



Interim Report, 1st January - 31st March 2006

- Operating income increased by 103 % (-6.7 %) to SEK 123.9 million (SEK 61.1 m).
- The profit after tax was SEK 55.3 million (SEK 20.4 m).
- Earnings per share increased to SEK 2.01 (SEK 0.75).
- Net deposits totalled SEK 2,320 million (SEK 1,540 m), corresponding to 7.8 % (9.5 %) of the total value of custodian accounts at the beginning of the year.

Comments from the Managing Director

"We can look back now on a record quarter, both in terms of growth and of result. Net deposits totalled over SEK 2,300 million, providing important proof of the fact that more and more customers are seeing the benefits of saving with Avanza. Interest in mutual funds and pension savings was particularly pronounced, and Avanza's customers totalled 210,000 mutual fund commission notes during the quarter," says Nicklas Storåkers, Managing Director of Avanza.

"March saw the launch of our occupational pension, so customers can now group all of their savings - everything from active share trading to occupational pensions - under the Avanza umbrella. The common denominator for all of our products is that we offer the market's lowest charges, and Avanza is now assuming the role of the Savers' Bank. We have every confidence that broadening the scope of our operations in this way offers us truly excellent potential for growth.

"We will be introducing a number of other new products in the shares, mutual funds, and pension savings sectors during the remainder of the year, starting this spring with the launch of new pension savings solutions and our own mutual fund."

For additional information, please contact Nicklas Storåkers, Managing Director of Avanza, tel: +46 70 861 80 01.

Business performance

Avanza exhibited very strong growth during the first quarter, with growth boosted by the buoyant stock market climate. Strong growth was reported in both net deposits and the inflow of new customers. Interest in Avanza's new pension products remained high, and there was a substantial increase in the level of trading in mutual funds. Avanza also increased its market shares and further confirmed its position as the biggest contender in the Swedish savings market, and measured in terms of the number of transactions, Avanza was the biggest overall member of the Stockholm Stock Exchange during Q1 2006.

Net deposits totalled SEK 2,320 million (SEK 1,540 m) during the first quarter of 2006, corresponding to an increase of 50.6 % (29.4 %) in comparison with the same period last year. Net deposits were strong in all customer groups: Avanza, Avanza Private Banking, Avanza PRO and Aktiespar.se. The total value of net deposits corresponds to 7.8 % (9.5 %) of the total value of custodian accounts at the beginning of the year.

Demand for Avanza's pension products remained high, the fact that by far the highest percentage of private pension savings normally occurs during the fourth quarter, notwithstanding. Net deposit levels were particularly high for both capital pensions and endowment insurance during the first quarter. As of 31st March 2006, the custodian account value invested in pension products totalled SEK 3,280 million (SEK 2,470 m), corresponding to 9.0 % (8.3 %) of the total value of custodian accounts.

Avanza launched its occupational pension saving scheme, with absolutely no fixed charges, at the end of March. Avanza's offering is very competitive, with the market's lowest charges and the greatest freedom of investment choice. The selling-in times are relatively long for occupational pensions, but initial interest levels have been high, with enquiries coming in from several companies.

Avanza also launched a new web-based service at www.avanza.se in March with the aim of improving user-friendliness and giving the customer a better overview of their entire Avanza-based savings portfolio.

The increase in the value of the average Avanza portfolio during Q1 2006 totalled 13.7 % (6.7 %), in comparison with the OMX Stockholm Price Index, which increased by 12.0 % (5.5 %).

The total value of custodian accounts increased by 22.1 % (16.7 %) to SEK 36,400 million, as of 31st March 2006 (SEK 29,800 m, as of 31st December 2005). Demand has remained strong within Avanza Private Banking, and the total value of custodian accounts increased by 33 % to SEK 9,060 million (SEK 6,810 m as of 31st December 2005) during the first quarter of 2006. The total value of custodian accounts in Aktiespar.se increased to SEK 570 million (SEK 350 m as of 31st December 2005).

IT development work has concentrated on, amongst other things, developing the administrative systems for occupational pensions, and the launch of the new web-based service. The operational availability of Avanza's web-based service during the first quarter was 99.92 % (99.87 %).

The total number of custodian account customers increased by a net of 7,400 (3,200) during the first quarter to 113,300 (105,900 as of 31st December 2005), corresponding to a customer growth percentage of 7.0 % (3.6 %).

Avanza's custodian account customers averaged 2.35 (1.38) commission notes per month during the first quarter of 2006, corresponding to an increase of 70.3 % (-28.5 %) in comparison with the same period last year. The high level of customer activity was due to an extremely buoyant stock market climate. The average brokerage fee per commission note for custodian account customers during the period was SEK 93 (SEK 95). Operating income per custodian account customer increased to SEK 1,130 (SEK 700) during the quarter.

Borrowing, including client funds, increased to SEK 4,123 million as of 31st March 2006 (SEK 3,526 m as of 31st December 2005). The increase in borrowing is largely due to the underlying growth in the total value of custodian accounts. Lending increased by 15.4 % to SEK 2,369 million (SEK 2,052 m as of 31st December 2005). Borrowing and lending correspond to 11.3 % (11.8 % as of 31st December 2005) and 6.5 % (6.9 % as of 31st December 2005), respectively, of the total value of custodian accounts.

Avanza's market share of the Stockholm Stock Exchange during the first quarter of 2006 was 10.8 % (9.0 %) of the total number of transactions and 2.5 % (1.7 %) of turnover. In terms of the number of transactions, Avanza was hence the biggest member overall of the Stockholm Stock Exchange.

Result and position

Operating income increased by 103 % (-6.7 %) during the first quarter to SEK 123.9 million (SEK 61.1 m). The growth in income is due to higher levels of customer activity and underlying growth. Operating income totalled 0.38 % (0.35 %) of the total value of custodian accounts during the period. Net interest items totalled SEK 30.6 million (SEK 17.6 m) during Q1 2006, corresponding to an increase of 73.9 % (14.3 %) in comparison with the same period last year. Net interest items have been affected positively by higher borrowing and lending volumes, coupled with higher key interest rates.

Brokerage income, less deductions for direct costs, comprised 57 % (53 %) of total operating income during the first quarter, whilst non-brokerage income (net interest income, mutual fund commissions and other income) made up the remaining 43 % (47 %).

Non-brokerage income during the first quarter of 2006 comprised 112 % (86 %) of operating expenses, and Avanza has hence exceeded its goal of non-brokerage income totalling a minimum of 90-100 % of operating expenses during the first quarter. The increase in non-brokerage income is due mainly to rising volumes of borrowing and lending, and to increased mutual fund commissions.

Operating expenses during the first quarter of 2006 totalled SEK 47.8 million (SEK 33.5 m), corresponding to an increase of 42.7 % (20.5 %) in comparison with the same period last year. The majority of the increase in expenses is due to higher staffing levels. Marketing costs increased to SEK 6.5 million (SEK 4.7 m).

The number of full-time employees (excluding those on leaves of absence and parental leave) at the end of March was 101 (94 as of 31st December 2005). Ongoing recruitment notwithstanding, the pressure on the organisation remains substantial, due to the high growth levels, and Avanza consequently had a large number of temporary employees during the quarter. Avanza will continue to recruit in order to guarantee the quality and the service it provides for its customers, and to maintain the Group's rapid rate of development.

The pre-tax profit during the first quarter of 2006 was SEK 76.1 million (SEK 27.6 m), corresponding to an operating margin of 61.4 % (45.2 %). The tax expense was SEK 20.8 million (SEK 7.2 m), of which current tax comprised SEK 18.3 million (SEK 0.0 m).

The result after tax for the first quarter of 2006 was SEK 55.3 million (SEK 20.4 m). Earnings per share totalled SEK 2.01 (SEK 0.75). The return on equity during the period was 14.5 % (7.5 %).

Depreciation of tangible and intangible assets totalled SEK 1.8 million (SEK 1.5 m) and investments totalled SEK 3.0 million (SEK 0.3 m).

Shareholders' equity totalled SEK 409.0 million as of 31st March 2006 (SEK 353.7 m as of 31st December 2005), or SEK 14.89 (SEK 12.88) per share, and the capital adequacy ratio was 11.0 % (11.1 %). The Group's liquid assets totalled SEK 1,836.4 million (SEK 802.9 m as of 31st December 2005).

Outlook for the future

Avanza has a 1 per cent share of the Swedish savings market, and aims to double its market share to over 2 per cent within the next three years. Avanza accordingly also aims to double its income during the same period.

The long-term growth goal for income corresponds to an annual growth rate of between 20 and 30 %. The stock market has been very buoyant during the first few months of 2006 and Avanza's growth in income has hence, to date, comprehensively exceeded this figure. Trading activity levels cannot reasonably, however, be expected to remain at this high level in the long term.

Underlying growth is, however, continuing to be very strong, and net deposits during the first quarter totalled 8 % of the total value of custodian accounts at the beginning of the year. Avanza is, therefore, adjudged to have excellent potential for achieving or exceeding its long-term goal of an annual increase of net deposits of between 25 and 30 per cent in 2006.

Avanza's ambition is to continue to develop at a rapid rate and the company will implement a couple of significant product launches during the second quarter, such as additional pension savings solutions and the launch of our own mutual fund. This spring will also see Avanza offer the chance to subscribe for a couple of new IPO's, and its launches later this year will also include internet-based trading on the Nordic stock markets. Avanza regards the market climate as favourable and will accordingly also implement extensive marketing and sales activities.

Avanza is continuing to invest considerable resources in pension savings. The preconditions for substantial net deposits in 2006 are adjudged to be very good, particularly for private pension savings products. The selling-in times for occupational pensions is relatively long, and the initial amounts saved are usually small. The "Double your pension" concept does give Avanza a very competitive product, and the potential also exists in the longer term to build up substantial savings volumes, and Avanza consequently regards the occupational pension savings market as being of considerable long-term interest.

Due to the overall high growth rate, Avanza has opted to invest considerable resources in its organisation, systems, marketing and sales, and the company is consequently expected to exceed its goal of a 10-20 % increase in costs in 2006.

Avanza is of the opinion that the expanded product offering will both attract new customers and increase the willingness of existing customers to invest more of their savings with Avanza. Overall, the preconditions for a strong growth in profits in 2006 are adjudged to be good.

The above should not, however, be regarded as an income or profit forecast for 2006, due to the operations' reliance on stock market trends. The goal is, however, for non-brokerage income, i.e. operating income not directly dependent on the stock market, to total a minimum of 90-100 % of operating expenses, thereby ensuring a healthy stability in results, even during less favourable market conditions.

Other

Annual General Meeting

The Annual General Meeting was held on 5th April 2006. The Annual General Meeting approved the dividend of SEK 2.00 per share (SEK 1.50) proposed by the Board. Sven Hagströmer, Johan Brenner, Anders Ellsell, Mikael Nachemson, Andreas Rosenlew, Jacqueline Winberg and Nicklas Storåkers were re-elected to the Board of Directors in accordance with the proposal of the Election Committee. Jeanette Almberg was elected for the first time as a Member of the Board.

Financial calendar

Interim Report, 1 st January-30 th June	11 th July 2006
Interim Report, 1 st January-30 th September	11 th October 2006
Preliminary Financial Statement	January 2007

Stockholm, 11th April 2006

Nicklas Storåkers
Managing Director

Review report

Introduction

We have reviewed this Interim Report for the period from 1st January 2006 until 31st March 2006. The preparation and presentation of these accounts in accordance with IAS 34 and the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies is the responsibility of the company management. Our responsibility is to express an opinion on this Interim Report, based on our review.

The focus and scope of the review

We have carried out our review in accordance with the Standard for Reviews, SÖG 2410, *Reviews of financial interim information carried out by the company's chosen auditors*, issued by FAR. A review entails making enquiries, principally of those persons responsible for financial matters and accounting matters, conducting an analytical review, and taking other review measures. The focus of a review is different from and is considerably limited in scope in comparison with the focus and scope of an audit in accordance with the Audit Standards in Sweden, RS, and other generally accepted accounting practice here. The review measures taken in conjunction with a review do not enable us to determine with any degree of certainty that we are aware of all those circumstances that could have been identified if an audit had been carried out. The opinion expressed based on a review does not, therefore, offer the certainty of an opinion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this Interim Report has not, in every significant respect, been prepared in accordance with IAS 34 and the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 11th April 2006

KPMG Bohlins AB

Anders Bäckström
Authorised Public Accountant

The Group's quarterly performance

SEK m	01-01-06 31-03-06	01-10-05 31-12-05	01-07-05 30-09-05	01-04-05 30-06-05	01-01-05 31-03-05
Operating income	123.9	83.6	74.2	66.2	61.1
Operating expenses	-47.8	-39.0	-30.9	-35.0	-33.5
Pre-tax profit/loss	76.1	44.6	43.3	31.2	27.6
Custodian account value, SEK m	36,400	29,800	25,800	21,800	18,900
Operating income/custodian account value, %	0.38	0.30	0.31	0.33	0.35
Net deposits, SEK m	2,320	2,060	1,260	800	1,540
No. custodian account customers	113,300	105,900	98,500	94,700	93,000
No. commission notes per custodian account customer and month	2.35	1.79	1.69	1.41	1.38
No. transactions per commission note	1.70	1.71	1.68	1.62	1.65
Average no. employees	119	103	97	92	82

Key financial figures for the Group

	01-01-06 31-03-06	01-01-05 31-03-05	01-04-05 31-03-06	01-01-05 31-12-05
Earnings per share, SEK	2.01	0.75	5.13	3.88
Earnings per share after dilution, SEK	2.00	0.75	5.11	3.86
Operating margin, %	61.4	45.2	56.1	51.5
Equity per share, SEK	14.89	9.71	14.89	12.88
Return on equity, %	14.5	7.5	43.8	35.3
Capital adequacy ratio, %	11.0	12.4	11.0	11.1
Average no. shares before dilution	27,465,674	27,044,274	27,465,674	27,297,114
Average no. shares after dilution	27,615,005	27,044,274	27,533,955	27,440,992
Outstanding no. shares before dilution	27,465,674	27,465,674	27,465,674	27,465,674
Outstanding no. shares after dilution	27,651,474	27,465,674	27,651,474	27,578,537
No. shares on full dilution	27,889,874	27,465,674	27,889,874	27,889,874

Definitions

Earnings per share

Profit/loss after tax in relation to the average number of shares during the period

Operating margin

Operating profit/loss in relation to operating income

Equity per share

Shareholders' equity in relation to the number of ordinary shares at the end of the period

Return on equity

Profit/loss after tax in relation to the average shareholders' equity during the period

Capital adequacy ratio

The capital base in relation to the risk-weighted capital

Custodian account customer

An account opened with holdings

Transactions

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

Commission note

Daily compilation of the buying and selling commissions completed by a customer and involving a specific security. A commission note may include one or more transactions. Brokerage fees are charged on the basis of the commission notes.

Operating income/custodian account value

Operating income in relation to average custodian account value during the period

Consolidated Income Statements (SEK m)

	01-01-06 31-03-06	01-01-05 31-03-05
Operating income		
Commission income	106.2	50.9
Commission expenses	-13.1	-7.4
Interest income	35.7	20.1
Interest expenses	-5.1	-2.5
Net result of financial transactions	0.0	-0.2
Other operating income	0.2	0.2
Total operating income	123.9	61.1
Operating expenses		
General administrative costs	-36.4	-25.4
Depreciation of tangible and intangible fixed assets	-1.8	-1.5
Other operating expenses	-9.6	-6.6
Net credit losses	0.0	0.0
Total operating expenses	-47.8	-33.5
Operating profit	76.1	27.6
Taxes	-20.8	-7.2
Profit for the period	55.3	20.4
Earnings per share, SEK	2.01	0.75
Earnings per share after dilution, SEK	2.00	0.75

Consolidated Balance Sheets (SEK m)

		31-03-2006	31-12-2005
Assets			
Loans to credit institutions		1,836.4	802.9
Loans to the public	Note 1	2,369.2	2,052.4
Shares and participations		1.0	0.6
Assets in insurance operations		2,145.1	1,553.8
Intangible fixed assets		24.3	25.0
Tangible assets		9.1	7.2
Other assets		86.0	52.0
Prepaid costs and accrued income		26.8	10.8
Total assets		6,497.9	4,504.7
Liabilities and shareholders' equity			
Borrowing and lending from the public	Note 2	3,504.2	2,287.0
Liabilities in insurance operations		2,145.1	1,553.8
Other liabilities		413.9	294.4
Accrued costs and prepaid income		25.7	15.8
Shareholders' equity		409.0	353.7
Total liabilities and shareholders' equity		6,497.9	4,504.7

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

	01-01-2006 31-03-2006	01-01-2005 31-03-2005	01-01-2005 31-12-2005
Shareholders' equity at the beginning of the year	353.7	275.8	275.8
New share issue	-	11.8	11.8
Dividend*	-	-41.2	-41.2
Warrants issue	-	-	1.4
Profit for the year	55.3	20.4	105.9
Shareholders' equity at the end of the period	409.0	266.8	353.7

* A dividend of SEK 2.00 per share, totalling SEK 54,931,000, was approved by the Annual General Meeting held on 5th April 2006, and will be disbursed on 13th April 2006.

Consolidated Cash Flow Statement (SEK m)

	01-01-2006 31-03-2006	01-01-2005 31-03-2005
Cash flow from current operations	68.8	27.2
Cash flow from current operations' assets and liabilities	967.7	76.1
Cash flow from investment operations	-3.0	-0.3
Cash flow from financing operations	0.0	-29.3
Cash flow for the period	1,033.5	73.7
Liquid assets at the beginning of the period*	802.9	489.8
Liquid assets at the end of the period*	1,836.4	563.5

* Liquid assets are defined as the sum of cash in hand, loans to credit institutions and, where relevant, with deductions for liabilities to credit institutions.

Accounting principles

Avanza's Interim Report is accordingly formulated in accordance with the IFRS standards adopted by the EU and with the interpretations of applicable standards, IFRIC, adopted by the EU. This report has been formulated in accordance with IAS 34, Interim Reporting, 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 2004:20). Accounting principles and calculation methods remain unchanged from those applied for the 2005 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 custodian account credits, are secured by collateral in the form of securities, up to a fixed lending value.

Note 2 - Funds managed on behalf of third parties

In addition to the borrowing reported in the Balance Sheet, Avanza also has, as of 31st March 2006, borrowing from third parties in client fund accounts totalling SEK 618.4 million (SEK 1,239.6 m as of 31st December 2005).