

# 010

## AVANZA BANK INTERIM REPORT JANUARY – JUNE 2010

- Operating income increased by 31 per cent (–10 %) to SEK 316 million (SEK 242 m)
- The profit after tax increased by 35 per cent (6 %) to SEK 142 million (SEK 105 m)
- Earnings per share increased by 35 per cent (4 %) to SEK 5.13 (3.81)
- Net inflow totalled to SEK 7,060 million (SEK 4,500 m), corresponding to 12 per cent (13 %) of savings capital at the beginning of the year
- The number of accounts increased by 16 per cent (11 %) to 322,700 (279,000 as of 31st December 2009), and the total savings capital increased by 13 per cent (36 %) to SEK 69,000 million (SEK 61,300 m as of 31st December 2009)

### Second quarter

- Operating income increased by 21 per cent (2 %) to SEK 161 million (SEK 133 m)
- The profit after tax increased by 11 per cent (36 %) to SEK 68 million (SEK 61 m)
- Earnings per share increased by 12 per cent (32 %) to SEK 2.47 per share (SEK 2.21)

# Interim Report January – June 2010

## Comments from the Managing Director

"The net inflow to Avanza Bank totalled in excess of SEK 7,000 million during the first half of the year, corresponding to an increase of 57 per cent in comparison with the equivalent period last year. The net inflow increased by 6 per cent during the second quarter to SEK 2,640 million. A total of 43,700 new accounts were also gained during the first half of the year, setting another new record. Earnings per share increased by 35 per cent during the first half of the year and by 12 per cent during the second quarter", says Nicklas Storåkers, Managing Director of Avanza Bank.

"The stock market has now levelled off in the wake of the steep rises from the very low levels seen in early 2009, and the savings market is expected to demonstrate a calmer growth rate in the months to come. Avanza Bank's share of the Swedish market's net inflow market was, however, many times greater than our share of the existing savings capital market during the first quarter and we calculate that this performance was replicated during the second quarter, which means that we are rapidly taking market shares from other players. We will be implementing a number of major product launches during the third and fourth quarters and expect them to substantially boost Avanza Bank's competitiveness. Higher interest rates being considered to improve net interest income on deposits. As a result, and even if the growth rate in savings market becomes somewhat calmer in the months ahead, we anyway calculate that the preconditions for achieving our long-term growth goal of 15–20 per cent per annum are excellent."

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## Operations

### Market and sales

The stock market was turbulent during the second quarter as a result of the uncertainty surrounding Greece's economy and the Euro. The market decreased by 4 per cent (+20%) during the second quarter and has increased by 4 per cent (20%) since the beginning of the year. The percentage of net liquidity in customers' accounts has increased marginally in comparison with levels during the previous quarter. Net deposits totalled 9 per cent (14%) of savings capital as of 30th June.

The investment fund market was turbulent too during the second quarter, in response to massive fluctuations in global stock markets. Swedish investment fund savers have reacted at record pace during the recent stock market uncertainty, and the rapid price rise over the past year has resulted in many savers being prepared and responding quickly. The net inflow into fund-based savings during the second quarter exceeded SEK 500 million.

Avanza Bank held 2.0 per cent of the total savings market in Sweden, as of 31st March 2010, and during the period from April 2009 to March 2010 (incl.), Avanza Bank took 7.6 per cent of the total net inflow into the Swedish savings market.

The increased competition that has resulted from the abolition of the stock market monopoly has meant lower commission costs for Avanza Bank in a number of marketplaces.

The occupational pensions displayed a good growth with a net inflow during the second quarter of 2010, with SEK 220 million (SEK 80 m) in new capital and 4,800 (1,570) new accounts. A number of companies chose Avanza Pension as their employees' occupational pension provider during the second quarter.

Avanza Bank has offered customers the chance to subscribe for the new IPO's of Arise Windpower, Byggmax and ScandBook during the first half of the year.

	2010	2009	Change	2010	2009	Change	2009–2010	2009
	Apr–Jun	Apr–Jun	%	Jan–Jun	Jan–Jun	%	Jul–Jun	Jan–Dec
<b>Activity</b>								
Net inflow, equity & investment fund accounts, SEK m	220	500	-56	-670	450	-249	3,130	4,270
Net inflow, savings accounts, SEK m	100	-160	163	-420	-360	-17	20	70
Net inflow, pension- & insurance-based accounts, SEK m	2,320	2,160	7	8,150	4,410	85	9,350	5,610
of which, endowment insurance, SEK m	2,080	2,050	1	7,690	4,220	82	8,540	5,060
of which, occupational pensions, SEK m	220	80	175	430	150	187	630	340
<b>Net inflow, SEK m</b>	<b>2,640</b>	<b>2,500</b>	<b>6</b>	<b>7,060</b>	<b>4,500</b>	<b>57</b>	<b>12,500</b>	<b>9,950</b>
Net inflow/Savings capital, %	15	27	-12	23	26	-3	27	29
No. commission notes per account & month	2.0	2.1	-5	2.1	1.8	17	2.0	1.9
No. transactions per commission note	1.6	1.8	-11	1.7	1.9	-11	1.7	1.8
Brokerage per commission note, SEK	82	85	-4	83	83	0	84	84
<b>Market shares</b>								
NASDAQ OMX Stockholm, First North and Burgundy								
No. transactions, %	8.7	12.4	-3.7	9.3	11.6	-2.3	10.5	11.7
Turnover, %	5.3	5.5	-0.2	5.5	5.1	0.4	5.9	5.7

For definitions, see page 8.

The net inflow totalled SEK 7,060 million (SEK 4,500 m) during the first half of the year, corresponding to a 57 per cent increase on the figure for the equivalent period last year. The increase is due both to the fact that Avanza Bank is attracting large numbers of new customers and to the fact that existing customers are transferring a bigger percentage of their total savings to Avanza Bank.

The net inflow into the endowment insurance savings format continued strong during the second quarter. Not only are many new customers choosing to open an endowment insurance account as their first Avanza Bank account, but large numbers of existing customers are continuing to discover this savings format and electing to move capital from savings, equity and investment fund accounts to endowment insurance accounts. The net inflow into occupational pensions during the second quarter corresponding to 8 per cent (3 %) of Avanza Bank's total net inflow during the quarter.

	30-06-2010	31-03-2010	Change	31-12-2009	Change	30-06-2009	Change
			%		%		%
<b>Savings capital</b>							
Savings capital, equity & investment fund accounts, SEK m	39,220	41,710	-6	39,600	-1	30,530	28
Savings capital, savings accounts, SEK m	780	690	13	1,200	-35	770	1
Savings capital, pension- & insurance-based accounts	29,000	28,600	1	20,500	41	15,800	84
of which, endowment insurance, SEK m	23,300	22,900	2	15,300	52	11,600	101
of which, occupational pensions, SEK m	1,200	1,030	17	770	56	500	140
<b>Savings capital, SEK m</b>	<b>69,000</b>	<b>71,000</b>	<b>-3</b>	<b>61,300</b>	<b>13</b>	<b>47,100</b>	<b>46</b>
Equities, bonds, derivatives, etc. SEK m	47,180	49,380	-4	42,300	12	31,430	50
Investment funds, SEK m	15,700	16,100	-2	13,100	20	9,250	70
Deposits, SEK m	9,960	9,290	7	9,020	10	8,420	18
Lending, SEK m	-3,840	-3,770	2	-3,120	23	-2,000	92
<b>Savings capital, SEK m</b>	<b>69,000</b>	<b>71,000</b>	<b>-3</b>	<b>61,300</b>	<b>13</b>	<b>47,100</b>	<b>46</b>
Deposits/Lending, %	259	246	13	289	-30	421	-162
Net deposits/Savings capital, %	9	8	1	10	-1	14	-5
Avanza Bank, SEK m	42,520	43,370	-2	36,830	15	28,440	50
Mini, SEK m *	1,320	1,370	-4	1,190	11	900	47
Private Banking, SEK m	23,400	24,400	-4	21,700	8	16,700	40
Pro, SEK m	1,760	1,860	-5	1,580	11	1,060	66
<b>Savings capital, SEK m</b>	<b>69,000</b>	<b>71,000</b>	<b>-3</b>	<b>61,300</b>	<b>13</b>	<b>47,100</b>	<b>46</b>
Return, average account since Jan 1 st, %	4	8	-4	43	-	22	-
OMX Stockholm Price Index since Jan 1 st, %	4	8	-4	47	-	20	-

For definitions, see page 8.

	30-06-2010	31-03-2010	Change		Change		Change	
			%	31-12-2009	%	30-06-2009	%	
<b>Accounts</b>								
No. accounts	322,700	304,200	6	279,000	16	249,800	29	
No. management services	8,100	8,900	-9	8,900	-9	8,600	-6	
<b>No. accounts &amp; management services</b>	<b>330,800</b>	<b>313,100</b>	<b>6</b>	<b>287,900</b>	<b>15</b>	<b>258,400</b>	<b>28</b>	
No. equity & investment fund accounts	192,500	188,200	2	182,100	6	171,700	12	
No. savings accounts	19,700	18,500	6	17,700	11	15,200	30	
No. pension- & insurance-based accounts	110,500	97,500	13	79,200	40	62,900	76	
of which, no. endowment insurance	62,700	55,600	13	44,200	42	33,100	89	
of which, no. occupational pensions	20,100	15,300	31	9,790	105	7,600	164	
<b>No. accounts</b>	<b>322,700</b>	<b>304,200</b>	<b>6</b>	<b>279,000</b>	<b>16</b>	<b>249,800</b>	<b>29</b>	
Avanza Bank, no. accounts	295,100	277,370	6	254,070	16	227,610	30	
Mini, no. accounts *	15,600	14,900	5	14,100	11	12,700	23	
Private Banking, no. accounts	10,100	9,470	7	8,780	15	7,890	28	
Pro, konton, no. accounts	1,900	2,460	-23	2,050	-7	1,600	19	
<b>No. accounts</b>	<b>322,700</b>	<b>304,200</b>	<b>6</b>	<b>279,000</b>	<b>16</b>	<b>249,800</b>	<b>29</b>	

For definitions, see page 8.

18,500 (13,700) new accounts were opened during the second quarter of 2010. The number of customers increased by 9,400 (7,700) during the quarter. The number of accounts per customer totalled 1.43 as of 30th June, in comparison with a figure of 1.41 at the end of the previous quarter and of 1.33 at the same point in 2009.

Endowment insurance continues to grow strongly in terms of the number of accounts, with 7,070 (5,090) new endowment insurance accounts opened during the second quarter. 19 per cent of Avanza Bank's accounts were endowment insurance accounts, as of 30th June, in comparison with 13 per cent one year ago.

The number of new occupational pension accounts totalled 4,800 (1,570) during the second quarter, corresponding to 26 per cent (11 %) of the total number of new accounts.

## Development

A number of other new products are currently under development and will be launched during the third quarter. Work on developing a new website is continuing and the first parts of the new site will, as previously announced, be launched at the end of the year.

## Financial overview

	2010	2009	Change	2010	2009	Change	2009-2010	2009
	Apr-Jun	Apr-Jun	%	Jan-Jun	Jan-Jun	%	Jul-Jun	Jan-Dec
<b>Income Statement, SEK m</b>								
Brokerage income	87	82	6	174	140	24	334	300
Fund commissions	22	11	100	42	18	133	72	48
Net interest items	35	27	30	67	62	8	123	118
Other income, net	17	13	31	33	22	50	60	49
<b>Operating income</b>	<b>161</b>	<b>133</b>	<b>21</b>	<b>316</b>	<b>242</b>	<b>31</b>	<b>589</b>	<b>515</b>
Personnel	-45	-33	36	-83	-66	26	-145	-128
Marketing	-6	-5	20	-11	-9	22	-24	-22
Depreciation	-3	-1	200	-5	-4	25	-9	-8
Other expenses	-24	-21	14	-44	-37	19	-84	-77
<b>Operating expenses</b>	<b>-78</b>	<b>-60</b>	<b>30</b>	<b>-143</b>	<b>-116</b>	<b>23</b>	<b>-262</b>	<b>-235</b>
<b>Profit before tax</b>	<b>83</b>	<b>73</b>	<b>14</b>	<b>173</b>	<b>126</b>	<b>37</b>	<b>327</b>	<b>280</b>
Operating margin, %	52	55	-3	55	52	3	56	54
Profit margin, %	42	46	-4	45	43	2	45	44
Cost/income ratio, %	48	45	3	45	48	-3	44	46
Earnings per share, SEK	2.47	2.21	12	5.13	3.81	35	9.59	8.27
Earnings per share after dilution, SEK	2.45	2.21	11	5.08	3.80	34	9.52	8.24
Return on shareholders' equity, %	10	10	0	20	17	3	40	36
Investments, SEK m	5	4	25	12	5	140	14	7
Brokerage income/Operating income, %	54	62	-8	55	58	-3	57	58
Non-brokerage income/Operating income, %	46	38	8	45	42	3	43	42
of which, Fund commissions/Operating income, %	14	8	6	13	7	6	12	9
of which, Net interest items/Operating income, %	22	20	2	21	26	-5	21	23
of which, Other income/Operating income, %	11	10	1	10	9	1	10	10
Non-brokerage income/Operating expenses, %	95	85	10	99	88	11	97	91
of which, Net interest items/Operating expenses, %	45	45	0	47	53	-6	47	50
Operating income/Savings capital, %	0.23	0.31	-0.08	0.47	0.61	-0.14	0.97	1.09
of which, Net interest items/Savings capital, %	0.05	0.06	-0.01	0.10	0.16	-0.06	0.20	0.25
Average no. employees	222	177	25	212	179	18	200	185
No. trading days	59.5	58.5	2	121.0	120.0	1	249.5	248.5
Web service operational availability, %	99.9	99.8	0.1	99.9	99.8	0.1	99.9	99.8

	30-06-2010	31-03-2010	Change	31-12-2009	Change	30-06-2009	Change
			%		%		%
Shareholders' equity per share, SEK	23.33	27.80	-16	25.14	-7	20.68	13
Capital base/Capital requirement	1.65	1.55	6	1.71	-4	1.67	-1
No. employees	228	215	6	194	18	178	28
Market value, SEK	217.00	187.00	16	168.50	29	120.25	80
Market capitalisation, SEK m	6,020	5,160	17	4,650	29	3,320	81

For definitions, see page 8.

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

The increased investment fund commissions are due to the substantially higher levels of savings capital in investment funds during the first half of 2010 than during the corresponding period last year. This is due, in turn, to the upturn in the world's stock markets, the redistribution from fixed income funds to emerging market funds, and to the substantial net inflow into fund-based savings by customers during the year.

Costs increased by 30 per cent during the second quarter, or by 23 per cent during the first half of the year. The opinion continues to be that costs will increase by around 25 per cent for 2010 as a whole. Staff overheads increased during the second quarter in line with earlier announcements and as a consequence of investments in website and technical development work.

Non-brokerage income totalled 95 per cent (85 %) of operating expenses during the second quarter of 2010. Non-brokerage income mainly comprises net interest items, fund commissions, net currency items and fees from corporate finance.

Avanza Pension has, as previously announced, sought an advance ruling on the way in which fund commissions from external fund managers will be taxed. A ruling on the issue was issued by the Council for Advance Tax Rulings on 31st May 2010 and was to the detriment of Avanza Pension. Avanza Pension will appeal this ruling to the Swedish Supreme Administrative Court during the third quarter. If the Court upholds the Council's ruling, the company's tax expenses for the financial years from 2006 to 2010 (up to and including Q2 2010) would increase by SEK 12 million. A detrimental ruling from the company's viewpoint could entail an increase in the company's total tax expense in the years ahead.

A Swedish securities company, CTA Lind & Co Scandinavia AB, was declared bankrupt in 2004 and funds were disbursed to investors from the Swedish investor protection scheme. Funds were not consolidated within the investor protection scheme and the Swedish National Debt Office has consequently now begun working retroactively to cover the costs by levying fees from all institutions that were part of the investor protection system at the time. The level of fee that will be payable by Avanza Bank is, at present, uncertain, but a ruling is expected in the autumn of 2010. Preliminary, the total fees amounts to approximately SEK 140 million to be distributed among the approximately 190 institutions, which at the time of the bankruptcy belonged to investor protection scheme.

## Capital surplus

	30-06-2010	31-12-2009
Capital base, as per Note 3, page 11, SEK m	474	439
Unaudited profits, SEK m	142	–
Proposed dividend, SEK – (SEK 8.00) per share, SEK m	–	221
<b>Capital base, adjusted for dividend, SEK m</b>	<b>616</b>	<b>660</b>
Capital requirement with reference to Avanza Bank's internal capital assessment process, SEK m	297	307
<b>Total capital surplus before proposed dividend, SEK m</b>	<b>319</b>	<b>353</b>
Capital surplus per share, SEK	11.50	12.80

*When calculating the capital base during the course of an ongoing year, audited profits only are included in the calculations. If the profit/loss for the period has been audited, the capital base is adjusted for the assumed dividend. Adjustments have been made in the above table for profits and assumed dividends deducted when calculating the capital base in accordance with the capital adequacy regulations (see Note 3 on page 11), in order to calculate the scope for dividend payments.*

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 319 million as of 30th June 2010.

## Financial position

Avanza Bank has no direct exposure to the market's prevailing problems, which are a combination of financing problems and of uncertainty with regard to the value of credits and other receivables. All of Avanza Bank's assets have a high liquidity level. Reinvestments can, therefore, for the main part of the assets be made with one day's delay. The assets are adjudged to be secure. Avanza Bank has suffered no credit losses during the first quarter of 2010 and the average credit losses since 2001 total less than 0.01 per cent per annum. Avanza Bank does not and has not engaged in trading in securities for its own account.

The statutory protection and guarantees (e.g. the government deposits guarantee) apply to customers of Avanza Bank in the same way as to customers of every Swedish bank and insurance company. For further information on Avanza Bank and security, please see [avanzabank.se](http://avanzabank.se).

## The Parent Company, Avanza Bank Holding AB

Avanza Bank Holding AB is the Parent Company of the Avanza Bank corporate group. The operating result for the first half of 2010 was SEK –4 million (SEK –3 m). The Parent Company posts no turnover. A total dividend payment of SEK 221 million (SEK 165 m) has been made to the shareholders.

## Outlook for the future

Avanza Bank's goal is for its long-term profit growth to total between 15 and 20 per cent per annum. Growth rates in individual years will, however, vary, in line with stock market performance.

The healthy long-term growth potential is due to the fact that the savings market normally is expected to grow by 8–12 per cent per year and that online saving is growing even faster. This is due to the advantages offered by the Internet in terms of simplicity and low fees, to an increased requirement for individual saving, and to the increase in Internet usage amongst the more mature target groups.

There is a clear long-term link between growth in savings capital and growth in operating income, and an underlying growth in savings capital therefore generates the preconditions for growth in income. Pricing pressure is, however, expected to continue, and this will have a negative effect on the rate of growth.

## Annual growth (ca.)

The long-term growth goals can be summarised as follows:

	2001–2009	Goal
Net inflow, % of savings capital at beginning of the year	23 % *	13–17 %
Growth in value	7 % *	6–8 %
<b>Savings capital, growth</b>	<b>28 %</b>	<b>20–25 %</b>
Estimated pricing pressure	(2 %)	(3–7 %)
<b>Growth in income</b>	<b>24 %</b>	<b>15–20 %</b>
Cost increase	14 %	15–20 %
<b>Growth in profit</b>	<b>54 %</b>	<b>15–20 %</b>

\* 2002–2009

Avanza Bank's business model means that the majority of the costs comprise fixed. Marketing and sales costs are, however, primarily variable costs that depend on Avanza Bank's assessment of the market climate. Avanza Bank can, therefore, choose to reduce the rate at which costs increase in a poorer market climate, but the Avanza Bank operates in a rapidly changing market and can, therefore, also choose to invest more in growth, which may entail higher costs than those forecast.

Operating costs are, seasonally speaking, normally higher during the first and fourth quarters than during the other quarters.

Avanza Bank continues to expect costs to increase in 2010 by around 25 per cent, which is higher than the figure laid down in the long-term growth goals. As previously communicated, this higher figure is due to the fact that Avanza Bank intends to invest more than normal in website and technology development in 2010 in response to what is seen as the strong potential for taking additional market shares. The rate of increase in costs is expected to return to between 15 and 20 per cent per annum after 2010.

Increased costs notwithstanding, Avanza Bank believes its potential for achieving its long-term goals with regard to profit growth in 2010 are good, given a normal stock market performance. 1st July 2010 the Swedish central bank decided for the first time in almost two years to increase the key interest rate. Higher interest rates is judged to bring an improved net interest income on deposits. Pricing pressure is expected to continue among others as an effect that brokerage fees are, furthermore, not expected to increase at the same rate as savings capital, because a large part of the equities transactions are being conducted at an unchanged minimum brokerage fee. The above should, in that operations are dependent on stock market trends, not however be regarded as an income or profit forecast for 2010.

Avanza Bank will be launching new products during the second half of 2010 and expects them both to strengthen the relationship with our customers and to make a positive contribution to the rate of growth.

Avanza Bank's long-term vision is to be the natural choice for Swedes who actively monitor their savings. One of Avanza Bank's goals for 2012 and is, therefore, to consistently achieve a minimum market share of 7 per cent of the total net inflow into the Swedish savings market.

## Other corporate events

### Significant risks and uncertainty factors

Avanza Bank's operations entail day-to-day risks that are quantified, monitored and, if necessary, acted upon in order to protect the company's capital and reputation. The ways in which Avanza Bank identifies, follows up on and manages these risks are important to the health of the company and its long-term profitability. Note 31 of Avanza Bank's 2009 Annual Report provides a detailed description of the Group's risk exposure and risk management. No significant risks over and above the risks described in the Annual Report and in this Interim Report are adjudged to have arisen.

### Transactions with associated parties

Avanza Bank's transactions with associated parties are shown in Note 32 of the 2009 Annual Report. No significant changes have subsequently occurred.

### Incentives programme

Avanza Bank implemented an incentives programme for the Group's employees in the spring in accordance with a resolution passed by the Annual General Meeting held on 15th April 2008. The stock option programme is the third of a total of three stock option programmes approved for implementation between 2008 and 2010. This year's programme comprises warrants corresponding to the entitlement to subscribe for 577,000 new shares, and the redemption price is SEK 268.46. The term expires on 24th May 2013. The stock option programme has been implemented on market terms.

The redemption period of subsidiary programme 3 of the previous 2005–2007 stock option programme runs from 1st June to 30th September 2010. The redemption price is SEK 170.81 per share. By 30th June, 168,110 of a total of 380,630 shares had been subscribed for in respect of this subsidiary programme, and all shares subscribed for have been issued. There are a total of 27,745,720 registered and outstanding shares.

### Buyback of the company's own shares

On 21st April 2010, 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. No shares have been bought back during the first half of 2010 and the company holds no bought back shares.

### Financial calendar

Interim Report January – September 2010	14th October 2010
Preliminary Financial Statement, 2010	January 2011

## Definitions

<b>Account:</b>	An account opened with holdings.
<b>Deposits:</b>	Deposits, including client accounts.
<b>Brokerage income:</b>	Brokerage income less direct costs.
<b>Brokerage per commission note:</b>	Gross brokerage income for account customers in relation to the number of commission notes excluding investment fund commission notes.
<b>Capital base:</b>	The financial conglomerate's shareholders' equity, adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies with regard to the way in which the capital base and capital requirement are determined.
<b>Commission note:</b>	Daily compilation of the buying and selling commissions completed by a customer and involving a specific security. A commission note may include one or more transactions. Brokerage fees are charged on the basis of the commission notes.
<b>Cost/income ratio:</b>	Costs in relation to income.
<b>Earnings per share:</b>	Profit/loss after tax in relation to the average number of shares during the period.
<b>Equity per share:</b>	Shareholders' equity in relation to the number of outstanding ordinary shares before dilution at the end of the period.
<b>Net deposits/Savings capital:</b>	Deposits, including client accounts, minus lending, in relation to the savings capital at the end of the period.
<b>Net interest items/Savings capital:</b>	Net interest items in relation to average savings capital during the period.
<b>Net inflow:</b>	Deposits, less withdrawals, of liquid assets and securities.
<b>Net inflow/Savings capital:</b>	The period's net inflow on an annual basis in relation to savings capital at the beginning of the period.
<b>Non-brokerage income:</b>	Income excluding brokerage income less direct costs.
<b>Operating income/Savings capital:</b>	Operating income in relation to average savings capital during the period.
<b>Operating margin:</b>	Operating profit/loss in relation to operating income.
<b>Profit margin:</b>	Profit/loss after tax in relation to operating income.
<b>Savings capital:</b>	The combined value of accounts held with Avanza Bank.
<b>Return on equity:</b>	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.
<b>Transactions:</b>	Buying and selling transactions completed in different markets and involving different securities.

## Consolidated Income Statements (SEK m) \*

	2010	2009	2010	2009	2009-2010	2009
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
<b>Operating income</b>						
Commission income	145	123	284	213	535	464
Commission expenses	-19	-18	-35	-34	-69	-68
Interest income	37	31	70	79	129	138
Interest expenses	-2	-4	-3	-17	-6	-20
Net result of financial transactions	0	1	0	1	0	1
Other operating income	0	0	0	0	0	0
<b>Total operating income</b>	<b>161</b>	<b>133</b>	<b>316</b>	<b>242</b>	<b>589</b>	<b>515</b>
<b>Operating expenses</b>						
General administrative costs	-65	-51	-120	-97	-215	-192
Depreciation of tangible and intangible fixed assets	-3	-1	-5	-4	-9	-8
Other operating expenses	-10	-8	-18	-15	-38	-35
Credit losses, net	0	0	0	0	0	0
<b>Total operating expenses</b>	<b>-78</b>	<b>-60</b>	<b>-143</b>	<b>-116</b>	<b>-262</b>	<b>-235</b>
<b>Operating profit</b>	<b>83</b>	<b>73</b>	<b>173</b>	<b>126</b>	<b>327</b>	<b>280</b>
Tax on profit for the period	-15	-12	-31	-21	-62	-52
<b>Net profit/loss for the period **</b>	<b>68</b>	<b>61</b>	<b>142</b>	<b>105</b>	<b>265</b>	<b>228</b>
Earnings per share, SEK	2.47	2.21	5.13	3.81	9.59	8.27
Earnings per share after dilution, SEK	2.45	2.21	5.08	3.80	9.52	8.24
Average no. shares before dilution, thousand	27,662	27,578	27,634	27,578	27,611	27,578
Average no. shares after dilution, thousand	27,961	27,615	27,899	27,603	27,808	27,655
Outstanding no. shares before dilution, thousand	27,746	27,578	27,746	27,578	27,746	27,578
Outstanding no. shares after dilution, thousand	28,094	27,651	28,094	27,651	28,094	27,773
No. shares upon full dilution, thousand	29,682	29,517	29,682	29,517	29,682	29,105

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

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

## Consolidated Balance Sheets (SEK m)

	30-06-2010	31-12-2009
<b>Assets</b>		
Loans to credit institutions	6,377	5,452
Loans to the public	Note 1	3,840
Shares and participations	18	12
Assets in insurance operations	26,971	18,640
Intangible fixed assets	29	31
Tangible assets	9	7
Other assets *	294	502
Prepaid costs and accrued income	42	27
<b>Total assets</b>	<b>37,580</b>	<b>27,795</b>
<b>Liabilities and shareholders' equity</b>		
Deposits by the public	Note 2	9,247
Liabilities in insurance operations	26,971	18,640
Other liabilities *	677	139
Accrued costs and prepaid income	38	29
Shareholders' equity	647	693
<b>Total liabilities and shareholders' equity</b>	<b>37,580</b>	<b>27,795</b>

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

	2010	2009	2009
	Jan-Jun	Jan-Jun	Jan-Dec
<b>Shareholders' equity at the beginning of the period</b>	<b>693</b>	<b>628</b>	<b>628</b>
Dividend	-221	-165	-165
Warrants issue	4	3	3
New share issue (exercise of warrants)	29	-	-
Net profit/loss for the period *	142	105	228
<b>Shareholders' equity at the end of the period</b>	<b>647</b>	<b>570</b>	<b>693</b>

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

\* Corresponds to total comprehensive income.

## Consolidated Cash Flow Statements (SEK m)

	2010	2009	2010	2009
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Cash flow from operating activities	36	36	226	73
Cash flow from operating activities' assets and liabilities	637	-258	899	-284
Cash flow from investment operations	-5	-4	-12	-5
Cash flow from financial operations	-188	-162	-188	-162
<b>Cash flow for the period</b>	<b>480</b>	<b>-388</b>	<b>925</b>	<b>-378</b>
<b>Liquid assets at the beginning of the period *</b>	<b>5,897</b>	<b>6,597</b>	<b>5,452</b>	<b>6,587</b>
<b>Liquid assets at the end of the period *</b>	<b>6,377</b>	<b>6,209</b>	<b>6,377</b>	<b>6,209</b>

\* Liquid assets are defined as loans to credit institutions.

## Parent Company Income Statements (SEK m)

	2010	2009
	Jan-Jun	Jan-Jun
Operating income	0	0
Operating expenses	-4	-3
<b>Operating profit/loss</b>	<b>-4</b>	<b>-3</b>
<b>Profit/loss from financial investments</b>	<b>0</b>	<b>0</b>
Tax on profit/loss for the period	1	1
<b>Net profit/loss for the period</b>	<b>-3</b>	<b>-2</b>

## Parent Company Balance sheets (SEK m)

	30-06-2010	31-12-2009
<b>Assets</b>		
Financial fixed assets	232	225
Current receivables *	34	233
Liquid assets	2	0
<b>Total assets</b>	<b>268</b>	<b>458</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	266	456
Current liabilities	2	2
<b>Total shareholders' equity and liabilities</b>	<b>268</b>	<b>458</b>

\* Of which receivables from subsidiaries 33 (231).

## Accounting principles

The Consolidated Interim Report 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. Accounting principles and calculation methods remain unchanged from those applied in the 2009 Annual Report.

## Notes

### Note 1 – Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. All loans, known as account credits, are secured by collateral in the form of securities.

### Note 2 – Funds managed on behalf of third parties

In addition to the deposits reported in the Balance Sheet, Avanza also has, as of 30th June 2010, deposits by third parties in client fund accounts totalling SEK 743 (747 as of 31st December 2009) million.

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

	30-06-2010	31-12-2009
<b>Capital base</b>		
Shareholders' equity, the Group	647	693
Less, unaudited profits	-142	-
Assumed dividend	-	-221
<b>Shareholders' equity, financial conglomerate</b>	<b>505</b>	<b>472</b>
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-31	-33
<b>Capital base</b>	<b>474</b>	<b>439</b>
<b>Capital requirement</b>		
Capital requirement for regulated units within the banking and securities sector	245	212
Capital requirement for regulated units in the insurance sector	37	33
Theoretical capital requirements for non-regulated units	5	11
<b>Capital requirement</b>	<b>287</b>	<b>256</b>
<b>Capital surplus</b>	<b>187</b>	<b>183</b>
<b>Capital base/Capital requirement</b>	<b>1.65</b>	<b>1.71</b>

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

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

Stockholm, 9th July 2010

Sven Hagströmer  
Chairman of the Board

Hans Bergenheim  
Board Member

Anders Ellsell  
Board Member

Mattias Miksche  
Board Member

Andreas Rosenlew  
Board Member

Nicklas Storåkers  
Managing Director

Jacqueline Winberg  
Board Member

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

The information contained in this report comprises information both that Avanza Bank Holding AB (publ.) is obliged to provide and that it has chosen to provide in accordance with the provisions of the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information has been released to the market for publication at 08.15 (CET) on 9th July 2010.

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

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

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