

# 009

## AVANZA BANK INTERIM REPORT JANUARY – SEPTEMBER 2009

- Operating income decreased by 4 per cent (–5 %) to SEK 370 million (SEK 385 m)
- The profit after tax increased by 12 per cent (–13 %) to SEK 164 million (SEK 146 m)
- Earnings per share increased by 11 per cent (–12 %) to SEK 5.96 per share (SEK 5.35)
- Net savings totalled SEK 7,380 million (SEK 4,860 m), corresponding to 21 per cent (11 %) of the savings capital at the beginning of the year
- The number of accounts increased by 15 per cent (30 %) to 261,000 (226,000 as of 31st December 2008) and the total savings capital increased by 60 per cent (–16 %) to 55,200 (34,600 as of 31st December 2008)

### Third quarter

- Operating income increased by 9 per cent (–11 %) to SEK 128 million (SEK 117 m)
- The profit after tax increased by 26 per cent (–18 %) to SEK 59 million (SEK 47 m)
- Earnings per share increased by 26 per cent (–18 %) to SEK 2.15 per share (SEK 1.70)

# Interim Report, January – September 2009

## Comments from the Managing Director

"Avanza Bank earned SEK 2.15 per share during the third quarter, corresponding to an increase in the profit before tax of 27 per cent to SEK 76 million, despite lower key interest rates having resulted in a reduction of SEK 22 million in net interest items in comparison with the corresponding quarter last year. Net interest items should be able to recover, once key interest rates are raised again", says Nicklas Storåkers, Managing Director of Avanza Bank.

"There is good potential for growth. Swedish savers are enjoying record liquidity, with almost SEK 1,000 billion in funds deposited. This means that savers are depositing one out of every three savings kronor in accounts with an interest rate that is close to zero. A more stable stock market involves large capital flows back into equities and investment funds. This trend is one reason why Avanza Bank's net savings totalled SEK 2,880 million during the quarter – higher than in any previous quarter."

"Another important reason for the high levels of net savings is that more and more savers are realising the advantages of saving with Avanza Bank. Yesterday, we launched the Superloan, with an interest rate of 0.99 per cent for Avanza Bank customers and 0.89 per cent for Avanza Private Banking customers. The interest rate is 35–40 per cent lower than on ordinary housing loans. The Superloan allows customers to borrow up to 35 per cent of the value of a selected list of equities and funds. We regard this as a relatively secure credit line and are keen to reward those customers who take low risks."

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## Operations

### Market and sales

The Stockholm Stock Exchange has continued to increase sharply, rising by 15 per cent during the quarter and by 37 per cent since the turn of the year. Avanza Bank's customers have a considerable interest in the equities and investment fund markets and have collectively seen the value of their portfolios increase. The increased confidence in the financial market has also resulted in an increase in lending, with levels having increased by 109 per cent since the turn of the year. The need for public capital acquisition programmes has remained high during the third quarter.

The third quarter was the best to date in the history of Avanza Bank with regard to net savings. Customers saved a net of SEK 2,880 million during the quarter, and net savings since the turn of the year now total SEK 7,380 million. This corresponds to 21 per cent of the savings capital at the beginning of the year, and thereby exceeds the long-term annual goal of 13–17 per cent. 11,200 new accounts were opened during the quarter, taking the total number of accounts past the quarter of a million mark.

Trading in the alternative marketplace, Burgundy, formally began in June and the third quarter has seen the equivalent of 4 per cent of the total volume of trading on the Stockholm Stock Exchange conducted on Burgundy. The corresponding share for Avanza Bank is 10 per cent. Commission costs have decreased, relative to commission income, as a result of the increased competition.

Svenska Spel has signed an agreement with Avanza Pension during the third quarter, offering an alternative for their employees' occupational pensions. Avanza Pension is one of several elective companies with which Svenska Spel employees can choose to save for their pensions.

	2009	2008	Change	2009	2008	Change	2008-2009	2008
	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec
<b>Activity</b>								
Net savings, SEK m *	2,880	650	343	7,380	4,860	52	9,280	6,760
of which Pension- & insurance-based savings, SEK m	1,740	710	145	6,150	4,390	40	5,810	4,050
Net savings/Savings capital, %	24	6	18	28	14	14	24	15
No. commission notes per account & month	1.9	1.5	27	1.8	1.6	13	1.8	1.6
No. transactions per commission note	1.8	1.9	-5	1.8	1.8	0	1.9	1.9
Brokerage per commission note, SEK	86	89	-3	84	93	-10	84	90
<b>Market shares</b>								
OMX Stockholm, First North and Burgundy								
No. transactions, %	12.5	8.9	3.6	11.9	8.7	3.2	11.4	9.0
Turnover, %	6.2	3.9	2.3	5.5	3.6	1.9	5.2	3.8

For definitions, see page 8.

\* Accounts acquired from Ikanobanken accounted for SEK 490 million of total net savings during the first quarter of 2008.

Avanza Bank has increased its shares of the Stockholm Stock Exchange, First North and Burgundy markets during the period from January to September 2009. Measured in terms of the numbers of transactions, Avanza Bank has the largest market share of all members of the exchange, with 11.9 per cent of the total number of transactions during the period from January to September 2009 and 12.5 per cent during the third quarter. Net savings totalled SEK 7,380 million (SEK 4,860 m) during the period from January to September, exceeding Avanza Bank's long-term goal.

	30-09-2009	30-06-2009	Change	31-12-2008	Change	30-09-2008	Change
			%		%		%
<b>Savings capital</b>							
Savings capital, equity & investment fund accounts, SEK m	34,900	30,530	14	24,740	41	27,100	29
Savings capital, savings accounts, SEK m	700	770	-9	1,130	-38	800	-13
Savings capital, pension- & insurance-based accounts	19,600	15,800	24	8,730	125	10,800	82
of which, Occupational pensions, SEK m	620	500	24	300	107	210	195
Savings capital, SEK m	55,200	47,100	17	34,600	60	38,700	43
Equities, bonds, derivatives, etc. SEK m	37,740	31,430	20	21,650	74	26,170	44
Investment funds, SEK m	11,400	9,250	23	6,190	84	6,980	63
Deposits, SEK m	8,670	8,420	3	8,010	8	7,380	17
Lending, SEK m	-2,610	-2,000	31	-1,250	109	-1,830	43
Savings capital, SEK m	55,200	47,100	17	34,600	60	38,700	43
Deposits/Lending, %	332	421	-89	641	-309	403	-71
Net deposits/Savings capital, %	11	14	-3	20	-9	14	-3
Avanza Bank, SEK m	33,220	28,440	17	20,480	62	22,690	46
Mini, SEK m *	1,050	900	17	590	78	630	67
Private Banking, SEK m	19,600	16,700	17	12,900	52	14,600	34
Pro, SEK m	1,330	1,060	25	630	111	780	71
Savings capital, SEK m	55,200	47,100	17	34,600	60	38,700	43
Return, average account since Jan 1st, %	35	22	13	-36	-	-24	-
OMX Stockholm Price Index since Jan 1st, %	37	20	17	-42	-	-30	-

For definitions, see page 8.

\* Data as of 31st December 2008 and 30th September 2008 concerns Aktiespar.se, replaced by the new service, Mini with the markets lowest commissions for trading in Swedish shares.

	30-09-2009	30-06-2009	Change %	31-12-2008	Change %	30-09-2008	Change %
<b>Accounts</b>							
No. accounts *	261,000	249,800	5	226,000	15	213,700	22
No. management services	8,800	8,600	2	8,500	4	7,200	22
No. accounts & management services	269,800	258,400	4	234,500	15	220,900	22
No. equity & investment fund accounts	175,800	171,700	2	162,300	8	157,550	12
No. savings accounts	15,700	15,200	3	13,500	16	9,850	59
No. pension- & insurance-based accounts	69,500	62,900	10	50,200	38	46,300	50
of which, no. Occupational pensions	8,670	7,600	14	5,280	64	4,630	87
No. accounts	261,000	249,800	4	226,000	15	213,700	22
Avanza Bank, no. accounts	237,600	227,610	4	206,670	15	195,490	22
Mini, no. accounts **	13,300	12,700	5	11,300	18	10,500	27
Private Banking, no. accounts	8,200	7,890	4	7,110	15	6,310	30
Pro, no. accounts	1,900	1,600	19	920	107	1,400	36
No. accounts	261,000	249,800	4	226,000	15	213,700	22

For definitions, see page 8.

\* Accounts acquired from Ikanobanken accounted for 15,500 of the total increase in the number of accounts during 2008.

\*\* Data as of 31st December 2008 and 30th September 2008 concerns Aktiespar.se, replaced by the new service, Mini with the markets lowest commissions for trading in Swedish shares.

35,000 new accounts were opened during the period from January to September 2009. 33,200 accounts were opened during the corresponding period in 2008, 9,800 of which were in respect of a new type of savings account launched in February 2008. Interest in savings accounts has lessened considerably in 2009, due to the substantial cuts in market interest rates. The healthy inflow of new accounts is helping sustain profits, despite the weak net interest items caused by low market interest rates. The Riksbank cut the repo rate to a record-low 0.25 per cent at the start of the third quarter.

The number of occupational pension accounts held by Avanza Bank increased during the period from January to September 2009 by 3,400 and net savings in occupational pensions totalled SEK 230 million.

	30-09-2009	30-06-2009	Change %	31-12-2008	Change %	30-09-2008	Change %
<b>Avanza Zero</b>							
Investment fund capital, Avanza Bank, SEK m	1,310	980	34	480	173	400	228
Investment fund capital, PPM, SEK m	380	320	19	250	52	150	153
Investment fund capital, Avanza Zero, SEK m	1,690	1,300	30	730	132	550	207
No. unit holders, Avanza Bank	38,700	34,300	13	27,800	39	24,800	56
Return, Avanza Zero, %	41	25	16	-36	-	-26	-
Return, OMXS30-index incl. dividends, %	41	25	16	-36	-	-26	-

## Development

The Superloan, with an interest rate of 0.99 per cent for Avanza Bank customers and 0.89 per cent for Avanza Private Banking customers, was launched at the beginning of the fourth quarter. The interest rate is 35–40 per cent lower than for ordinary housing loans. Customers can borrow up to 35 per cent of the value of a selected list of equities and investment funds.

Avanza Bank launched active asset management of savings capital earlier this year, along with the new Mini service, which offers Swedes saving in equities the market's lowest brokerage fees for trading in Swedish shares. The minimum brokerage fee for shares listed on NASDAQ OMX Stockholm and First North is SEK 9 and the maximum is SEK 59. Mini is a simple and easy-to-use service for trading in Nordic shares and over 900 investment funds. Mini has no annual fees or other fixed fees. The maximum amount per share or warrant order is SEK 500,000.

## Financial overview

	2009	2008	Change	2009	2008	Change	2008-2009	2008
	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec
<b>Income Statement, SEK m</b>								
Brokerage income, net	77	53	45	217	167	30	279	229
Fund commissions	13	8	63	31	34	-9	38	41
Net interest items	26	48	-46	88	149	-41	132	193
Other income, net	12	8	50	34	35	-3	45	46
<b>Operating income</b>	<b>128</b>	<b>117</b>	<b>9</b>	<b>370</b>	<b>385</b>	<b>-4</b>	<b>494</b>	<b>509</b>
Personnel	-26	-29	-10	-92	-103	-11	-126	-137
Marketing	-3	-4	-25	-12	-21	-43	-22	-31
Depreciation	-2	-3	-33	-6	-9	-33	-9	-12
Other expenses	-21	-21	0	-58	-63	-8	-85	-90
<b>Operating expenses</b>	<b>-52</b>	<b>-57</b>	<b>-9</b>	<b>-168</b>	<b>-196</b>	<b>-14</b>	<b>-242</b>	<b>-270</b>
<b>Profit before tax</b>	<b>76</b>	<b>60</b>	<b>27</b>	<b>202</b>	<b>189</b>	<b>7</b>	<b>252</b>	<b>239</b>
Operating margin, %	59	51	8	55	49	6	51	47
Profit margin, %	46	40	6	44	38	6	41	36
Cost/income ratio, %	41	49	-8	45	51	-6	49	53
Earnings per share, SEK	2.15	1.70	26	5.96	5.35	11	7.40	6.78
Earnings per share after dilution, SEK	2.15	1.70	26	5.95	5.32	12	7.38	6.75
Return on shareholders' equity, %	10	8	2	26	25	1	33	32
Investments, SEK m	1	0	100	6	10	-40	7	11
Brokerage income/Operating income, %	60	45	15	59	43	16	56	45
Non-brokerage income/Operating income, %	40	55	-15	41	57	-16	44	55
of which, Fund commissions/Operating income, %	10	7	3	8	9	-1	8	8
of which, Net interest items/Operating income, %	20	41	-21	24	39	-15	27	38
of which, Other income/Operating income, %	9	7	2	9	9	0	9	9
Non-brokerage income/Operating expenses, %	98	112	-14	91	111	-20	89	104
of which, Net interest items/Operating expenses, %	50	84	-34	52	76	-24	55	71
Operating income/Savings capital, %	0.25	0.28	-0.03	0.85	0.89	-0.04	1.16	1.23
of which, Net interest items/Savings capital, %	0.05	0.12	-0.07	0.20	0.34	-0.14	0.31	0.47
Average no. employees	186	199	-7	183	200	-9	185	196
No. trading days	66	66	0	186	189	-2	248	251
Web service operational availability, %	99.8	99.9	-0.1	99.8	99.9	-0.1	99.9	99.9

	30-09-2009	30-06-2009	Change	31-12-2008	Change	30-09-2008	Change
			%		%		%
Shareholders' equity per share, SEK	22.83	20.68	10	22.76	0	21.19	8
Capital base/Capital requirement*	1.76	1.67	5	1.62	9	1.93	-9
No. employees	184	178	3	192	-4	191	-4
Market value, SEK	144.00	120.25	20	71.00	103	80.00	80
Market capitalisation, SEK m	3,970	3,320	20	1,960	103	2,200	80

For definitions, see page 8.

\* Capital base/Capital requirements refer, as of 30th September 2009, 30th June 2009 and 31st December 2008, to the financial conglomerate.

The data as of 30th September 2008 refers to the financial corporate group that has now ceased to exist. See also Note 3 on page 11.

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 repo rate, which controls Avanza Bank's interest margins, has been cut sharply since its peak of 4.75 per cent in September/October 2008, and was cut to 0.25 per cent at the beginning of the third quarter. The average repo rate during the period from January to September was 0.79 per cent, in comparison with 4.30 per cent during the corresponding period in 2008. Low market rates notwithstanding, income increased by 9 per cent during the third quarter. During the period from January to September, income decreased by 4 per cent. Brokerage income increased by 30 per cent during the period from

January to September, while net interest items decreased by 41 per cent. Customer activity levels have increased in response to the rising stock market.

Lending has increased by 109 per cent during the period from January to September in a clear sign of confidence in stock market trends, and indeed, the Stockholm Stock Exchange has increased by 15 per cent during the third quarter and by 37 per cent since the turn of the year. Non-brokerage income during the period from January to September comprises 58 per cent (68 %) net interest items, 20 per cent (16 %) fund commissions, and 22 per cent (16 %) other.

SEK 2.7 million attributable to the first six months of the year, and due to an incorrect previous tax calculation, has been charged to the tax expense for the third quarter.

Parliament has decided to establish a stability fund that will finance governmental measures to support the financial system. All banks and other credit institutions will, as of 2009, be obliged to pay an annual stability fee to the fund. The total fee is estimated at SEK 2.64 billion per annum, which will be divided between the institutions according to their size and the risk to which they expose the system. Avanza Bank's estimated fee for 2009 is SEK 1.4 million, SEK 1.1 million of which has been charged to the profit for the period from January to September.

Avanza Bank has not bought back any own shares in 2009.

## Capital surplus

	30-09-2009	31-12-2008
Capital base, as per Note 3, page 11, SEK m	471	426
Unaudited profits, SEK m	–	–
Assumed/Proposed dividend, SEK 4.50 (SEK 6.00) per share, SEK m	124	165
<b>Capital base, adjusted for dividend, SEK m</b>	<b>595</b>	<b>591</b>
Capital requirement with reference to Avanza Bank's internal capital assessment process, SEK m	315	315
<b>Total capital surplus before proposed dividend, SEK m</b>	<b>280</b>	<b>276</b>
Capital surplus per share, SEK	10.14	10.01

*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 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 280 million as of 30th September 2009.

## Financial position

Avanza Bank has no direct exposure to the problems that have characterised the market, and which comprise a combination of financing problems and of uncertainty with regard to the value of loans and other receivables. All of Avanza Bank's assets have a high liquidity level and reinvestments can, therefore, for the main part be made with one day's notice. The assets are adjudged to be secure. Avanza Bank has suffered no credit losses during the period January–September and the average credit losses since 2001 total less than 0.01 per cent per annum.

The statutory protection and guarantees (e.g. the government's deposit 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 period January–September 2009 was SEK –5 million (SEK –6 m). The Parent Company posts no turnover. A total dividend payment of SEK 165 million (SEK 163 m) has been made to the shareholders.

## Outlook for the future

Avanza Bank's goal is for the annual profit growth to total between 15 and 25 per cent in the long-term.

The healthy long-term growth potential is rooted in the rapid growth of online saving. This growth 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

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

	2001–2008	Goal
Net savings, % of savings capital at beginning of the year	22 % *	13–17 %
Growth in value	2 % *	6–8 %
<b>Savings capital, growth</b>	<b>22 %</b>	<b>20–25 %</b>
Estimated pricing pressure	(1 %)	(3–7 %)
<b>Growth in income</b>	<b>27 %</b>	<b>10–25 %</b>
Cost increase	(18 %)	(10–20 %)
<b>Growth in profit</b>	<b>59 %</b>	<b>15–25 %</b>

\* 2002–2008

By September 2009, net savings had increased by 21 per cent of the savings capital at the beginning of the year, thereby exceeding the long-term annual goal of 13–17 per cent, and continued to grow strongly in early October. The growth in value for an average account during the period from January to September totalled 35 per cent since the turn of the year.

Avanza Bank does not expect to achieve income goals in 2009, primarily due to the low interest rate levels. The potential for achieving the long-term profit growth goals in 2009 are, however, adjudged to be good, due to the healthy stock market trend in the last six months and to the reduction in costs in 2009 in comparison with 2008. Profit margins are expected to remain high.

Net interest items will be at a level substantially lower than those seen in 2008. Lending has, however, increased by 109 per cent since the turn of the year, which has had a positive effect on net interest items. The repo rate is still 0.25 per cent, but it is felt that as key interest rates return to more normal levels, Avanza Bank's net interest items should be able to improve.

In the summer Swedish savers had a total of SEK 1,000 billion, or just under 30 per cent of their savings, invested in bank accounts, which is an historically high level. And at very low interest rates. Savers' interest in the equities market could well increase if the stock market continues stable.

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 has chosen, during the period from January to September, to restrict the scale of its marketing as part of its efforts to cut costs in a poorer mar-

ket climate, but 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. The goal for 2009 is to reduce costs by at least 10–15 per cent. Operating costs are, seasonally speaking, normally higher during the first and fourth quarters than during the other quarters.

The previous goal, whereby non-brokerage income (i.e. operating income that is not directly market-dependent) should total at least 100 per cent of operating expenses, is not adjudged to be reasonable in the current market climate with low interest rates, and Avanza Bank does not believe it will be possible to achieve this goal in 2009. Non-brokerage income totalled 98 per cent of operating costs during the third quarter, and the trend is, therefore, positive. Lending has increased dramatically in 2009 and is expected to continue to increase during the fourth quarter, which will result in non-brokerage income once again approaching 100 per cent of operating costs.

Burgundy was formally launched in June and the effect of the increased competition is clearly apparent in lower costs, now that trading in Burgundy has been operating for a few months. The effects will successively increase if an ever-larger percentage of transactions are carried out in alternative marketplaces. The increased competition will, amongst other things, mean a general lowering of prices in the industry and as a result, key ratios such as commission costs in relation to commission income are steadily falling.

Interest in stock market IPO's is expected to continue low during the fourth quarter. Interest levels may, however, increase if the healthy stock market trend continues throughout the year. The need for capital acquisition programmes will remain high for the remainder of 2009.

Additional products and services will be launched during the fourth quarter.

## **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 30 of Avanza Bank's 2008 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 31 of the 2008 Annual Report. No significant changes have subsequently occurred.

### **Incentives programme**

Subsidiary programme 2 of the previous 2005–2008 stock option programme has expired without value, as of 30th September 2009, and hence no new share issue was effected in respect of this subsidiary programme. The subsidiary programme comprised 411,620 shares and the redemption price was SEK 168.78 per share.

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

On 21st April 2009, 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 in 2009.



## Reduction of share capital

The Annual General Meeting held on 21st April 2009 resolved to reduce the company's share capital by SEK 45,583. The reduction in the share capital will be effected by means of the withdrawal of the 18,233 shares owned by the company and which were bought back during 2008. The Swedish Companies Registration Office registered this reduction in share capital during the third quarter.

## Financial calendar

Preliminary Financial Statement, 2009	20th January 2010
2009 Annual Report	March 2010
Interim Report, January–March 2010	21st April 2010
Annual General Meeting	21st April 2010

## 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 savings:</b>	Deposits, less withdrawals, of liquid assets and securities.
<b>Net savings/Savings capital:</b>	The period's net savings 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.
<b>Transactions:</b>	Buying and selling transactions completed in different markets and involving different securities.

## Consolidated Income Statements (SEK m) \*

	2009	2008	2009	2008	2008-2009	2008
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
<b>Operating income</b>						
Commission income	118	84	331	285	431	384
Commission expenses	-16	-15	-50	-50	-70	-69
Interest income	28	108	107	308	193	394
Interest expenses	-2	-60	-19	-159	-61	-201
Net result of financial transactions	0	0	1	1	1	1
Other operating income	0	0	0	0	0	0
<b>Total operating income</b>	<b>128</b>	<b>117</b>	<b>370</b>	<b>385</b>	<b>494</b>	<b>509</b>
<b>Operating expenses</b>						
General administrative costs	-43	-47	-140	-155	-192	-207
Depreciation of tangible and intangible fixed assets	-2	-3	-6	-9	-9	-12
Other operating expenses	-7	-7	-22	-32	-41	-51
Credit losses, net	0	0	0	0	0	0
<b>Total operating expenses</b>	<b>-52</b>	<b>-57</b>	<b>-168</b>	<b>-196</b>	<b>-242</b>	<b>-270</b>
<b>Operating profit</b>	<b>76</b>	<b>60</b>	<b>202</b>	<b>189</b>	<b>252</b>	<b>239</b>
Tax on profit for the period	-17	-13	-38	-43	-48	-54
<b>Net profit/loss for the period **</b>	<b>59</b>	<b>47</b>	<b>164</b>	<b>146</b>	<b>204</b>	<b>185</b>
Earnings per share, SEK	2.15	1.70	5.96	5.35	7.40	6.78
Earnings per share after dilution, SEK	2.15	1.70	5.95	5.32	7.38	6.75
Average no. shares before dilution, thousand	27,578	27,428	27,578	27,294	27,561	27,351
Average no. shares after dilution, thousand	27,673	27,516	27,626	27,457	27,619	27,481
Outstanding no. shares before dilution, thousand	27,578	27,496	27,578	27,496	27,578	27,578
Outstanding no. shares after dilution, thousand	27,707	27,594	27,707	27,594	27,707	27,578
No. shares upon full dilution, thousand	29,105	28,952	29,105	28,952	29,105	28,940

\* 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)

	30-09-2009	31-12-2008
<b>Assets</b>		
Loans to credit institutions	6,092	6,587
Loans to the public	Note 1	2,608
Shares and participations	12	12
Assets in insurance operations	17,889	7,448
Intangible fixed assets	32	35
Tangible assets	6	8
Other assets	47	238
Prepaid costs and accrued income	37	16
<b>Total assets</b>	<b>26,723</b>	<b>15,597</b>
<b>Liabilities and shareholders' equity</b>		
Deposits by the public	Note 2	7,989
Liabilities in insurance operations	17,889	7,448
Other liabilities	180	98
Accrued costs and prepaid income	35	37
Shareholders' equity	630	628
<b>Total liabilities and shareholders' equity</b>	<b>26,723</b>	<b>15,597</b>

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

	2009	2008	2008
	Jan-Sep	Jan-Sep	Jan-Dec
<b>Shareholders' equity at the beginning of the period</b>	<b>628</b>	<b>573</b>	<b>573</b>
Dividend	-165	-163	-163
Warrants issue	3	4	4
Exercise of share warrants	-	24	29
Buyback of the company's own shares	-	-1	-1
Net profit/loss for the period	164	146	185
<b>Shareholders' equity at the end of the period</b>	<b>630</b>	<b>583</b>	<b>628</b>

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

## Consolidated Cash Flow Statements (SEK m)

	2009	2008	2009	2008
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Cash flow from operating activities	49	47	122	164
Cash flow from operating activities' assets and liabilities	-166	653	-450	1,473
Cash flow from investment operations	0	1	-5	-9
Cash flow from financial operations	0	9	-162	-137
<b>Cash flow for the period</b>	<b>-117</b>	<b>710</b>	<b>-495</b>	<b>1,491</b>
<b>Liquid assets at the beginning of the period *</b>	<b>6,209</b>	<b>4,986</b>	<b>6,587</b>	<b>4,205</b>
<b>Liquid assets at the end of the period *</b>	<b>6,092</b>	<b>5,696</b>	<b>6,092</b>	<b>5,696</b>

\* Liquid assets comprise loans to credit institutions.

## Parent Company Income Statements (SEK m)

	2009	2008
	Jan-Sep	Jan-Sep
Operating income	1	1
Operating expenses	-6	-7
<b>Operating profit/loss</b>	<b>-5</b>	<b>-6</b>
<b>Profit/loss from financial investments</b>	<b>-</b>	<b>-</b>
Tax on profit/loss for the period	1	2
<b>Net profit/loss for the period</b>	<b>-4</b>	<b>-4</b>

## Parent Company Balance Sheet (SEK m)

	30-09-2009	31-12-2008
<b>Assets</b>		
Financial fixed assets	225	222
Current receivables*	13	182
Liquid assets	0	0
<b>Total assets</b>	<b>238</b>	<b>404</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	236	402
Current liabilities	2	2
<b>Total shareholders' equity and liabilities</b>	<b>238</b>	<b>404</b>

Of which receivables from subsidiaries 11 (181).

## 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 2008 Annual Report. The revised IAS 1, Presentation of Financial Statements, requires that a report showing the total comprehensive income be presented. There is no difference, for the Group, between the result for the period and the total comprehensive income and hence no separate total comprehensive income report is presented in this Interim 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 Bank also has, as of 30th September 2009, deposits by third parties in client fund accounts totalling SEK 681 million (SEK 645 m as of 31st December 2008).

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

	30-09-2009	31-12-2008
<b>Capital base</b>		
Shareholders' equity, the Group	630	628
Less, unaudited profits	–	–
Assumed/Proposed dividend	–124	–165
<b>Shareholders' equity, financial conglomerate</b>	<b>506</b>	<b>463</b>
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	–35	–37
<b>Capital base</b>	<b>471</b>	<b>426</b>
<b>Capital requirement</b>		
Capital requirement for regulated units within the banking and securities sector	216	202
Capital requirement for regulated units in the insurance sector	32	29
Theoretical capital requirements for non-regulated units	19	32
<b>Capital requirement</b>	<b>267</b>	<b>263</b>
<b>Capital surplus</b>	<b>204</b>	<b>163</b>
<b>Capital base/Capital requirement</b>	<b>1.76</b>	<b>1.62</b>

In December 2008, the Swedish Financial Supervisory Authority ruled that the Avanza Bank group of companies constitutes a financial conglomerate. As a result of this ruling, the financial corporate group ceased to exist. 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.

### Note 4 – Segment information

Avanza Bank has no segments that meet the criteria laid down in IFRS 8. All operations are conducted in Sweden and both external income and fixed assets are attributable to Sweden.

External commission income per product area/service group breaks down as follows (SEK m):

	2009 Jul–Sep	2008 Jul–Sep	2009 Jan–Sep	2008 Jan–Sep
Direct savings products	90	59	234	205
Indirect savings products	24	21	86	61
Other services	4	4	11	19
<b>Total commission income</b>	<b>118</b>	<b>84</b>	<b>331</b>	<b>285</b>

Direct savings products refer to equity, investment fund and savings accounts. Indirect savings products refer to pension and insurance accounts. Other services includes asset management services, corporate finance, etc.

There is no single external customer who generates income that exceeds 10 per cent of the Group's/segment's income. Avanza Bank offers a diversified portfolio of savings services in highly competitive markets and the Group's reliance on individual customers is, therefore, limited.

Stockholm, 16th October 2009

Nicklas Storåkers  
Managing Director

## **Auditors' Review Report**

### **Introduction**

We have reviewed the interim report for Avanza Bank Holding AB for the period from January 1, 2009 to September 30, 2009. It is the Board of Directors and the Managing Director who are responsible for the presentation of this interim report in accordance with IAS 34, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **The Scope of the Review**

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review substantially smaller less in scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as an conclusion based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm, 16th October 2009  
Ernst & Young AB

Lars Träff  
Certified Public Accountant

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 07.45 (CET) on 16th October 2009.

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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