	4.9	4.1	0.8	4.4	4.2	0.2

For definitions see page 17.

Net inflow during the first quarter amounted to SEK 10.0 billion, which was 81 per cent higher than the equivalent period in the previous year and the highest quarterly inflow in Avanza's history. The major portion of net inflow continued to be into investment savings accounts but the endowment insurance still remained a type of account with significant deposits. Net inflow for occupational pensions, excluding collective agreement pensions, increased by 34 per cent compared with the equivalent quarter in the previous year.

During the first quarter, Avanza's customers increased trading activity considerably, and the number of commission notes per customer and per month was 46 per cent higher than the equivalent period in the previous year, compared with 24 per cent for the market as a whole. Increased communication work both on the web site, in social media and in traditional media during the quarter, focusing on the new price list with the opportunity to trade for 1 krona, contributed to the increased activity.

Customers and accounts	31-03-2015	31-12-2014	Change %	31-03-2014	Change %
Standard	388,440	357,520	9	319,210	22
Private Banking	12,800	12,000	7	10,700	20
Pro	1,760	1,680	5	1,090	61
<b>No. customers</b>	<b>403,000</b>	<b>371,200</b>	<b>9</b>	<b>331,000</b>	<b>22</b>
Equity & investment fund accounts	281,400	269,400	4	248,800	13
Investment savings accounts	119,800	80,600	49	47,000	155
Savings accounts	96,200	90,900	6	80,100	20
of which, external deposit accounts	67,300	61,500	9	50,100	34
Pension- & insurance-based accounts	228,800	217,400	5	197,700	16
of which, endowment insurance	119,300	112,100	6	103,900	15
of which, occupational pensions	32,900	29,900	10	23,600	39
<b>No. accounts</b>	<b>726,200</b>	<b>658,300</b>	<b>10</b>	<b>573,600</b>	<b>27</b>
No. accounts per customer	1.80	1.77	2	1.73	4

For definitions see page 17.

Customer growth during the first quarter was the strongest in Avanza's history. The number of customers increased by 31,800 (14,500) during the quarter, with Avanza surpassing 400,000 active customers. Thus, already by the first quarter, Avanza had achieved its long-term goal of increasing the customer base by 30,000–40,000 net new customers per year. Increased marketing activities and a favourable growth climate lay behind the strong customer growth. The number of accounts increased by 67,900 (28,700) during the first quarter. More than half related to investment savings accounts, which by the end of the period

were, for the first time, greater than the number of endowment insurance accounts. The number of occupational pension accounts, excluding collective agreement pensions, increased by 39 per cent compared with the end of the equivalent quarter in the previous year.

The number of accounts per customer is a good measure of savers' level of engagement with Avanza and is therefore also a good measure of the portion of the customers' total savings with Avanza. The number of accounts per customer increased during the year and now totals 1.80 (1.73).

Savings capital, SEK m	31-03-2015	31-12-2014	Change %	31-03-2014	Change %
Standard	96,260	81,200	19	68,260	41
Private Banking	67,900	56,800	20	50,500	34
Pro	4,040	3,900	4	3,040	33
<b>Savings capital</b>	<b>168,200</b>	<b>141,900</b>	<b>19</b>	<b>121,800</b>	<b>38</b>
Equity & investment fund accounts	62,800	56,700	11	52,010	21
Investment savings accounts	33,500	23,500	43	15,100	122
Savings accounts	7,700	7,400	4	5,790	33
of which, external deposit accounts	7,070	6,700	6	5,060	40
Pension- & insurance-based accounts	64,200	54,300	18	48,900	31
of which, endowment insurance	47,400	39,700	19	36,900	28
of which, occupational pensions	7,000	5,930	18	4,310	62
<b>Savings capital</b>	<b>168,200</b>	<b>141,900</b>	<b>19</b>	<b>121,800</b>	<b>38</b>
Equities, bonds, derivatives, etc.	97,820	84,350	16	76,480	28
Investment funds	50,000	40,300	24	31,300	60
Deposits	26,200	22,600	16	18,100	45
of which, external deposits	7,070	6,700	6	5,060	40
Lending	-5,820	-5,350	9	-4,080	43
of which, mortgage loans	-2,290	-2,010	14	-760	201
<b>Savings capital</b>	<b>168,200</b>	<b>141,900</b>	<b>19</b>	<b>121,800</b>	<b>38</b>
Deposits/Lending, %	450	422	28	444	6
Net deposits/Savings capital, %	12	12	0	12	0
Return, average account since Jan 1 st, %	11	8	3	3	8
SIX Return Index since Jan 1 st, %	16	16	0	5	11

For definitions see page 17.

Avanza's savings capital grew considerably during the first quarter, driven by the high customer inflow and net inflow in combination with the positive developments in the stock market. Customer savings capital with Avanza at the end of the period amounted to SEK 168 billion, which was an increase of 19 per cent compared with the beginning of the year. The average return on customers' accounts amounted to 11 per cent during the quarter.

Savings capital in investment savings accounts was more than twice as large as at the end of the period compared with one year before. Savings capital invested in external deposit accounts and occupational pension accounts was 40 per cent and 62 per cent higher, respectively.

The interest in funds continued to be high during the first quarter. At the end of the quarter 30 per cent of the customers' capital was invested in funds, which was 4 percentage points higher than in the previous year. Despite reductions in interest rates, deposits increased by 16 per cent during the quarter. Lending increased by 9 per cent since the beginning of the year. At the end of the period the allocation was 61 per cent securities lending and 39 per cent mortgage loans.

## Development

Due to increases in net inflow and customer numbers, it is now more important than ever to maintain and develop the internal

processes and systems. This will enable to continue to create economies of scale and stability and thereby maintain a strong growth rate, as well as continue to deliver a high quality service to the customers. One of the main areas of Avanza's development during the first quarter was the processes for new customers, due to the large number of new customers on our books.

With Avanza's strong customer focus, the development activities during the quarter concentrated on evolving customer-driven improvements, streamlining customer experience, and offering new services and functionalities. Among others, the work have concentrated on continued developing of the website to be able to provide the customers a world class digital experience. Moreover a number of efficiency measures was implemented, such as improvements to underlying systems and stability requirements, largely based on customer feedback.

Due to the growing use of mobile devices for logging on and an increased demand for mobile services, the creation of a new mobile presence proceeds and we expect the first results in form of new mobile apps for iPhone and Android to be launched this summer, as previously communicated.

Other development areas in the last quarter was to ensure mobile withdrawals with secure pin numbers. Another achievement was to enable customers, who open an Avanza account in the evening or at the weekend, to deposit their money straight away.

## Financial overview

	2015 Jan-Mar	2014 Jan-Mar	Change %	2014–2015 Apr–Mar	2014 Jan–Dec	Change %
<b>Income Statement, SEK m</b>						
Brokerage income	113	78	45	321	286	12
Fund commissions	39	24	63	128	113	13
Net interest income	47	52	-10	199	204	-2
Other income	26	19	37	100	93	8
<b>Operating income</b>	<b>225</b>	<b>173</b>	<b>30</b>	<b>748</b>	<b>696</b>	<b>7</b>
Personnel	-64	-58	10	-240	-234	3
Marketing	-9	-5	80	-29	-25	16
Depreciation	-2	-2	0	-7	-7	0
Other expenses	-35	-32	9	-129	-126	2
<b>Operating expenses before credit losses and provisions of VAT</b>	<b>-110</b>	<b>-97</b>	<b>13</b>	<b>-405</b>	<b>-392</b>	<b>3</b>
<b>Profit before credit losses and provisions of VAT</b>	<b>115</b>	<b>76</b>	<b>51</b>	<b>343</b>	<b>304</b>	<b>13</b>
Credit losses, net	0	0	0	0	0	0
Provision of VAT *	-	-	-	-8	-8	0
<b>Operating profit</b>	<b>115</b>	<b>76</b>	<b>51</b>	<b>335</b>	<b>296</b>	<b>13</b>
<b>Key ratios</b>						
Operating margin, %	51	44	7	45	43	2
Profit margin, %	44	38	6	38	36	2
Cost/Income ratio, %	49	56	-7	54	56	-2
Earnings per share, SEK	3.43	2.26	52	9.82	8.64	14
Earnings per share after dilution, SEK	3.39	2.24	51	9.72	8.56	14
Return on shareholders' equity, %	13	8	5	37	32	5
Credit loss level, %	0.00	0.00	0.00	0.00	0.00	0.00
Investments, SEK m	6	2	200	16	12	33
Brokerage income/Operating income, %	50	45	5	43	41	2
Fund commissions/Operating income, %	17	14	3	17	16	1
Net interest income/Operating income, %	21	30	-9	27	29	-2
Other income/Operating income, %	12	11	1	13	13	0
Operating income/Savings capital, %	0.15	0.15	0.00	0.54	0.54	0.00
Operating expenses/Savings capital, %	0.07	0.08	-0.01	0.29	0.31	-0.02
Brokerage per commission note, SEK	59	70	-16	65	68	-4
Brokerage income per trading day, SEK m	1.8	1.3	38	1.3	1.2	8
No. trading days	61.5	62.0	-1	246.5	247.0	0
Average no. employees	308	273	13	294	283	4
Web service operational availability, %	99.8	99.7	0.1	99.8	99.7	0.1

\* Provision of VAT during the third quarter 2014 refers to the years 2010–2012

	31-03-2015	31-12-2014	Change %	31-03-2014	Change %
Shareholders' equity per share, SEK	24.65	28.22	-13	29.75	-17
Capital base/Capital requirement	1.74	1.72	1	1.69	3
No. employees	320	296	8	282	13
Market value, SEK	300.50	258.00	16	248.50	21
Market capitalisation, SEK m	8,680	7,450	17	7,175	21

For definitions see page 17.

Avanza also publishes an Excel document containing financial history. The information is presented in English and can be viewed at [avanza.se/keydata](http://avanza.se/keydata).

Operating income in the first quarter was up 30 (15 %) per cent, compared to the same period in the previous year. The brokerage income increased due to a larger customer base and greater trading activity. This however was offset by a slightly lower brokerage income per commission note. Brokerage per commission note was 16 (-3 %) per cent lower than in the previous year. Fund commissions increased due to a growing interest in investing in funds and thereby increased fund capital. Other commission income increased compared to the first quarter 2014, mainly due to increased income from currency exchange and Corporate Finance services. Net interest income

decreased compared to the previous year, as a result of a lower repo rate and lower market interest rates. This however was largely offset by increased lending and better return on liquidity surplus which since the end of 2014, among others, is invested in covered bonds. The repo rate during the first quarter was on average 0.81 percentage points lower than during the same period in the previous year.

Operating expenses before credit losses increased by 13 (1 %) per cent during the quarter, compared to the same period in the previous year, mainly due to higher personnel costs. The latter increased by 10 per cent, partly as a result of the increased

investment in occupational pensions and the resultant larger sales organisation, as well as enhanced capacity within IT development. Given the good growth performance Avanza has had with increased marketing activities during the beginning of the year, we intend to continue the efforts during 2015. Therefore a cost increase rate of 8-10 per cent for the full year is expected, compared with the previously announced 6-8 per cent.

Revenue growth during the first quarter was noticeably higher than the rate of cost increase, which corresponds to Avanza's long-term goal. Operating profit before tax amounted to 115 (76), an increase of 51 per cent compared with the same period previous year. This corresponds to an operating margin of 51 (44) per cent.

During the first quarter Avanza received a ruling from the Swedish Tax Authority on the VAT inquiry which commenced during 2014, relating to the period 2010 - 2012. The decision is consistent with the provisions Avanza made for VAT during the third quarter 2014.

### **Financial position**

Avanza is self-financed by equity and customer deposits. All of Avanza's assets have a high level of liquidity. The majority of the

assets can, therefore, be transferred within a couple of days. The assets are deemed to be secure. The surplus liquidity is invested in covered bonds in systemically important Nordic banks and all lending is secured against listed securities and with pledges on houses and tenant-owned apartments. SEK 796 m of the liquid assets as per the end of the period, SEK 4,842 m, was assets pledged as collateral. Avanza does not conduct, and has not previously conducted, trading in securities on its own behalf. Between 2001 and the first quarter in 2015 total credit losses amounted to SEK 9 million, which is the equivalent, on average, to less than 0.03 per cent per year.

### **The Parent Company Avanza Bank Holding AB (publ)**

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for the first quarter was SEK -4 million (SEK -1 m). The Parent Company does not report any sales. A dividend payment of SEK 202 million (SEK 231 m) has been made to the shareholders.

### **Capital surplus**

<b>SEK m</b>	<b>31-03-2015</b>	<b>31-12-2014</b>
Shareholders' equity, the Group	712	815
Intangible fixed assets and deferred tax receivables	-31	-28
Capital requirement with reference to Pillar I	-352	-340
<b>Total capital surplus before dividend</b>	<b>329</b>	<b>447</b>
Capital surplus per share, SEK	11.40	15.49

*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 14.*

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 329 million as of 31 March 2015.

The new Basel 3 and Solvency 2 regulations entail increased capital requirements in the years ahead for both Avanza's banking company and the insurance company. With continued favorable growth conditions for 2015, the capital requirement is expected to increase further.

# Outlook for the future

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## Avanza's growth potential

The growth potential for the Swedish savings market is considered to be good. We estimate that the Swedish savings market in the long-term will grow at a rate of 4–8 per cent per annum, which is in line with the growth we have seen over the last ten years. Pension and insurance savings plans normally account for half of this growth. Stricter mortgage repayment rules and concerns over falling property prices, coupled with an unstable stock market, could however lead to Swedish customers choosing to save by paying off more on their mortgages instead, which in turn could have a negative impact on the growth of the Swedish savings market.

However, Avanza's growth opportunities are not limited by the growth of the savings market. This is due to the fact that Avanza only has a 2 per cent market share of the Swedish savings market and the fact that funds that are transferred to Avanza from other savings institutions do not count as part of the net inflow to the Swedish savings market. In order to create long-term shareholder value Avanza is focusing on areas which can be directly influenced and support the company's underlying growth, in combination with good cost control – economies of scale and focus on customer satisfaction, which over time promotes net inflow and a growth in the number of customers.

## 3–5 year outlook

### *Low interest rate environment and focus on the importance of fees*

We perceive a clear trend whereby fees are becoming more and more significant for savers, not least because interest rates are going down. As customers have started to review their savings, the significance of fees has become more and more prominent. A low interest rate environment also affects our customers' disposable income and savings potential in a positive way, through for example lower housing costs. We believe it is likely that more capital will be transferred to Avanza, which will contribute to underlying growth in revenues. Meanwhile the Swedish Central bank has indicated that interest rates will stay low until the end of 2016, which will continue to impact negatively on our net interest income. A one percentage point change in the repo rate corresponds to a change of SEK 100–120 million in Avanza's net interest income. Once interest rates finally go up again we fully expect to see a positive outcome due to a sharp increase in savings capital, even if growth in customers might slow down slightly.

More people discover the advantages of saving with investment savings accounts (ISK) which offer low standard tax rates. At the end of March the government presented a proposal to increase the tax on ISK and endowment insurance. However we believe that the more profitable option will still be to save in accounts which are taxed on a standardized basis, compared to traditional saving in equity and investment fund accounts.

### *A shift toward more individual savings*

We can also see a trend towards an increased demand for digital services within savings. We think it is likely that this trend will continue and this should strengthen Avanza's position and growth prospects. The need for individual savings is increasing as a result of a gradual deterioration of the public pension provisions, leading

to a greater demand for enhanced product ranges, freedom of choice and lower fees. Avanza's IT platform, together with a range of products and services that offers simple information and relevant tools for customers to make informed investment decisions, mean that Avanza will benefit as more responsibility is being transferred from public and corporate pension and welfare systems to the individual.

### *The result of enhanced transferability of pensions*

The pensions and insurance market is nearly twice the size of the market for direct savings in stocks, shares and funds. Today's transfer rights only cover pension policies effected after 2007 and the transferable capital is thereby limited to a fraction of the pension and insurance market, even though this will gradually increase over time. Should there be a parliamentary decision on enhanced rights to transfer, customers would be able to move all, or part of, their savings to Avanza and thereby increase their pension due to lower fees, a wider choice and access to Avanza's broad range of pension products. It is currently very unclear as to when full transfer rights will come into effect, but the first move towards this is the new rules on commissions and strengthen consumer protection for adoption in the summer of 2016 and entry into force in January 2017.

### *Decreasing income to savings capital ratio*

The income to savings capital ratio has fallen by 9 per cent per annum, from 87 to 54 basis points during the last five years, due to falling short-term interest rates, fluctuations in trading activity on the stock market, as well as price pressure coupled with mixed effects on savings. Taking into account the current low interest rate environment, we estimate that the income to savings capital ratio will continue to fall from its present level, but at a lower rate than in the past. We further anticipate continued effects of the product mix in savings capital as we think it is likely that fund savings will increase in the future, in conjunction with further increases in pension capital. On the other hand, price pressure due to competition is expected to be limited.

Within the foreseeable future, we are not expecting a return to previous levels of income to savings capital ratio, considering the current behavioural patterns among savers with a lower appetite for risk than previously, and a growing cost awareness. We believe that our constant focus on low fees and innovative products will work very well in such an environment. We are therefore convinced that Avanza is well placed for further growth in terms of attracting new savings capital from new, as well as existing, clients.

Competitiveness and profitability will need to be achieved through reduced cost to savings capital ratio. Avanza is well placed for this future prospect thanks to the company's highly scalable IT-systems. To enable us to deliver the highest possible customer service in the future we need to keep our focus on achieving further efficiencies and enhanced scalability in the years to come, as well as extending our IT-development capacity. We have previously communicated our intentions to keep the rate of cost increase at 6–8 per cent per annum in the coming years if the results remain. Given the efficiency we have in customer acquisition, and the good results in customer growth we have

enjoyed with increased marketing efforts during the first quarter, we intend to continue to invest in the coming years. Thus, we predict our costs would be more likely to rise by 8–10 per annum, given the high rate of growth we see today. This can be compared to an average figure of 11 percent in the previous five years. This rate range acts as either an accelerator or a brake to be able to

combat or confront the market conditions with the necessary efforts, and can be re-evaluated should the growth conditions change. Due to continued strong customer growth and growth in savings capital, we estimate that there is scope for lowering the cost to savings capital ratio over the next 3–5 years from today's level of 31 points to 20 points.

## Other corporate events

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### **Significant risks and uncertainly factors**

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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 2014, Note 36 and pages 36–39. 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**

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Avanza's transactions with associated parties are presented in the Annual Report for 2014, Note 37. No significant changes have taken place since the publication of the Annual Report.

### **Board of Directors**

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At the Annual General Meeting held on 18 March 2015 Andreas Rosenlew stepped down from the Board of Directors and Jonas Hagströmer was elected as a new board member. The other board members were re-elected together with the Chairman of

the Board. More information about the Avanza Board of Directors and the individual board members can be found at [investors.avanza.se](http://investors.avanza.se).

### **Repurchase of the company's own shares**

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On 18 March 2015, 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 (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased during the first three months of 2015 and the company holds no repurchased shares as of 31 March 2015.

### **Significant events after the end of the reporting period**

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No significant events have occurred after the end of the reporting period.

### **Financial calendar**

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Interim Report, January – June 2015	14 July 2015
Interim Report, January – September 2015	20 October 2015
Preliminary Financial Statement 2015	January 2016

## Consolidated Income Statements \*

SEK m	2015 Jan–Mar	2014 Jan–Mar	2014–2015 Apr–Mar	2014 Jan–Dec
<b>Operating income</b>				
Commission income	206	143	640	577
Commission expenses	-28	-22	-91	-85
Interest income	49	64	232	247
Interest expenses	-2	-12	-33	-43
Net result of financial transactions	0	0	0	0
Other operating income	-	-	0	0
<b>Total operating income</b>	<b>225</b>	<b>173</b>	<b>748</b>	<b>696</b>
<b>Operating expenses</b>				
General administrative costs	-92	-83	-343	-334
Depreciation of tangible and intangible fixed assets	-2	-2	-7	-7
Other operating expenses **	-16	-12	-63	-59
<b>Total operating expenses before credit losses</b>	<b>-110</b>	<b>-97</b>	<b>-413</b>	<b>-400</b>
<b>Operating profit before credit losses</b>	<b>115</b>	<b>76</b>	<b>335</b>	<b>296</b>
Credit losses, net	0	0	0	0
<b>Operating profit</b>	<b>115</b>	<b>76</b>	<b>335</b>	<b>296</b>
Tax on profit for the period	-16	-11	-51	-46
<b>Net profit/loss for the period ***</b>	<b>99</b>	<b>65</b>	<b>284</b>	<b>250</b>
Earnings per share, SEK	3.43	2.26	9.82	8.64
Earnings per share after dilution, SEK	3.39	2.24	9.72	8.56
Average no. shares before dilution, thousand	28,874	28,874	28,874	28,874
Average no. shares after dilution, thousand	29,242	29,126	29,171	29,139
Outstanding no. shares before dilution, thousand	28,874	28,874	28,874	28,874
Outstanding no. shares after dilution, thousand	29,266	29,144	29,266	29,170
No. shares upon full dilution, thousand	30,344	30,344	30,344	30,344

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

\*\* Other operating expenses during the third quarter 2014 include provisions of SEK 8 m concerning VAT referring to the years 2010–2012.

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

## Consolidated Balance Sheet

SEK m	Note	31-03-2015	31-12-2014
<b>Assets</b>			
<b>Assets</b>			
Lending to credit institutions	1	4,842	4,535
Lending to the public	2	6,353	5,349
Bonds		8,506	6,070
Shares and participations		0	34
Assets in insurance operations		60,265	50,898
Intangible fixed assets		28	26
Tangible fixed assets		14	12
Other assets		259	207
Prepaid costs and accrued income		106	165
<b>Total assets</b>		<b>80,373</b>	<b>67,296</b>
<b>Liabilities and shareholders' equity</b>			
Deposits by the public		18,644	15,038
Liabilities in insurance operations		60,265	50,898
Other liabilities		675	454
Accrued costs and prepaid income		77	91
Shareholders' equity		712	815
<b>Total liabilities and shareholders' equity</b>		<b>80,373</b>	<b>67,296</b>

## Changes in the Group's shareholders' equity

SEK m	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
<b>Shareholders' equity at the beginning of the period</b>	<b>815</b>	<b>794</b>	<b>794</b>
Dividend paid	-202	-	-231
Warrants issue	-	-	2
Net profit/loss for the period (also total comprehensive income)	99	65	250
<b>Shareholders' equity at the end of the period</b>	<b>712</b>	<b>859</b>	<b>815</b>

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

## Consolidated Cash Flow Statements

SEK m	2015 Jan-Mar	2014 Jan-Mar
Cash flow from operating activities before changes in operating activities' assets and liabilities	89	39
Cash flow from operating activities' assets and liabilities	2,818	-82
Cash flow from investment operations	-2,442	-2
Cash flow from financial operations	-202	0
<b>Cash flow for the period</b>	<b>263</b>	<b>-45</b>
<b>Liquid assets at the beginning of the period *</b>	<b>3,783</b>	<b>8,469</b>
<b>Liquid assets at the end of the period *</b>	<b>4,046</b>	<b>8,424</b>

\* Liquid assets are defined as lending to credit institutions excluding pledged assets. At the end of the period SEK 796 million (SEK 661 m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statements

SEK m	2015 Jan-Mar	2014 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-3	-1
Other operating expenses	-1	0
<b>Operating profit/loss</b>	<b>-4</b>	<b>-1</b>
<b>Profit/loss from financial investments</b>		
Profit/loss from participations in Group companies	-	-
Interest income and similar items	0	0
<b>Profit/loss before tax</b>	<b>-4</b>	<b>-1</b>
Tax on profit for the period	1	0
<b>Net profit/loss for the period</b>	<b>-3</b>	<b>-1</b>

## Parent Company Balance sheets

SEK m	31-03-2015	31-12-2014
<b>Assets</b>		
Financial fixed assets	409	408
Current receivables *	2	166
Liquid assets	0	0
<b>Total assets</b>	<b>411</b>	<b>574</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	365	571
Current liabilities	46	3
<b>Total shareholders' equity and liabilities</b>	<b>411</b>	<b>574</b>

\* Of which receivables from subsidiaries SEK 0 million (SEK 166 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 Report 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 2014 Annual Report. A new interpretation of IFRIC 21 became effective in 2014, applicable to the financial year commencing 17 June 2014. This change has not impacted on the Group's financial reports, capitalization or major exposures.

## Notes

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### NOTE 1 LENDING TO CREDIT INSTITUTIONS

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Client fund receivables, attributable to banking business, amount to SEK 987 million (SEK 895 m as of 31 December 2014) which are reported net against client fund payables of SEK 987 million (SEK 895 m as of 31 December 2014).

### NOTE 2 LENDING TO THE PUBLIC

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Lending to the public is reported after deduction for confirmed and anticipated credit losses. As per 31 March 2015, anticipated credit losses amounted to SEK 8 million (SEK 8 m as of 31 December 2014).

SEK 534 million (SEK - m as of 31 December 2014) of lending to the public as of 31 March 2015 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 income, as the interest on deposits is the same as the lending rate. The remaining part of lending to the public is secured with collateral in the form of securities SEK 3,533 million (3,345 as of 31 December 2014) and houses and tenant-owned apartments SEK 2,286 million (SEK 2,004 m as of 31 December 2014). Regarding mortgage loans as of 31 March 2015 SEK 2,595 million (SEK 2,439 m as of 31 December 2014) has been granted, implying that the commitment for granted, undisbursed mortgage loans amounts to SEK 309 million (SEK 435 m as of 31 December 2014).

### NOTE 3 FINANCIAL INSTRUMENTS

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Classification of financial information

31-03-2015, SEK m	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
<b>Assets</b>						
Lending to credit institutions	–	–	4,842	–	–	4,842
Lending to the public	–	–	6,353	–	–	6,353
Bonds	–	8,506*	–	–	–	8,506
Shares and participations	0	–	–	–	–	0
Assets in insurance operations	60,265	–	–	–	–	60,265
Intangible assets	–	–	–	–	28	28
Tangible assets	–	–	–	–	14	14
Other assets	–	–	257	–	2	259
Prepaid costs and accrued income	–	46	42	–	18	106
<b>Total assets</b>	<b>60,265</b>	<b>8,552</b>	<b>11,494</b>	<b>–</b>	<b>62</b>	<b>80,373</b>
<b>Liabilities</b>						
Deposits by the public	–	–	–	18,644	–	18,644
Insurance operations liabilities	60,265	–	–	–	–	60,265
Other liabilities	–	–	–	572	103	675
Accrued costs and prepaid income	–	–	–	54	23	77
<b>Total liabilities</b>	<b>60,265</b>	<b>–</b>	<b>–</b>	<b>19,270</b>	<b>126</b>	<b>79,661</b>

\* The fair value amounts to SEK 8,493 million, of which SEK 8,493 million is attributed to level 1 and SEK – million to level 2 in the hierarchy for fair value. The valuation principles are the same as for similar instruments that are reported at fair value in the balance sheet.

#### Financial instruments valued at fair value

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31-03-2015, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	29,817	0	0	29,817
Fund units	1,752	20,418	–	22,170
Bonds and other interest-bearing securities	9,363	367	–	9,730
Other securities	153	266	–	419
Liquid assets	–	–	–	6,622
<b>Total assets</b>	<b>41,085</b>	<b>21,051</b>	<b>0</b>	<b>68,758</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	60,265	–	60,265
<b>Total liabilities</b>	<b>–</b>	<b>60,265</b>	<b>–</b>	<b>60,265</b>

#### *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.

#### **NOTE 4 CAPITAL REQUIREMENT FOR THE FINANCIAL CONGLOMERATE**

SEK m	31-03-2015	31-12-2014
<b>Capital base</b>		
Shareholders' equity, the Group	712	815
Assumed/Proposed dividend	-69	-202
<b>Shareholders' equity, financial conglomerate</b>	<b>643</b>	<b>613</b>
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-31	-28
<b>Capital base</b>	<b>612</b>	<b>585</b>
<b>Capital requirement</b>		
Capital requirement for regulated units within the banking and securities sector	318	306
Capital requirement for regulated units in the insurance sector	34	34
Theoretical capital requirements for non-regulated units	0	0
<b>Capital requirement</b>	<b>352</b>	<b>340</b>
<b>Capital surplus</b>	<b>260</b>	<b>245</b>
<b>Capital base/Capital requirement</b>	<b>1.74</b>	<b>1.72</b>

The above table refers to the financial conglomerate, including Avanza Bank Holding AB (publ) 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.

Avanza has requested prior authorization from the Swedish Financial Supervisory Authority (Finansinspektionen) to include the interim surplus when calculating its capital base for 2015. The above table is valid provided the permission is granted.

In addition to this there are buffer requirements for regulated units within the banking and securities sector (the consolidated situation) which are reported in note 5.

## NOTE 5 CAPITAL BASE AND CAPITAL REQUIREMENT IN THE CONSOLIDATED SITUATION

Figures reported in this section refer to the minimum capital requirements under Pillar 1, according to the capital adequacy regulations applying from time to time. On 1 January 2014, the European Capital Requirements Regulation (CRR) came into force. The capital base and capital requirement as of 2014 are calculated in accordance with the new EU regulations.

The consolidated situation includes Avanza Bank Holding AB (publ) and the subsidiaries Avanza Bank AB and Avanza Fonder AB.

SEK m	31-03-2015	31-12-2014
<b>Tier 1 capital</b>		
Shareholders' equity, the Group	712	815
Assumed/Proposed dividend	-28	-202
Equity not part of the consolidated situation	-156	-112
<b>Equity, consolidated situation</b>	<b>528</b>	<b>501</b>
Deducted items:		
Intangible assets and deferred taxes	-30	-28
<b>Common equity tier 1 capital</b>	<b>498</b>	<b>473</b>
<b>Total own funds</b>	<b>498</b>	<b>473</b>
<b>Capital requirement</b>		
Credit risk according to standardised approach	243	233
Market risks	0	6
Settlement risk	0	0
Operational risk	69	69
<b>Total capital requirement</b>	<b>312</b>	<b>308</b>
<b>Risk exposure amount</b>		
Credit risk according to standardised approach	3,036	2,915
of which Institutions	968	906
of which Corporates	23	70
of which Households	228	346
of which Collateral in real estate	800	702
of which Covered bonds	830	611
of which Other items	187	280
Market risks	0	69
Settlement risk	0	0
Operational risk	862	862
<b>Total risk exposure amount</b>	<b>3,898</b>	<b>3,846</b>
<b>Capital ratios and buffers</b>		
Common equity tier 1 ratio, %	12.8	12.3
Tier 1 ratio, %	12.8	12.3
Total capital ratio, %	12.8	12.3
Capital base in relation to capital requirement	1.60	1.54
Institution-specific buffer requirement, %	2.5	2.5
of which capital conservation buffer requirement, %	2.5	2.5
Total capital requirement including buffer requirement, %	10.5	10.5
Common equity tier 1 capital available for use as a buffer, %	8.3	7.8
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirements	89	69
Additional requirement with reference to Pillar 2	4	14
Capital surplus after buffer requirement and Pillar 2	85	55

*Information is only provided regarding the buffer requirements which have come into force.*

The CEO ensures that the preliminary financial statement 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, 20 April 2015

Martin Tivéus  
Chief Executive Officer

#### **For additional information**



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Telephone: +46 (0)73-661 80 04

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 20 April 2015.

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

A presentation will be held by Martin Tivéus, CEO and Birgitta Hagenfeldt, CFO on 20 April 2015 at 10.00 (CET). The presentation will be held in English and there will be opportunities to ask questions. The briefing can be attended at [avanza.com](http://avanza.com), using confirmation code 5661081. Phone number for participants:

- Sweden +46 (0)8 50513793
- UK +44 (0)20 34271904
- US +1212 444 0481

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](http://avanza.se/keydata).

#### **Headoffice**

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*This Preliminary Financial Statement 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

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### Account

An open account 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

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 the capital requirement are determined.

### Commission note

Daily summary of the buying and selling assignments by a customer involving a specific security. A commission note may comprise one or more transactions. A commission note constitutes the basis on which brokerage charges are levied.

### Cost/income ratio

Costs before credit losses in relation to income.

### Credit loss level

Net credit losses in relation to opening balance for lending to credit institutions and lending to the public.

### Customer

Individuals or companies with at least one account with holdings.

### 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.

### Investment fund commission

Kickbacks from fund management companies. Comprises entry commission and commission based on fund volume.

### Lending

Lending 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 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.

### Operating expenses

Operating expenses before credit losses and provisions of VAT.

### Operating expenses/Savings capital

Operating expenses in relation to average savings capital during the period.

### 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.

### 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.

### Savings capital

The combined value of accounts held with Avanza.

### Transactions

Buying and selling transactions completed in different markets and involving different securities.



Avanza Bank Holding AB (publ) • Registered office: Stockholm • Corporate ID no: 556274-8458