



Preliminary Financial Statement 2015

- Net inflow totaled SEK 25,200 million (SEK 20,100m), corresponding to 18 (18) per cent of the savings capital at the beginning of the year
- The number of customers increased by 26 (17) per cent to 467,600 (371,200 as of 31 December 2014)
- The total savings capital increased by 35 (26) per cent to SEK 191,600 million (SEK 141,900m as of 31 December 2014)
- Operating income increased by 33 (17) per cent to SEK 923 million (SEK 696m)
- Operating margin was 53 (43) per cent
- The profit after tax increased by 66 (30) per cent to SEK 415 million (SEK 250m)
- Earnings per share increased by 65 (30) per cent to SEK 14.23 (SEK 8.64)
- The Board of Directors proposes a dividend of SEK 10.50 (SEK 7.00) per share
- No other significant events have occurred after the end of the reporting period

Fourth Quarter

- Operating income increased by 34 per cent (19) to SEK 258 million (SEK 193m)
- The profit after tax increased by 71 per cent (28) to SEK 118 million (SEK 69m)
- Earnings per share increased by 71 per cent (28) to SEK 4.03 (SEK 2.36)

Quarterly highlights

- Avanza was ranked as Sweden's best financial company (including both banking and insurance enterprises) in the 2015 "Reputation Barometer"
- For the sixth consecutive year, Avanza won the savings category award for "Sweden's Most Satisfied Customers" in the annual survey conducted by SKI
- Avanza won the business magazine Privata Affärer's award "Educator of the Year" for the launch of the Avanza Academy
- Avanza issued a subordinated bond of SEK 100m in order to strengthen the capital base
- Martin Tivés informed the Board of Directors that he will resign from his position as CEO of Avanza during 2016

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 challenging the major banks and insurance companies on the Swedish savings market – a market which still has considerable growth potential. Avanza has five concrete growth strategies: Customers first, Price leadership, We only do what we do best, 100 % digital and Improve and challenge ourselves every day.

Avanza offers leading digital services in savings and investment, in both 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, mutual funds, equity-linked bonds, derivatives and 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/en.

Our mission & business model

With us our customers will have more money left in their own 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 charging each customer as little as possible, thereby attracting an ever larger customer base. 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 targets

Satisfied customers:

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

Satisfied shareholders:

- A market share of at least 7 per cent of the total net inflow to the Swedish savings market
- An annual customer growth of at least 10 per cent of the customer base at the beginning of the year (our target up to 2015 was a net amount of 30,000 to 40,000 new customers per year)
- 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 NPS (Net Promoter Score) over 40

	Q4	Q3	Q2	Q1	Q4	Q3 ¹⁾	Q2	Q1	Q4
Quarterly overview	2015	2015	2015	2015	2014	2014	2014	2014	2013
Operating income, SEK m	258	209	231	225	193	166	164	173	162
Operating profit, SEK m	140	109	121	115	82	71	67	76	64
Operating margin, %	54	52	52	51	42	43	41	44	40
Earnings per share, SEK	4.03	3.19	3.57	3.43	2.36	2.10	1.92	2.26	1.85
Shareholders' equity per share, SEK	38.37	34.33	30.97	24.65	28.22	25.85	23.67	29.75	27.49
Return on shareholders' equity, %	11	10	13	13	9	8	7	8	7
Net inflow, SEK m	5,790	5,010	4,370	10,000	5,940	4,560	4,040	5,520	2,490
No. new customers (net)	23,700	20,400	20,500	31,800	15,900	12,800	11,500	14,500	9,600
No. customers at the end of the period	467,600	443,900	423,500	403,000	371,200	355,300	342,500	331,000	316,500
Savings capital at the end of the period, SEK m	191,600	170,700	170,000	168,200	141,900	133,400	130,100	121,800	112,600
Income to savings capital ratio, %	0.14	0.12	0.14	0.15	0.14	0.13	0.13	0.15	0.15
Costs to savings capital ratio, %	0.07	0.06	0.07	0.07	0.08	0.07	0.08	0.08	0.09

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

A record-breaking year

After a trading intensive ending of a volatile year on the stock markets, we can summarize 2015 as our strongest year ever, both in terms of profit and growth. With 23,700 new customers in the fourth quarter and 96,400 for the entire year, we exceeded last year's record growth of 54,700 new customers by far.

Despite uncertainty on the market, net inflow increased by 25 per cent to a record-breaking SEK 25 billion. During the period October 2014 – September 2015 Avanza's share of the total net inflow to the Swedish savings market was 8.8 per cent, significantly higher than our long-term target of 7 per cent. Bolstered by the robust customer growth and several key product launches during the year, we also strengthened our market shares in trading. During 2015 Avanza was the largest Swedish bank on the Stockholm Stock Exchange in terms of number of transactions, and became, for the first time, the largest Swedish bank by volume in the final quarter of the year. The market share on the Stockholm Stock Exchange and First North during the fourth quarter was a record high 13.1 per cent in terms of number of transactions. These developments serve as confirmation that we have succeeded in establishing Avanza as the leading trading platform on the market.

Operating profit increased by 64 per cent in spite of pressure in net interest income

Backed up by the strong net inflow of customers and capital, savings capital increased by 35 per cent over the full year. In tandem with the high level of trading activity, this contributed to an increase of 33 per cent to operating income. This comes despite a decline in net interest income in the wake of the reduced repo rate. During the fourth quarter, which saw both upturns and downturns on the Stockholm Stock Exchange, we recorded our best ever result for net brokerage. The increase in net brokerage for the full year amounted to fully 67 per cent. Corporate Finance also enjoyed a positive conclusion to the season with a high level of activity - this illustrates the power of our growing customer base, which serves as an excellent platform for a cost-efficient distribution of ownership.

Continued good cost control, with improved scalability and continued efficiency enhancements, entailed that the cost to savings capital ratio decreased by 16 per cent, from 31 to 26 basis points. At the same time, the operating margin for the full year increased from 43 to 53 per cent. For me, this represents clear evidence of the strength and scalability of our business model. We are also more well-capitalised than we have been for a considerable time, with a capital ratio of 18.3 per cent – compared with the requirement of 11.5 per cent.

Considering the developments outlined above, the Board of Directors proposes a dividend of SEK 10.50 per share, in line with our policy of distributing a minimum of 70 per cent of profits to our shareholders.

Sweden's most satisfied savers for the sixth consecutive year

Customer satisfaction is and will always be our main focus, and it was with great pleasure we, in December, received the Swedish Quality Index's award for "Sweden's Most Satisfied Customers" in the savings category, for the sixth consecutive year. Moreover,

Avanza earned the highest rating in all sub-categories, as well as setting new records in both satisfaction and loyalty. The results of the "Reputation Barometer" survey in November also show that Avanza benefits from the highest level of trust among all banks in Sweden. In my opinion, these achievements demonstrate that we have overseen the intense growth rate during the year without compromising on either quality or service, and that our work to create a better alternative for the savers in Sweden is bearing fruit.

As the country's leading digital platform for savings and investments, we aim to offer our customers the market's best digital experience in combination with the market's lowest fees. One hygiene factor is the operational reliability of our systems, which was elevated to 99.96 per cent during the year. Before summer, we launched a new mobile platform, meeting the increased demand from customers for mobile services. The new mobile apps had 279,000 users at year-end and, during the fourth quarter, a total of 53 per cent of all logins took place via mobile devices. In conjunction with the launch, we also lowered the minimum brokerage for trading in US shares to a market leading USD 1 per transaction. Savings in mutual funds are increasing in popularity. In 2015 we launched the first version of our Portfolio Generator, which enables our customers to create their own well-allocated, five star portfolio of mutual funds in just a few clicks. Also new for the year is Avanza Markets, offering brokerage-free trade in commercial paper with Bull & Bear certificates and Mini-Futures with high transparency and liquidity.

Focus areas in 2016

Our three focus areas for 2016 are maintaining strong growth rate, to further develop our digital decision support tools to appeal to broader customer segments, and additional efficiency enhancements to further improve scalability and quality. Consequently, we are further augmenting our digitalisation and our mobile platforms, as well as our offerings in pensions and Private Banking. From January, we will re-organize our Private Banking organisation, to be able to better support an ever increasing number of customers. Maintaining our competitiveness while continuing on the path of strong, robust growth, without compromising on quality, is essential in our mission towards better, simpler and cheaper alternatives for the savers in Sweden.

From 2016, we will change our long-term growth target for customer growth to at least 10 per cent of the customer base at the beginning of the year. A target that grows with time, unlike our previous static growth target.

Finally, I would like to extend my gratitude to all of our amazing employees for their hard work during the year. This will be my final Preliminary Financial Statement for Avanza and I look forward to putting all my energy into an exciting final six months as CEO.

Stockholm, 21 January 2016



Martin Tivéus, CEO Avanza

Operations

Market and sales

Avanza's focus is the Swedish savings market, which in 2015 was characterized by a volatile stock market and interest rate reductions.

Volatile stock exchange

The Stockholm Stock Exchange had a positive development in the beginning of the year, reaching an all-time high at the end of April. During the third quarter, the upswing seen throughout the year was wiped out due to uncertainty on the financial markets. The final three months of the year again saw positive development on the Stockholm Stock Exchange, in spite of terrorist acts and unrest in the world, and the SIX Return Index rose by 6 per cent. Total return for 2015 amounted to 10 per cent and the trading activity on the stock exchange was high. Turnover on the Stockholm Stock Exchange during the fourth quarter was 16 per cent higher than during the corresponding period in the previous year, and total turnover for 2015 was 27 per cent higher than the previous year. Avanza's customers broke the company's trading record in terms of number of transactions, with over 200,000 transactions per day on several days during the fourth quarter.

Trade in mutual funds also increased significantly among Avanza's customers. The customers purchased mutual funds at a net amount of SEK 5.5 billion, making an average of 1.5 fund exchanges per account and month. This represents an increase of 25 per cent compared with 2014. During the last quarter of the year trade in mutual funds slowed down, but savers continued to purchase equity funds, mainly small cap funds, while selling fixed interest funds. Interest in Avanza's funds of funds was also substantial and asset under management doubled during 2015 to an amount of SEK 1.6 billion.

Negative repo rate

In the first quarter the Swedish central bank reduced the repo rate in two steps, bringing the rate into negative territory. In July, the rate was further reduced, to -0.35 per cent. The below-zero rate encouraged a growing number of savers to look for better returns in the stock market, as it became increasingly clear that Swedish savers were not receiving any return from traditional savings accounts.

Despite falling market interest rates, Greek worries in the second quarter and falling stock markets in China in the third quarter, coupled with the preceding sharp appreciation in equity prices in the first quarter, meant that a growing number of Avanza customers opted to be uninvested. During the fourth quarter, significant numbers of customers once again chose to invest in both shares and mutual funds. Consequently customer deposits as a percentage of savings capital decreased slightly at the end of the year. As a result of the negative repo rate, the increased level of deposits for the year had a negative impact on Avanza's net interest income.

Increased market shares

Avanza's market share, as measured by the number of transactions on the Stockholm Stock Exchange including First

North, increased significantly in the fourth quarter to 13.1 (7.5) per cent and was 10.9 (7.6) per cent for the full year. A high level of trading activity among Avanza's customers resulted in Avanza, during the autumn, also becoming the largest Swedish bank on the Stockholm Stock Exchange and First North in terms of turnover.

Avanza's share of the total savings market in Sweden as of 30 September 2015 was 2.7 (2.3) per cent. During the period October 2014 – September 2015 Avanza's share of the total net inflow to the Swedish savings market was 8.8 (8.9) per cent, which exceeded the company's long-term target of reaching at least 7 per cent of the net inflow.

Continued strong growth

In 2015, Avanza saw a record inflow of customers and capital as savers shifted capital from the major banks to cheaper alternatives. Marketing efforts during the first half year, for instance the marketing of the new price plan which was introduced in the end of 2014, and communication through social as well as traditional media contributed to the increased level of activity. During the second and third quarter the inflow of customers and capital was seasonally lower than during the first, but remained high compared with historical periods. Volumes picked up again in the fourth quarter and continued to grow, particularly ISK (Investment Savings Accounts). More than half of Avanza's net inflow in 2015 went to ISK and the number of accounts more than doubled. The reduced and soon to be abolished tax deductibility for private pensions has had a positive impact on ISK as an alternative form of savings. Trading activity has also benefitted from the low rate of tax on ISK.

In 2015 Avanza set a new record of over 400,000 customer contacts, and the Placera website experienced an all-time high in number of unique visitors during the fourth quarter. 2015 also saw significant activity on the market as regards introductions to the stock exchange. Avanza participated in the majority of the larger introductions and also acted as financial advisor to other companies in connection with listings and issues.

Continued efforts in occupational pensions

The targeting of the sales organisation towards the market for occupational pensions which Avanza Pension initiated in 2014 was expanded in the first quarter with the establishment of a new sales office in Malmö. The net inflow to Avanza's occupational pension products remained strong in 2015, both in terms of capital and new accounts. 3,000 new companies chose Avanza as their provider of occupational pension plans, including MTG Sweden, which chose Avanza's occupational pension plans for around 1,000 of its employees. During the year Avanza's customers transferred net SEK 960 million in occupational pension capital from other insurance companies, which was an increase of 54 per cent compared with 2014.

Avanza Pension, which celebrated its tenth anniversary this year, has evolved into a player that drives, challenges and influences the insurance industry. Discussions are underway on

issues such as digitalisation, decision support, a ban on commissions, and advisory services.

Satisfied customers

In January Avanza's fee free fund Avanza Zero, was named "The Readers' Favourite 2014" in a vote on *privataffärer.se* and in February Avanza was voted "The People's Favourite 2014" on *Bankbetyg.se*, achieving the highest scores in all categories: *customer service, services, technology, fees and recommendation*. In April Avanza also received the award for "Best service in financial services" in the ServiceScore survey. In September Avanza received the highest score among Swedish banks in a survey of trust conducted by the business magazine *Privata Affärer*. In December, Avanza was honored with *Privata Affärer's* "Educator of the Year" award for the launch of the Avanza Academy.

Avanza's high level of customer satisfaction is also borne out by internal surveys. In 2015 Avanza achieved a new high in its Net Promoter Score survey (also known as the "ambassador index"), with a score of 68. The index, which measures the customers' degree of recommendation, is an average of 15 for the industry as a whole. Also in 2015, Avanza set a new record in customer loyalty, with an NKI (Satisfied Customer Index) of 87, compared with 85 in 2014.

Satisfied customers are the foundation of Avanza's business concept, and Avanza operates with a constant focus on the best interests of its customers. One of Avanza's long-term targets is to have Sweden's most satisfied savers, as measured by SKI (Swedish Quality Index). Avanza won the award in December for the sixth consecutive year. Just as during the previous year, customers awarded Avanza with higher marks than other banks in all areas.

Sustainability permeates the operations

Avanza creates the greatest benefit for its customers and indirectly for the society by doing what Avanza does best, which is to offer savings and pension products with the lowest fees in the market. This ensures that Avanza's customers have more money left for other things. In 2015, customers saved over a billion in fees compared with if they had carried out their business through one of the large banks.

In the scientific study "Sustainability Index 2015" Avanza received the highest score among the financial participants by a wide margin. During the fourth quarter Avanza was also named Sweden's best financial company (including both banking and insurance enterprises) in the systematic, objective survey "Reputation Barometer 2015", receiving the highest score of all 80 companies in the category *Openness and Transparency*. As part of its work on sustainability issues, during the second quarter Avanza introduced an option for customers to select funds which report in accordance with the Sustainability Profile. The Sustainability Profile has been developed by SWESIF, which is an independent non-profit organisation and a forum for organisations that are working for or with sustainable investments in Sweden.

Avanza's annual employee survey was participated in by 96 per cent of employees during the year, with a result expressed as a total index of 80 (78). The industry index is 74 for the banking sector and 75 for the IT sector. Avanza's NPS (Net Promoter Score), which shows the employees' recommendation rate, was 46, high on the scale and exceeding the long-term target of an NPS of over 40.

Every Christmas, Avanza provides a donation to a non-profit organisation. This year, the recipient of SEK 100,000 was *Stadsmissionen*. In view of the refugee emergency during the autumn Avanza decided to make a special effort and donated another SEK 100,000 to UNICEF's aid work for refugee children in the third quarter.

Seasonal variations

Avanza's operations are to some extent affected by seasonal variations. Customer inflows and the net inflow, for example, are normally high at the beginning of the year while activity has historically been lower during the summer months. The latter trend has, however, decreased in recent years in conjunction with the introduction of mobile services, making it possible to actively manage savings during holidays. The impact of these seasonal variations on Avanza's operations is not necessarily reflected in the company's financial results, which tends to be more affected by cyclical market effects such as stock market development and the level of the key interest rate.

Activity	2015 Oct–Dec	2014 Oct–Dec	Change %	2015 Jan–Dec	2014 Jan–Dec	Change %
Net inflow, SEK m						
Standard	4,120	4,850	-15	20,250	16,200	25
Private Banking	1,360	990	37	4,320	3,690	17
Pro	310	100	210	630	210	200
Net inflow	5,790	5,940	-3	25,200	20,100	25
Equity & investment fund accounts	2,330	1,870	25	3,720	4,280	-13
Investment savings accounts	2,720	2,100	30	14,600	8,890	64
Savings accounts	180	1,060	-83	820	1,820	-55
of which, external deposit accounts	110	1,020	-89	710	1,940	-63
Pension- & insurance-based accounts	560	910	-38	6,060	5,110	19
of which, endowment insurance	-140	350	-140	3,740	3,090	21
of which, occupational pensions	680	440	55	2,200	1,550	42
Net inflow	5,790	5,940	-3	25,200	20,100	25
Net inflow/Savings capital, %	14	18	-4	18	18	0
No. commission notes per customer & month	3.8	2.4	58	3.4	2.3	48
No. transactions per commission note	1.6	1.5	7	1.5	1.6	-6
Market shares						
<i>Nasdaq Stockholm and First North:</i>						
No. transactions, %	13.1	7.5	5.6	10.9	7.6	3.3
Turnover, %	8.7	4.3	4.4	6.4	4.2	2.2

For definitions see page 21.

The net inflow in the fourth quarter was SEK 5.8bn. This was 3 per cent lower than the corresponding period previous year, when the inflow to external deposit accounts was high. The total net inflow in 2015 was SEK 25.2bn, which was 25 per cent higher than in 2014 and hence the highest yearly inflow in Avanza's history. The largest portion of the net inflow continued to go to investment savings accounts. The net inflow for occupational pension plans in 2015 increased by 42 per cent year on year.

In 2015 the trading activity among Avanza's customers increased sharply. The number of trades per customer per month

was 48 per cent higher than in the same period in 2014, compared with 28 per cent for Stockholm Stock Exchange as a whole.

The increased trading among Avanza's customers was a result of, among other things, a large inflow of customers and capital, brokerage reductions and a volatile stock exchange. The new mobile apps and expanded communication activities on the website as well as in social and traditional media, with a particular emphasis in the new price list with the option of trading for SEK 1 and other new launches, contributed to the increased activity.

Customers and accounts	31-12-2015	30-09-2015	Change %	31-12-2014	Change %
Standard	451,490	428,460	5	357,520	26
Private Banking	14,300	13,700	4	12,000	19
Pro	1,810	1,740	4	1,680	8
No. customers	467,600	443,900	5	371,200	26
Equity & investment fund accounts	306,100	296,900	3	269,400	14
Investment savings accounts	188,000	162,800	15	80,600	133
Savings accounts	101,700	100,200	1	90,900	12
of which, external deposit accounts	72,800	71,300	2	61,500	18
Pension- & insurance-based accounts	255,900	245,900	4	217,400	18
of which, endowment insurance	135,100	129,100	5	112,100	21
of which, occupational pensions	42,400	38,900	9	29,900	42
No. accounts	851,700	805,800	6	658,300	29
No. accounts per customer	1.82	1.82	0	1.77	3

For definitions see page 21.

Avanza achieved its long-term target of increasing its customer base by 30,000 – 40,000 net new customers annually already in the first quarter and customer growth remained strong in rest of the year. The number of customers was 467,600 at year-end, which was an increase of 23,700 (15,900) customers in the fourth quarter and 96,400 (54,700) for the full year. The high customer growth is due to a stronger offering, increased

marketing activities and a favourable growth climate. From 2016, Avanza aim for the annual customer growth to be at least 10 per cent of the customer base at the beginning of the year.

The number of accounts increased by 193,400 (113,400) in 2015 and was 851,700 at year-end. More than half of the increase referred to investment savings accounts, which more

than doubled in 2015. The number of occupational pension plans increased by 42 per cent compared with 2014.

The number of accounts per customer is a good measure of savers' engagement with Avanza and thus also of Avanza's

share of customers' savings. The number of accounts per customer increased in 2015 to 1.82 (1.77) accounts at the end of the period.

Savings capital, SEK m	31-12-2015	30-09-2015	Change		
			%	31-12-2014	
				Change	%
Standard	109,960	99,020	11	81,200	35
Private Banking	76,300	67,500	13	56,800	34
Pro	5,340	4,180	28	3,900	37
Savings capital	191,600	170,700	12	141,900	35
Equity & investment fund accounts	66,140	59,020	12	56,700	17
Investment savings accounts	46,600	38,800	20	23,500	98
Savings accounts	8,260	8,080	2	7,400	12
of which, external deposit accounts	7,450	7,330	2	6,700	11
Pension- & insurance-based accounts	70,600	64,800	9	54,300	30
of which, endowment insurance	52,400	48,200	9	39,700	32
of which, occupational pensions	8,520	7,440	15	5,930	44
Savings capital	191,600	170,700	12	141,900	35
Equities, bonds, derivatives, etc.	118,940	99,680	19	84,350	41
Investment funds	48,900	45,400	8	40,300	21
Deposits	30,300	31,500	-4	22,600	34
of which, external deposits	7,450	7,330	2	6,700	11
Lending	-6,540	-5,880	11	-5,350	22
of which, mortgage loans	-2,720	-2,480	10	-2,010	35
Savings capital	191,600	170,700	12	141,900	35
Deposits/Lending, %	463	536	-73	422	41
Net deposits/Savings capital, %	12	15	-3	12	0
Return, average account since Jan 1 st, %	16	7	9	8	8
SIX Return Index since Jan 1 st, %	10	4	6	16	-6

For definitions see page 21.

During the fourth quarter, the stock exchange saw an upturn, and this development in tandem with the high customer inflow and net inflow saw a rise in savings capital. At the end of the year customers' savings capital was SEK 191.6bn, an increase of 35 per cent since year-end 2014. The average return on customers' accounts in 2015 was 16 per cent. Savings capital in investment savings accounts was 98 per cent higher at year-end 2015 compared with 2014. Savings capital held in occupational pension plans was 44 per cent higher.

At the end of 2015, 26 per cent of customers' capital was invested in funds, which was a slight decrease of 3 percentage points since year-end 2014. Despite reductions in interest rates during the year, deposits grew by 34 per cent in 2015. The increase arose primarily during the first half of the year, but declined somewhat during the fourth quarter. Lending increased by 22 per cent from year-end and at the end of the period the allocation was 58 per cent securities loans and 42 per cent mortgage loans. In the second quarter Avanza raised the ceiling on its mortgage lending volume by a further SEK 1bn to SEK 3.5bn to meet demand from customers.

Product and business development

2015 saw intensive development of our mobile services, decision support, and customer-driven improvements and efficiency enhancements to internal flows. Development is primarily driven

by changes in user behavior and new regulations, which present new conditions for the industry to work with.

Mobile services

A clear trend in the past few years is that a growing number of customers are choosing to log in and execute transactions through mobile units, an activity that normally increases during the summer months. In June Avanza launched the first versions of new apps for iOS and Android. One of the new functions is trading in foreign markets, where Avanza also cut its fees on foreign trades in connection with the launch. Customers' mobile use has increased sharply and during the autumn, mobile users overtook computer users. Updates to the iOS app were released during the fourth quarter, including automatic share price updates.

Digital decision support

Development work on decision support and inspiration was implemented as part of our efforts to help customers invest liquid assets without the need for expensive advisory services. Demand for decision support services is particularly strong during volatile market conditions. In June Avanza launched the Portfolio Generator, a digital service that helps fund savers to create a fund portfolio with a good risk diversification in three stages. Other launches included the Avanza Academy, which provides easy-to-access information on savings and investments, and the Stock Inspiration service, which allows savers to search for investment ideas based on investment themes or get inspiration from different customer groups and portfolios.

Customer-driven improvements and new partnerships

With Avanza's strong customer focus, development activities in the year were also targeted at developing customer-driven improvements, fine-tuning the customer experience and offering new services and functions, largely based on feedback from customers. One focus area was continued development of website and mobile functions with the aim of offering customers a world-class digital experience.

In the second quarter Avanza Markets was launched, where Avanza in partnership with the issuer Morgan Stanley offers commission-free trading in commercial paper with Bull & Bear certificates and Mini Futures. The products, which are issued by Morgan Stanley, enable customers to invest in underlying assets such as gold, oil and many global stock market indices without transaction fees. During the fourth quarter, Avanza had a market share of trade in ETPs on the NGM and Nasdaq markets equivalent to 53 per cent of transactions and 41 per cent of turnover.

As part of our endeavors to build on our interesting and important collaborations, we hosted the Avanza Tech 2015 event in October. There, Avanza described for hundreds of technologically-minded attendees how the company could use the latest technology to create a better future for hundreds of thousands of people.

Internal processes and systems

As net inflows and customer numbers grow, it is more important than ever to ensure that internal processes and systems are maintained and developed. This is in order to continue to create economies of scale and stability and thereby maintain the strong pace of growth, as well as the high quality of the services to customers. A number of efficiency enhancement measures were implemented during 2015, including improvements to underlying systems and advanced stability, positioning the company to manage the high levels of trading activity resulting from the record-breaking numbers of logins and transactions.

Financial overview

	2015 Oct–Dec	2014 Oct–Dec	Change %	2015 Jan–Dec	2014 Jan–Dec	Change %
Income Statement, SEK m						
Brokerage income	146	81	80	479	286	67
Fund commissions	38	31	23	160	114	40
Net interest income	35	48	-27	157	204	-23
Other income	39	33	18	127	92	38
Operating income	258	193	34	923	696	33
Personnel	-73	-67	9	-264	-234	13
Marketing	-6	-9	-33	-27	-25	8
Depreciation	-2	-1	100	-8	-7	14
Other expenses	-37	-34	9	-139	-126	10
Operating expenses before credit losses and provisions of VAT	-118	-111	6	-438	-392	12
Profit before credit losses and provisions of VAT	140	82	71	485	304	60
Credit losses, net	0	0	0	0	0	0
Provision of VAT *	-	-	-	-	-8	-
Operating profit	140	82	71	485	296	64
Key ratios						
Operating margin, %	54	42	12	53	43	10
Profit margin, %	46	36	10	45	36	9
Cost/Income ratio, %	46	58	-12	47	56	-9
Earnings per share, SEK	4.03	2.36	71	14.23	8.64	65
Earnings per share after dilution, SEK	3.99	2.34	71	14.10	8.56	65
Return on shareholders' equity, %	11	9	2	45	32	13
Credit loss level, %	0.00	0.00	0.00	0.00	0.00	0.00
Investments, SEK m	8	4	100	28	12	133
Brokerage income/Operating income, %	57	42	15	52	41	11
Fund commissions/Operating income, %	15	16	-1	17	16	1
Net interest income/Operating income, %	14	25	-11	17	29	-12
Other income/Operating income, %	15	17	-2	14	13	1
Operating income/Savings capital, %	0.14	0.14	0.00	0.55	0.54	0.01
Operating expenses/Savings capital, %	0.07	0.08	-0.01	0.26	0.31	-0.05
Brokerage per commission note, SEK	51	63	-19	55	68	-19
Brokerage income per trading day, SEK m	2.3	1.3	77	1.9	1.2	58
No. trading days	62.5	61.5	2	248.5	247.0	1
Average no. employees	337	293	15	323	283	14
Web service operational availability, %	100.0	99.8	0.2	100.0	99.7	0.3

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

	31-12-2015	30-09-2015	Change %	31-12-2014	Change %
Shareholders' equity per share, SEK	38.37	34.33	12	28.22	36
Capital base/Capital requirement	2.49	1.91	30	1.72	45
No. employees	334	340	-2	296	13
Market value, SEK	367.50	343.50	7	258.00	42
Market capitalisation, SEK m	10,780	10,080	7	7,450	45

For definitions see page 21.

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

The operating income grew by 33 (17) per cent in 2015 compared with last year. In the fourth quarter the income grew by 34 (19) per cent compared with the same period in 2014.

Brokerage income increased sharply as a result of the expanded customer base and increased trading activity. This despite a reduction in brokerage fee per trade of 19 (-4) per cent in 2015, mainly due to the new price plan that was introduced at the end of 2014. Fund commissions and other income increased

over the year with 40 per cent and 38 per cent respectively. Foreign exchange income accounted for 60 per cent of other income, Corporate Finance for over 20 per cent and Avanza Markets for 10 per cent.

Net interest income declined compared with previous year as a result of further reductions of key- and market interest rates. The repo rate averaged -0.25 per cent during the year, which was 0.72 percentage points less than in 2014. This was partly offset

by higher lending. The increased excess liquidity, which has previously helped to offset the falling interest margins, instead had a negative impact on net interest income since the second quarter due to the negative market interest rates. This despite the fact that Avanza has since late 2014 placed a large portion of its excess liquidity in Swedish covered bonds to achieve better return and lower capital requirements.

Operating expenses (before credit losses and provisions of VAT) increased by 12 (6) per cent in 2015 compared with 2014, mainly due to a larger workforce. Staff costs grew by 13 per cent, partly due to increased activity in occupational pension plans, which required an expanded sales organisation, and increased capacity in IT development. Due to deposit growth Avanza's cost for the government deposit guarantee scheme and the stability fund fee increased. Operating expenses (including provisions of VAT) increased by 10 per cent for the full year, which is in line with the previously communicated range of cost increases.

Revenue growth outpaced cost increases by a significant margin during the year, in line with Avanza's long-term target. The operating profit in the fourth quarter was SEK 140m (SEK 82m), an increase of 71 per cent compared with previous year. The operating profit for 2015 was SEK 485m (SEK 296m), representing an operating margin of 53 (43) per cent.

In the first quarter of the year Avanza received a decision from the Swedish Tax Agency relating to the VAT investigation for

the period 2010-2012 that was initiated in 2014. The decision is in line with the provisions for VAT that Avanza made in the third quarter of 2014.

Financial position

Avanza is mainly self-financed by equity and customer deposits. During the fourth quarter, Avanza issued a subordinated bond of SEK 100m in order to strengthen the capital base in conjunction with increased capital requirements.

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 1,701m of the liquid assets as per the end of the period, SEK 102m, were pledged as collateral mainly referring to credit institutions and the stock exchange. Between 2001 and 2015 total credit losses amounted to SEK 9m, which is the equivalent, on average, to less than 0.03 per cent per year. Avanza does not conduct, and has not previously conducted, trading in securities on its own behalf.

Capital surplus

SEK m	31-12-2015	31-12-2014
Shareholders' equity, the Group	1,126	815
Subordinated bond	78	–
Intangible fixed assets and deferred tax receivables	–39	–28
Capital requirement with reference to Pillar I	–344	–340
Total capital surplus before dividend	821	447
Capital surplus per share, SEK	27.99	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 17.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 821m as of 31 December 2015.

During the fourth quarter, Avanza issued a subordinated bond of SEK 100m in order to strengthen the capital base. The bond incurs variable interest of three months' STIBOR plus 300 points and has a tenor of 10 years. Final maturity is 10 December 2025. Avanza Bank AB has applied to list the bond on the Nasdaq OMX Stockholm market. Avanza has also undertaken other measures during the fourth quarter with the intention of decreasing capital requirements for liquidity management. No further increases to the capital base are deemed necessary for either Avanza's banking company or insurance company as a result of the new Basel III regulation or Solvency II directive which are effective from 1 January 2016.

Dividend

The Board of Directors proposes a dividend of SEK 10.50 (SEK 7.00) per share, which corresponds to 74 (81) per cent of operating profit in 2015. The dividend shall amount to at least 70 per cent of operating profit long-term.

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 2015 was SEK –13 million (SEK –8m). The Parent Company does not report any sales. An anticipated dividend regarding 2015 from subsidiaries has been reported to SEK 318m (SEK 160m). A dividend payment with respect to 2014 of SEK 202m (SEK 231m) has been made to the shareholders.

Outlook for the future

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 2.7 per cent market share of the Swedish savings market and the fact that capital 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, will over time promote net inflow and growth in number of customers.

3–5 year outlook

Low interest rate environment and focus on fees

We perceive a clear trend whereby fees are becoming more and more significant for savers, not least because of low interest rates. The 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 contributes to underlying growth in revenues. Meanwhile the Swedish Central bank has indicated that interest rates will stay low, which will continue to impact negatively on our net interest income. All else equal, disregarding changes in customer behaviour, a 1 per centage point interest change would, at current volumes, imply an effect on net interest income of SEK 200–230m. 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 discovers the advantages of saving with ISK (investment savings accounts) which offer low standard tax rates. In 2016, tax levied on ISK accounts will be raised from 0.27 to 0.42 per cent. 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 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 will benefit as more responsibility

is being transferred from public and corporate pension and welfare systems to the individual. Our IT platform and the products and services we offer make it simple to choose the right investment.

Possible impact of coming regulations

We are currently going through a period in which financial sector regulations are undergoing major changes driven by the EU. The coming MiFID II directive and several other future regulations are all aimed at increasing consumer protection and transparency requirements in the market. These requirements will increase both the complexity and the costs for financial institutions that provide financial advice to private individuals. In order to serve the broad consumer market in a cost-effective manner, this is likely to push development forward towards digitalisation in general, and digital decision support in particular. Other trends that are having a similar impact are the increased price awareness and the reduced willingness among savers to pay for, and increasing fragmentation of, financial services. All this considered we believe this development will have a positive impact on Avanza's growth prospects, as physical meetings with bank employees' move to digital services, where Avanza is highly competitive.

Another potential regulation that could possibly have a positive impact on Avanza's growth prospects is an expanded right to transfer pension savings to other providers. It is currently very uncertain whether and when such a right will be introduced but one step in that direction are the new rules on commission-based remuneration and stronger consumer protection that are included in MiFID II, which is scheduled to take effect in 2017.

Decreasing income to savings capital ratio

The income to savings capital ratio has fallen by 9 per cent per annum, from 87 to 55 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 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 and that Avanza is well positioned 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 therefore predict costs to increase 8-10 per cent per annum in the coming years, given an equal result. 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 26 points to under 20 points.

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 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 preliminary financial report.

Transactions with associated parties

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 and Executive Management

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

In October 2015 Lisa Lindström stepped down from the Board of Directors in order to avoid potential risks of conflicts of interest between her role as a board member and ongoing engagements in other companies. Sophia Bendz was elected as a new Board Member at an extraordinary meeting of shareholders held on 2 December 2015.

In December, Martin Tivéus informed the Board of Directors of his intention to resign from his position as CEO of Avanza during 2016, withdrawing from his assignments in Avanza's Board and executive management. Martin Tivéus will remain in his current role during a six-month notice period.

More information about the Board of Directors and its members is available at investors.avanza.se/en.

Annual General Meeting

The Annual General Meeting of the company's shareholders will be held on Tuesday 5 April 2016 at 15.00 (GET) in the IVA Conference Center's Wallenberg Auditorium, Grev Turegatan 16, Stockholm. The Annual Report is scheduled to be available from the company's offices and on the company's website at investors.avanza.se/en, as of 11 March 2016.

Nomination Committee

The Nomination Committee comprises the Chairman of the Board Sven Hagströmer, Erik Törnberg representing Creades AB, Sten Dybeck representing the Dybeck family and companies, and Henrik Schmidt representing Montanaro Asset Management. Erik Törnberg has been appointed chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza's website at investors.avanza.se/en.

Incentive program

Subsidiary program 2 of the 2014–2016 stock option program had exercise period from 4 May 2015 to 29 May 2015. The exercise price was SEK 198.10 per share. After recalculation of the option program 470,400 shares were possible to subscribe for. 470,341 shares were subscribed for and all subscribed shares have been issued. The number of shares outstanding and registered per 31 December 2015 amounts to 29,344,088.

In accordance with a resolution at the extraordinary general meeting on 13 June 2014, Avanza introduced a stock option incentive scheme for employees of the Group in August 2015. The scheme is the second of three stock option schemes that were approved for implementation in 2014–2016. This year's scheme comprises stock options entitling employees to acquire 490,000 shares at an exercise price of SEK 393.58. The expiration date is 3 September 2018. The stock option scheme has been implemented on normal market terms.

Repurchase of the company's own shares

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 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased during 2015 and the company holds no repurchased shares as of 31 December 2015.

Significant events after the end of the reporting period

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

Financial calendar

Annual Report, 2015	11 March 2016
Annual General Meeting	5 April 2016
Interim Report, January – March 2016	19 April 2016
Interim Report, January – June 2016	13 July 2016

Consolidated Income Statements*

SEK m	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Operating income				
Commission income	255	170	882	577
Commission expenses	-33	-25	-118	-85
Interest income	50	57	194	247
Interest expenses	-15	-9	-37	-43
Net result of financial transactions	1	0	2	0
Other operating income	-	0	-	0
Total operating income	258	193	923	696
Operating expenses				
General administrative costs	-100	-94	-369	-336
Depreciation of tangible and intangible fixed assets	-2	-1	-8	-7
Other operating expenses **	-16	-16	-61	-57
Total operating expenses before credit losses	-118	-111	-438	-400
Operating profit before credit losses	140	82	485	296
Credit losses, net	0	0	0	0
Operating profit	140	82	485	296
Tax on profit for the period	-22	-13	-70	-46
Net profit/loss for the period ***	118	69	415	250
Earnings per share, SEK	4.03	2.36	14.23	8.64
Earnings per share after dilution, SEK	3.99	2.34	14.10	8.56
Average no. shares before dilution, thousand	29,344	28,874	29,172	28,874
Average no. shares after dilution, thousand	29,661	29,113	29,441	29,139
Outstanding no. shares before dilution, thousand	29,344	28,874	29,344	28,874
Outstanding no. shares after dilution, thousand	29,675	29,170	29,675	29,170
No. shares upon full dilution, thousand	30,814	30,344	30,814	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	31-12-2015	31-12-2014
Assets			
Treasury bills eligible for refinancing		250	-
Lending to credit institutions	1	1,701	4,535
Lending to the public	2	6,540	5,349
Bonds		11,850	6,070
Shares and participations		0	34
Assets in insurance operations		66,566	50,898
Intangible fixed assets		38	26
Tangible fixed assets		20	12
Other assets		1,543	207
Prepaid costs and accrued income		113	165
Total assets		88,621	67,296
Liabilities and shareholders' equity			
Deposits by the public		20,446	15,038
Liabilities in insurance operations		66,566	50,898
Other liabilities		292	454
Accrued costs and prepaid income		92	91
Subordinated liabilities		99	-
Shareholders' equity		1,126	815
Total liabilities and shareholders' equity		88,621	67,296

Changes in the Group's shareholders' equity

SEK m	2015 Jan-Dec	2014 Jan-Dec
Shareholders' equity at the beginning of the period	815	794
Dividend paid	-202	-231
Exercise of share warrants	93	-
Warrants issue	5	2
Net profit/loss for the period (also total comprehensive income)	415	250
Shareholders' equity at the end of the period	1,126	815

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

Consolidated Cash Flow Statements

SEK m	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Cash flow from operating activities before changes in operating activities' assets and liabilities	-680	226	-702	437
Cash flow from operating activities' assets and liabilities	-3,121	1,689	4,581	1,030
Cash flow from investment operations	241	-5,864	-6,058	-5,916
Cash flow from financial operations	99	0	-5	-229
Cash flow for the period	-3,461	-3,949	-2,184	-4,678
Liquid assets at the beginning of the period *	5,060	7,732	3,783	8,461
Liquid assets at the end of the period *	1,599	3,783	1,599	3,783

* Liquid assets are defined as lending to credit institutions excluding pledged assets. At the end of the period SEK 102 million (SEK 752m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement

SEK m	2015 Jan-Dec	2014 Jan-Dec
Operating expenses		
Administration expenses	-9	-6
Other operating expenses	-4	-2
Operating profit/loss	-13	-8
Profit/loss from financial investments		
Profit/loss from participations in Group companies	331	171
Interest income and similar items	0	0
Profit/loss before tax	318	163
Tax on profit for the period	0	-1
Net profit/loss for the period	318	162

Parent Company Balance sheets

SEK m	31-12-2015	31-12-2014
Assets		
Financial fixed assets	409	408
Current receivables *	378	166
Liquid assets	0	0
Total assets	787	574
Shareholders' equity and liabilities		
Shareholders' equity	779	570
Current liabilities	8	4
Total shareholders' equity and liabilities	787	574

* Of which receivables from subsidiaries SEK 377 million (SEK 166 m).

Accounting principles

The Preliminary Financial Statement 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 Preliminary Financial Statement for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and the supplementary accounting rules for legal entities (RFR 2) issued by the Swedish Financial Reporting Board. Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR 2) has been applied. In addition, a new item has been reported in the balance sheet related to the subordinated bond issued during the year, which has been recorded under the balance sheet item Subordinated debt. The debenture loan is reported under other financial liabilities in accordance with IAS 32. Interest expenses on the debenture loan are distributed over the tenor of the loan with the application of the effective interest method. Accounting principles and calculation methods for both the Group and the Parent Company remain otherwise 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

NOTE 1 LENDING TO CREDIT INSTITUTIONS

Client fund receivables, attributable to banking business, amount as of 31 December 2015 to SEK 1,086 million (SEK 895m as of 31 December 2014) which are reported net against client fund payables of SEK 1,086 million (SEK 895m as of 31 December 2014).

NOTE 2 LENDING TO THE PUBLIC

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

Lending to the public is secured with collateral in the form of securities SEK 3,821 million (3,345m as of 31 December 2014) and houses SEK 2,719 million (SEK 2,004m as of 31 December 2014). Regarding mortgage loans as of 31 December 2015 SEK 3,333 million (SEK 2,439m as of 31 December 2014) has been granted, implying that the commitment for granted, undisbursed mortgage loans amounts to SEK 614 million (SEK 435m as of 31 December 2014).

NOTE 3 FINANCIAL INSTRUMENTS

Classification of financial instruments

31-12-2015, 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
Assets						
Treasury bills eligible for refinancing	-	250*	-	-	-	250
Lending to credit institutions	-	-	1 701	-	-	1 701
Lending to the public	-	-	6 540	-	-	6 540
Bonds	-	11 850**	-	-	-	11 850
Shares and participations	0	-	-	-	-	0
Assets in insurance operations	66 566	-	-	-	-	66 566
Intangible assets	-	-	-	-	38	38
Tangible assets	-	-	-	-	20	20
Other assets	-	-	523	-	1 020	1 543
Prepaid costs and accrued income	-	8	88	-	17	113
Total assets	66 566	12 108	8 852	-	1 095	88 621
Liabilities						
Deposits by the public	-	-	-	20 446	-	20 446
Insurance operations liabilities	66 566	-	-	-	-	66 566
Other liabilities	-	-	-	284	8	292
Accrued costs and prepaid income	-	-	-	40	52	92
Subordinated liabilities	-	-	-	99	-	99
Total liabilities	66 566	-	-	20 869	60	87 495

* The fair value amounts to SEK 250 million, of which SEK 250 million is attributed to level 1 and SEK – million to level 2 in the hierarchy for fair value.

** The fair value amounts to SEK 11,806 million, of which SEK 11,806 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

31-12-2015, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	36,669	0	0	36,669
Fund units	1,384	20,269	–	21,653
Bonds and other interest-bearing securities	12,987	237	–	13,224
Other securities	197	384	–	581
Liquid assets	–	–	–	6,495
Total assets	51,237	20,890	0	78,622
Liabilities				
Liabilities in insurance operations (investment agreements)	–	66,566	–	66,566
Total liabilities	–	66,566	–	66,566

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 (MTF), 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 categorized 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	31-12-2015	31-12-2014
Capital base		
Shareholders' equity, the Group	1,126	815
Proposed/Assumed dividend	-308	-202
Shareholders' equity, financial conglomerate	818	613
<i>Additional</i>		
Subordinated bond	78	-
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-39	-28
Capital base	857	585
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	309	306
Capital requirement for regulated units in the insurance sector	35	34
Theoretical capital requirements for non-regulated units	0	0
Capital requirement	344	340
Capital surplus	513	245
Capital base/Capital requirement	2.49	1.72

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 or proposed 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.

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 and capital requirements under Pillar 2, according to the capital adequacy regulations applying from time to time. On 1 January 2014, the European Capital Requirements Regulation (CRR) came into force. From 2014 the capital base and capital requirement 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.

Consolidated situation, SEK m	31-12-2015	31-12-2014
Tier 1 capital		
Shareholders' equity, the Group	1,126	815
Proposed/Assumed dividend	-308	-202
Equity not part of the consolidated situation	-100	-73
Equity, consolidated situation (adjusted for proposed/assumed dividend)	718	540
<i>Deducted items:</i>		
Intangible assets	-38	-26
Deferred taxes	-1	-2
Avanza Bank Holding AB:s holding in Försäkringsaktiebolaget Avanza Pension	-39	-39
Common equity tier 1 capital	640	473
Subordinated bond	78	-
Tier 2 capital	78	-
Total capital base	718	473
Capital requirement		
Credit risk according to standardised approach	234	232
Market risks	0	6
Settlement risk	0	0
Operational risk	80	69
Total capital requirement	314	307
Risk exposure amount		
Credit risk according to standardised approach	2,929	2,902
of which Institutions	340	906
of which Corporates	27	70
of which Households	163	346
of which Collateral in real estate	952	702
of which Covered bonds	1,103	598
of which Other items	344	280
Market risks	1	69
Settlement risk	0	0
Operational risk	995	862
Total risk exposure amount	3,925	3,833
Capital ratios and buffers		
Common equity tier 1 ratio, %	16.3	12.3
Tier 1 ratio, %	16.3	12.3
Total capital ratio, %	18.3	12.3
Capital base in relation to capital requirement	2.29	1.54
Institution-specific buffer requirement, %	3.5	2.5
of which capital conservation buffer requirement, %	2.5	2.5
of which countercyclical buffer, %	1.0	-
Total capital requirement including buffer requirement, %	11.5	10.5
Common equity tier 1 capital available for use as a buffer, %	11.8	7.8
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirements	267	70
Additional requirement with reference to Pillar 2	11	14
Capital surplus after buffer requirement and Pillar 2	256	56

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

The Board of Directors and 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, 21 January 2016

Sven Hagströmer
Chairman of the Board

Sophia Bendz
Member of the Board

Jonas Hagströmer
Member of the Board

Birgitta Klasén
Member of the Board

Mattias Miksche
Member of the Board

Martin Tivéus
CEO

Hans Toll
Member of the Board

Jacqueline Winberg
Member of the Board

For additional information



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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 21 January 2016.

A presentation will be held by Martin Tivéus, CEO and Birgitta Hagenfeldt, CFO on 21 January 2016 at 10.00 (CET). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at avanza.se/ir. Phone number for participants:

- Sweden +46 (0)8 505 564 74
- UK +44 20 336 453 74
- US +1 855 753 22 30

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

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.

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Corporate web: investors.avanza.se/en

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

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) and management fees from Avanza funds.

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 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