

# 007

AVANZA PRELIMINARY FINANCIAL STATEMENT 2007

# Preliminary Financial Statement 2007

- Operating income increased by 22 per cent (60%) to SEK 557 million (SEK 455 m)
- The profit after tax totalled SEK 233 million (SEK 188 m)
- Earnings per share increased by 24 per cent (77%) SEK 8.51 (SEK 6.85)
- The number of accounts increased by 27 per cent (23%) to 165,000 (130,000 as of 31st December 2006) and the total savings capital increased by 6 per cent (45%) to SEK 45,900 million (SEK 43,200 m as of 31st December 2006) as of 31st December 2007
- The Board of Directors proposes that a dividend of SEK 6.00 (SEK 4.00) per share be paid

## Fourth quarter

- Operating income increased by 28 per cent (41%) to SEK 151 million (SEK 118 m)
- The profit after tax totalled SEK 66 million (SEK 54 m)
- Earnings per share increased by 22 per cent (66%) to SEK 2.40 (SEK 1.96)

## Comments from the Managing Director

“Income increased by 22 per cent and profits by 24 per cent in 2007, which means that we more than met our growth targets, despite the stock market doing very little to help us along. Our new long-term profit growth goals have been set at 15–25 per cent per annum. Stock market turbulence, however, gives rise to a considerable uncertainty regarding 2008”, says Nicklas Storåkers, Managing Director of Avanza.

“The number of accounts grew by 27 per cent in 2007 to 165,000. Saving in endowment insurance is incredibly popular right now. Avanza Zero – the no-fee index fund – attracted a lot of new customers, too. Stock market turbulence during the autumn led to increased saving in fixed income products. Levels of interest in strong emerging markets, such as India and China, also continued to be high.”

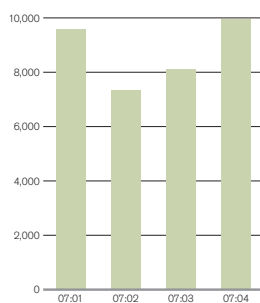
“Net savings for 2007 totalled SEK 5,000 million, which is well below our target figure. Net saving levels have been strong during early 2008, however, and Avanza will also be launching a whole string of new services in early 2008 – services that we believe will boost net savings.”

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

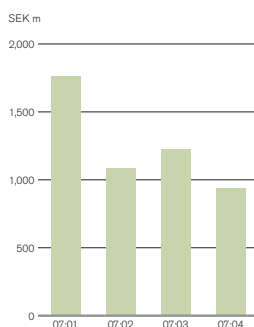
## Business performance

The total number of accounts increased by a net of 35,000 (24,100) in 2007 to 165,000 (130,000 as of 31st December 2006), corresponding to an increase of 27 per cent (23%). Pension and insurance-based accounts comprised 43 per cent (27%) of the total number of new accounts.

The year was characterised by that the net savings did not track the growth in the number of accounts. This was due to a relatively high level of private consumption, higher interest rates, and to stock market turbulence reducing savers' interest in equity-based saving. But the explanation also lies in stiffer competition and lower levels of saving per new account. Net savings in 2007 totalled SEK 5,000 million (SEK 6,030 m), corresponding to 12 per cent (20%) of savings capital at the beginning of the year. Normally high levels of net savings during the fourth quarter have fallen as a result of the abolition of wealth tax, the block that was placed on new savings in endowment pensions, and the substantially increased interest in saving in endowment insurance. Net savings during the fourth quarter totalled SEK 940 million (SEK 1,500 m).



**Growth in no. of accounts per quarter 2007**



**Net savings per quarter 2007**

Demand for saving in endowment insurance continued to be very strong, but savings behaviour patterns have changed, with large scale withdrawals towards the end of the year and larger amounts being saved in early 2008. Saving through endowment insurance allows the customer to invest in shares and investment funds without incurring a capital gains tax liability and without having to declare individual securities transactions. The customer can now also withdraw their money immediately. The only tax that the customer pays is an annual tax on returns, which currently comprises just over one per cent of the value of the insurance.

The average account decreased in value by 4.4 per cent (+22.1%) in 2007 in comparison with a decrease by the OMX Stockholm Price Index of 6.0 per cent (+23.6%).

Total savings capital increased by 6 per cent (45%) to SEK 45,900 million (SEK 43,200 m as of 31st December 2006). The total value of savings capital within Avanza Private Banking increased by 23 per cent (72%) to SEK 16,400 million (SEK 13,300 m as of 31st December 2006). Savings capital within Aktiespar.se increased to SEK 800 million (SEK 750 m as of 31st December 2006).

To date, 1,600 employees (accounts) have joined the Avanza Occupational Pension scheme. Savings capital within the Avanza Occupational Pension scheme increased by 133 per cent (–) during 2007 to SEK 140 million (SEK 60 m as of 31st December 2006), as of 31st December 2007. Avanza Occupational Pension is working actively in three areas – direct selling, selling via insurance brokers, and selling

via the collective agreement-based occupational pension plans – in order to expand its distribution and reach out to even more potential savers. To date, the majority of sales have come from direct selling – and demand in this sector is showing a strong increase. Avanza also signed partnership agreements with 45 major insurance brokers and has, furthermore, been approved for affiliation to three of the four biggest collective agreement-based plans in Sweden: SAF/LO, KAP/KL and PA03. Avanza is not affiliated to the ITP plan. The occupational pension plan agreement areas to which Avanza is affiliated comprise almost three million savers who invest SEK 20,000 million every year. Normally, approximately five per cent of these savers actively choose to reinvest or make new investments every year and the percentage of active savers is expected to increase. Fees are very important in terms of the size of the pension a saver receives, and Avanza can offer the lowest fees and, in the form of Avanza Zero – the no-fee fund – a completely fee-free form of pension saving. Capital from the choices made in 2007 will come in during first and second quarter 2008.

The temporary legislative block on the right to transfer pension insurance implemented in Sweden in early 2007 will be lifted as of 1st May 2008. Considerable uncertainty does, however, exist with regard to the potential imposition of a mandatory retroactive right to transfer. The removal of the legislative block will, however, open up a bigger market for Avanza which is expected to be of considerable interest in the context of some of the collective agreement-based occupational pension plans, for example.

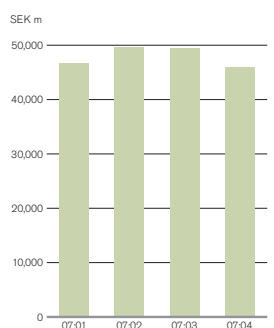
Savings capital invested in pension- and insurance-based savings totalled SEK 8,880 million as of 31st December 2007 (SEK 4,800 million as of 31st December 2006), corresponding to 19 per cent of the total savings capital (11% as of 31st December 2006).

The range of investment funds offered now comprises over 900 funds from over 70 fund management companies. Interest in investing in funds and equity-linked bonds is constantly increasing and customers are transferring more and more of this type of saving to Avanza. Interest in Avanza Zero, the no-fee index fund, is an important factor in the increase in fund-based savings with Avanza, and in 2007, Avanza executed 1.0 million (0.6 m) fund commission notes. Avanza Zero had 21,200 (14,800 as of 31st December 2006) unit holders as of 31st December 2007 with Avanza and SEK 500 million (SEK 480 m) in fund capital, including PPM. The return on Avanza Zero has totalled 23.5 per cent since its launch in May 2006, in comparison with the OMXS30 index which rose by 22.8 per cent, including dividends, during the same period.

The total value of savings capital invested in funds was SEK 8,960 million, as of 31st December 2007 (SEK 6,550 m as of 31st December 2006), corresponding to 20 per cent of the total value of savings capital (15% as of 31st December 2006). The number of accounts with fund holdings increased during the period to 64,500 during the period as of 31st December 2007 (43,200 as of 31st December 2006), corresponding to 39 per cent (33%) of all accounts.

Avanza's customers averaged 2.09 (2.01) commission notes per account per month during 2007, corresponding to an increase of 4 per cent (28%) in comparison with the same period last year. The corresponding figure during fourth quarter was 2.15 (1.98) commission notes.

The average brokerage fee per commission note (excluding fund transactions) for private customers during 2007 was SEK 102 (SEK 116). Operating expenses totalled 1.19 per cent (1.25%) of savings capital during 2007. Pricing pressure (defined as operating income in relation to savings capital) totalled 5.0 per cent in 2007.



**Savings capital per quarter 2007**

Deposits, including client funds, increased to SEK 7,080 million as of 31st December 2007 (SEK 5,280 m as of 31st December 2006).

Lending totalled SEK 2,300 million (SEK 2,290 m as of 31st December 2006). Deposits and lending correspond to 15 per cent (12% as of 31st December 2006) and 5 per cent (5% as of 31st December 2006), respectively, of the total value of savings capital. Customers' net liquidity hence totalled 10 per cent of the total value of savings capital (7% as of 31st December 2006).

Avanza's market share of the Stockholm Stock Exchange (including First North) was 8.5 per cent (10.0%) of the total number of transactions and 2.8 per cent (2.7%) of turnover in 2007. In terms of the number of transactions, therefore, Avanza continued to be the biggest member overall of the Stockholm Stock Exchange (including First North).

The online savings magazine, Placera Nu ([www.placera.nu](http://www.placera.nu)), publishes daily analyses of investments in shares, investment funds and pensions. The number of unique visitors totalled 66,600 per week on average during 2007.

At the end of December, Avanza had 4,000 active PPM asset management customers. The number of customers increased by 800 during the fourth quarter, and early 2008 will see Avanza launch asset management for all of the savings formats it offers so that customers who lack the necessary time or know-how can still take advantage of the benefits offered by Avanza.

Additional new services and offers will also be launched during first quarter 2008 and will boost Avanza's competitiveness, and hence the potential for higher levels of net savings. Avanza will also be implementing a range of measures designed to help the customer, from online registration to the customer being fully up and running with their savings activities. This is expected to increase the efficiency of our marketing and thereby boost both the inflow of new accounts and net savings levels.

Avanza has offered its customers the chance to subscribe for twelve new IPO's and private placements during the year. Demand for Avanza's services amongst new companies in the process of listing their shares continues to be high, but there is, nonetheless, uncertainty due to the shaky market climate in 2008. Avanza makes every effort to ensure that the flotations it offers its customers are of a high standard.

The operational availability of Avanza's web service during 2007 was 99.5 per cent (99.7%).

In July 2007, Avanza concluded an agreement to acquire Ikanobanken's investment fund and pension savings operations. The maximum purchase price is SEK 8.5 million. The operations comprise direct fund-based saving and individual pension saving (IPS). Integration will take place during February 2008 and will entail Avanza taking over 16,000–16,500 accounts.

## Result and position

Operating income increased by 22 per cent (60%) during 2007 to SEK 557 million (SEK 455 m), corresponding to 1.19 per cent (1.25%) of the total savings capital. The growth in income is primarily due to underlying growth in the number of accounts, but pricing pressure is having a negative effect. Income increased during the fourth quarter by 28 per cent (41%) to SEK 151 million (SEK 118 m). Net financial items and investment fund commissions totalled SEK 175 million (SEK 138 m) and SEK 69 million (SEK 45 m), respectively, in 2007, corresponding to an increase of 27 per cent (69 %) and 53 per cent (36%), respectively, in comparison with last year. Fourth quarter net financial items and investment fund commissions totalled SEK 48 million (SEK 38 m) and SEK 19 million (SEK 9 m), respectively.

Brokerage income, less deductions for direct costs, comprised 46 per cent (53%) of total operating income during 2007, whilst non-brokerage income made up the remaining 54 per cent (47%).

Non-brokerage income during 2007 comprised 121 per cent (102%) of operating expenses, which exceeds Avanza's goal of non-brokerage income totalling a minimum of 110 per cent of operating expenses in 2007. The corresponding figure during fourth quarter was 121 per cent (101%). Non-brokerage income primarily comprises net interest income, investment fund commissions and fees from corporate finance.

Operating expenses during the year totalled SEK 250 million (SEK 211 m), corresponding to an increase of 18 per cent (52%) in comparison with last year. Operating expenses during the fourth quarter totalled SEK 69 million (SEK 59 m). Marketing costs increased during 2007 to SEK 49 million (SEK 43 m) and this, coupled with increased staff overheads, accounts for the majority of the increase in operating expenses.

The number of full-time employees (excluding those on leaves of absence and parental leave) at the end of December was 210 (157 as of 31st December 2006). The recruitment requirement during 2008 is expected to be lower, relatively speaking, than in 2007.

The pre-tax profit for 2007 was SEK 307 million (SEK 244 m), corresponding to an operating margin of 55 per cent (54%). The tax expense was SEK 74 million (SEK 56 m). The effective tax expense has fallen due to the approval by

the Tax Authority of a loss carry-forward of SEK 20 million that had previously not been booked as a deferred tax receivable.

The result after tax during the year was SEK 233 million (SEK 188 m). Earnings per share totalled SEK 8.51 (SEK 6.85). The return on equity during the year was 46 per cent (45%).

Depreciation of tangible and intangible assets totalled SEK 10 million (SEK 8 m) and investments totalled SEK 10 million (SEK 16 m) during 2007.

The Group's liquid assets totalled SEK 4,205 million as of 31st December 2007 (SEK 2,880 m as of 31st December 2006).

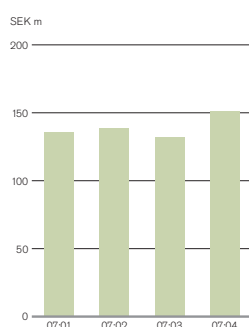
Shareholders' equity totalled SEK 573 million as of 31st December 2007 (SEK 489 m as of 31st December 2006), or SEK 21.10 (SEK 17.80 as of 31st December 2006) per share.

The statutory reserve was lowered by SEK 117 million in December by means of a transfer to non-restricted equity in accordance with a decision taken by the Extraordinary General Meeting held on 12 October 2007. This lowering enables the continued buyback of the company's own shares. Avanza bought back a total of 305,674 of its own shares in 2007 for an aggregate purchase price of SEK 41 million. The buybacks correspond to 1.1 per cent of the total number of shares before the buybacks began.

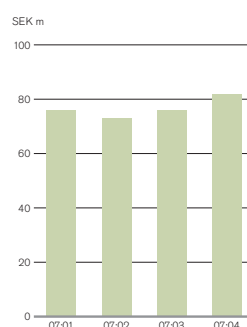
The capital base with deduction of proposed dividend amount to MSEK 344 as of 31st December 2007. In accordance with applicable capital adequacy ratio regulations and Avanza's internal capital assessment process, the total capital requirement is, at present, calculated at SEK 250 million. Avanza calculates with that after a dividend payment of SEK 6.00 per share, this will provide scope for continued buybacks of the company's own shares up to a total purchase amount of SEK 94 million, corresponding to SEK 3.46 per share. The Swedish Financial Supervisory Authority will announce the result of its evaluation of Avanza's internal capital assessment process during Q1 2008. It is calculated that in the long-term, Avanza will be able to distribute in excess of 70 per cent of its profits to the shareholders.

### The Parent Company, Avanza AB

Avanza AB is the Parent Company of the Avanza corporate group. The operating profit loss for 2007 was SEK 6 million (–SEK 6 m). The Parent Company reports zero turnover. A dividend totalling SEK 110 million (SEK 55 m) has been paid to the shareholders.



Operating income per quarter 2007



Operating profit per quarter 2007

## Outlook for the future

Avanza's goal is to achieve an annual long-term growth in profits of between 15 and 25 per cent. The healthy preconditions for growth are due to the rapid growth in online saving that is a result of the advantages offered by the internet in terms of simplicity and low fees, coupled with an increased need for individual savings and the increasing use of the internet by more mature target groups. Avanza's growth targets are based on normal market performance. The currently unstable market climate may, however, affect the preconditions for growth in the short run.

Avanza currently has the market's best offering with regard to online saving. A customer can, for example, double their pension in comparison with that they would receive from some of the market's biggest players. Avanza Zero – the no-fees fund – is also helping more and more people to see the advantages of saving with Avanza.

Avanza estimates that over 50 per cent of all savings will, in the long-term, be handled on-line. Avanza's market share is currently 1.3 per cent and its goal is to achieve a market share of almost 2 per cent by the end of 2010 given a normal market development. This constitutes a postponement of earlier calculations, but has been necessitated by among other things a poorer than anticipated market performance and lower levels of net saving than expected in 2007. The long-term conditions for growth are, however, as good as ever.

The goal is for the total number of accounts and management services to approach one quarter of a million by the end of 2008, and for net savings during the year to total SEK 6,000–8,000 million. The first quarter will see Avanza launch a couple of new services and offerings which, in Avanza's opinion, will boost the potential for higher levels of net savings.

In the long-term, there is a clear link between growth in savings capital and growth in operating income, and an underlying growth in savings capital will, therefore, generate the preconditions for a growth in income. At the same time, pricing pressure is expected to continue, which will have a negative effect on the rate of growth.

The long-term growth targets for operating income can be summarised as follows:

### Annual growth (ca.)

	2001–2007	Goal
Net savings, % of savings capital at the beginning of the year	23 %*	13–17 %
Growth in value	14 %*	6–8 %
<b>Savings capital, growth</b>	<b>33 %</b>	<b>20–25 %</b>
Pricing pressure	(2 %)	(3–7 %)
<b>Growth in income</b>	<b>34 %</b>	<b>10–25 %</b>
Increase in costs	(20 %)	(10–20 %)
<b>Growth in profit</b>	<b>78 %</b>	<b>15–25 %</b>

\* 2002–2007

The biggest threat to continued strong growth lies in a long-term negative stock market trend which results both in reduced savings capital and lower levels of interest in savings. This direct reliance on the stock market is, however, being reduced by the increasing level of savings in investment funds and pensions. The competition from traditional players has also increased. Avanza believes, however, that this competition will make a positive contribution to the growth in online saving which will, in turn, both demand more of and generate greater potential for Avanza.



Avanza's business model means that the majority of the costs comprise fixed overheads. Marketing and sales costs are, however, primarily variable costs that depend on Avanza's assessment of the market climate. Avanza can, therefore, choose to reduce the rate at which costs increase in a poorer market climate, but Avanza operates in a rapidly changing market and can, therefore, also choose to invest more in growth. This may entail higher costs than previously forecast due, largely, to higher staffing levels. All of these investments are, however, based on current systems and organisations, and on high levels of cost-awareness within Avanza.

Implementing the planned activities and generating the preconditions for achieving growth targets will, it is calculated, mean an increase in operating expenses of 10–20 per cent in 2008. In the current market climate Avanza has chosen to adopt a cautious view of cost increases. Seasonally speaking, operating expenses during the first and fourth quarters are usually higher than in the other two quarters.

The above should not, however, be regarded as an income or profit forecast for 2008, in that operations are dependent on stock market trends. The goal, however, is for non-brokerage income, i.e. operating income that is not directly market-dependent, to total at least 130 per cent of operating expenses, thereby ensuring good earnings stability, even in a weaker market climate.

## Other

### **Dividend**

The Board of Directors proposes that a dividend of SEK 6.00 (SEK 4.00) per share be paid, corresponding to a total disbursement of SEK 163 million (SEK 110 m). It is calculated that in the long-term, Avanza will be able to distribute in excess of 70 per cent of its profits to the shareholders.

### **Significant risks and uncertainty factors**

Avanza'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 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's 2006 Annual Report provides a detailed description of the Group's risk exposure and risk management. No significant risks over and above the risks described therein are adjudged to have arisen.

### **Transactions with associated parties**

Avanza's transactions with associated parties are shown in Note 31 of the 2006 Annual Report. No significant changes have subsequently occurred.

### **Annual General Meeting**

The Annual General Meeting of the company's shareholders will be held at 3.00 p.m on April 15th 2008 the Annex arena of the Stockholm Globe Arenas in Stockholm. The Annual Report will be available from the company's offices and on the company's website at [www.avanza.com](http://www.avanza.com) from 10th March 2008 and will also be sent to shareholders upon request.

### **Nomination Committee**

The Nomination Committee comprises the Chairman of the Board, Sven Hagströmer, Erik Törnberg, who represents Investment AB Öresund, Eva Qviberg, who represents the Qviberg family, and Anders Oscarsson, who represents SEB Fonder. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, visit Avanza's website at [www.avanza.com](http://www.avanza.com).



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

On 30th August 2007, the Board of Directors of Avanza decided to commence the buyback of the company's own shares in accordance with the authorisation obtained from the Annual General Meeting of the company held on 22nd March 2007. Avanza has acquired a total of 305,674 of its own shares for a total price of SEK 40.6 million in 2007. This corresponds to an average price of SEK 132.86 per share. The buybacks correspond to 1.1 per cent of the total number of shares before the buybacks began. The average number of the company's own shares bought back in 2007 was 61,135.

### **Financial calendar**

2007 Annual Report	10th March 2008
Interim Report, January – March 2008	15th April 2008
Annual General Meeting	15th April 2008
Interim Report, January – June 2008	11th July 2008
Interim Report, January – September 2008	14th October 2008
Preliminary Financial Statement, 2008	January 2009

## Consolidated performance and key ratios\*

	2007	2006	2007	2006
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income, SEK m	151	118	557	455
Operating expenses, SEK m	-69	-59	-250	-211
Pre-tax profit/loss, SEK m	82	59	307	244
Operating margin, %	54	50	55	54
Profit margin, %	44	46	42	41
Earnings per share, SEK	2.40	1.96	8.51	6.85
Earnings per share after dilution, SEK	2.38	1.95	8.45	6.80
Brokerage income/Operating income, %	44	50	46	53
Non-brokerage income/Operating income, %	56	50	54	47
Non-brokerage income/Operating expenses, %	121	101	121	102
Operating income/Savings capital, %	0.32	0.30	1.19	1.25
Savings capital, SEK m	45,900	43,200	45,900	43,200
Savings capital, pensions & insurance-based savings, SEK m	8,880	4,800	8,880	4,800
Savings capital, funds, SEK m	8,960	6,550	8 960	6,550
Deposits, SEK m	7,080	5,280	7,080	5,280
Lending, SEK m	2,300	2,290	2,300	2,290
Net savings, SEK m	940	1,500	5,000	6,030
Net savings/Savings capital, %	8	16	12	20
Lending/Deposits, %	33	43	33	43
Net deposits/Savings capital, %	10	7	10	7
No. accounts	165,000	130,000	165,000	130,000
No. management services	4,000	-	4,000	-
No. accounts and management services	169,000	130,000	169,000	130,000
No. commission notes per account and month	2.15	1.98	2.09	2.01
No. transactions per commission note	1.71	1.73	1.73	1.74
Brokerage per commission note, SEK	100	110	102	116
Average no. employees	202	141	178	129
No. employees	210	157	210	157
Equity per share, SEK	21.10	17.80	21.10	17.80
Return on equity, %	12	12	46	45
Capital adequacy ratio	1.79	-	1.79	-
Solvency ratio, %	-	11.8	-	11.8
Share price, SEK	135.50	123.25	135.50	123.25
Market capitalisation, SEK m	3,680	3,380	3,680	3,380

\* Avanza also publishes an Excel document containing its financial history. The information is provided in English and is updated quarterly.

The search path is [www.avanza.se/aza/omavanza/finansiell-information/finansiellHistorik.jsp?lang=se](http://www.avanza.se/aza/omavanza/finansiell-information/finansiellHistorik.jsp?lang=se).

## Definitions

**Operating margin:** Operating profit/loss in relation to operating income.

**Profit margin:** Profit/loss after tax in relation to operating income.

**Earnings per share:** Profit/loss after tax in relation to the average number of shares during the period.

**Brokerage income:** Brokerage income less direct costs.

**Non-brokerage income:** Income excluding brokerage income less direct costs.

**Operating income/Savings capital:** Operating income in relation to average savings capital during the period.

**Deposits:** Borrowing, including client accounts.

**Net savings/Savings capital:** The period's net savings on an annual basis in relation to savings capital at the beginning of the period.

**Net deposits/Savings capital:** Borrowing, including client accounts, minus lending, in relation to the savings capital at the end of the period.

**Account:** An account opened with holdings.

**Brokerage per commission note:** Gross brokerage income in relation to the number of commission notes excluding investment fund commission notes.

**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.

**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 capital requirement.

**Solvency ratio:** The capital base in relation to the risk-weighted capital.

**Capital base:** The financial corporate group's shareholders' equity adjusted in accordance with the Swedish Capital Adequacy and Large Exposures for Credit Institutions and Securities Companies Act. The formal capital base only includes reported results. If the result for the period is revised, an adjustment is made for assumed dividend payments. A dividend of SEK 163 million, corresponding to SEK 6.00 per share, has been assumed for 2007, entailing a corresponding downwards adjustment of the capital base.

## Consolidated Income Statements (SEK m)

	2007 Oct-Dec	2006 Oct-Dec	2007 Jan-Dec	2006 Jan-Dec
<b>Operating income</b>				
Commission income	121	96	448	373
Commission expenses	-18	-16	-67	-58
Interest income	88	55	302	181
Interest expenses	-40	-17	-127	-43
Net result of financial transactions	0	0	1	0
Other operating income	0	0	0	2
<b>Total operating income</b>	<b>151</b>	<b>118</b>	<b>557</b>	<b>455</b>
<b>Operating expenses</b>				
General administrative costs	-51	-42	-180	-152
Depreciation of tangible and intangible fixed assets	-2	-2	-10	-8
Other operating expenses	-15	-15	-59	-51
Net credit losses	-1	0	-1	0
<b>Total operating expenses</b>	<b>-69</b>	<b>-59</b>	<b>-250</b>	<b>-211</b>
<b>Operating profit</b>	<b>82</b>	<b>59</b>	<b>307</b>	<b>244</b>
Taxes on the profit for the period	-16	-5	-74	-56
<b>Net profit/loss for the year</b>	<b>66</b>	<b>54</b>	<b>233</b>	<b>188</b>
Earnings per share, SEK	2.40	1.96	8.51	6.85
Earnings per share after dilution, SEK	2.38	1.95	8.45	6.80
Average no. shares before dilution, thousand	27 313	27,466	27,405	27,466
Average no. shares after dilution, thousand	27,536	27,647	27,610	27,637
Outstanding no. shares before dilution, thousand	27,160	27,466	27,160	27,466
Outstanding no. shares after dilution, thousand	27,408	27,643	27,408	27,643
No. shares upon full dilution, thousand	28,376	28,309	28,376	28,309

## Consolidated Balance Sheets (SEK m)

	31-12-2007	31-12-2006
<b>Assets</b>		
Loans to credit institutions	4,205	2,880
Loans to the public	Note 1	2,301
Shares and participations	1	7
Assets in insurance operations	7,280	3,431
Intangible fixed assets	34	33
Tangible assets	11	12
Other assets	589	54
Prepaid costs and accrued income	28	14
<b>Total assets</b>	<b>14,449</b>	<b>8,721</b>
<b>Liabilities and shareholders' equity</b>		
Deposits by the public	Note 2	6,370
Liabilities in insurance operations	7,280	3,431
Other liabilities	196	234
Accrued costs and prepaid income	30	22
Shareholders' equity	573	489
<b>Total liability and shareholders' equity</b>	<b>14,449</b>	<b>8,721</b>

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

	2007	2006
	Jan-Dec	Jan-Dec
<b>Shareholders' equity at the beginning of the year</b>	<b>489</b>	<b>354</b>
Dividend	-110	-55
Warrants issue	2	2
Buyback of own shares	-41	-
Profit for the year	233	188
<b>Shareholders' equity at the end of the year</b>	<b>573</b>	<b>489</b>

## Consolidated Cash Flow Statements (SEK m)

	2007	2006	2007	2006
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from current operations	71	54	236	243
Cash flow from current operations' assets and liabilities	21	145	1,249	1,903
Cash flow from investment operations	-1	-1	-11	-16
Cash flow from financing operations	-41	0	-149	-53
<b>Cash flow for the period</b>	<b>50</b>	<b>198</b>	<b>1,325</b>	<b>2,077</b>
<b>Liquid assets at the beginning of the period*</b>	<b>4,155</b>	<b>2,682</b>	<b>2,880</b>	<b>803</b>
<b>Liquid assets at the end of the period*</b>	<b>4,205</b>	<b>2,880</b>	<b>4,205</b>	<b>2,880</b>

\*Liquid assets are defined as the sum of cash in hand and loans to credit institutions.

## Parent Company Income Statements (SEK m)

	2007	2006
	Jan-Dec	Jan-Dec
Operating income	0	0
Operating expenses	-6	-6
<b>Operating profit/loss</b>	<b>-6</b>	<b>-6</b>
<b>Result of financial investments</b>	<b>231</b>	<b>136</b>
Taxes on the profit/loss for the year	0	0
<b>Net profit/loss for the year</b>	<b>225</b>	<b>130</b>

## Parent Company Balance Sheets (SEK m)

	31-12-2007	31-12-2006
<b>Assets</b>		
Financial fixed assets	215	202
Current receivables	233	138
Liquid assets	1	1
<b>Total assets</b>	<b>449</b>	<b>341</b>
<b>Shareholders' equity &amp; liabilities</b>		
Shareholders' equity	415	339
Current liabilities	34	2
<b>Total liabilities and shareholders' equity</b>	<b>449</b>	<b>341</b>

## Accounting principles

Avanza's Preliminary Financial Statement has been prepared in accordance with the IFRS standards adopted by the EU and with the interpretations of applicable standards, IFRIC, adopted by the EU. The Consolidated Interim Report has been prepared 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 2006:16 and 2007:13), and with the Swedish Financial Accounting Standards Council recommendation RR 31, Consolidated Interim Financial Reporting. The Preliminary Financial Statement 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 2006 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 borrowing reported in the Balance Sheet, Avanza also has, as of 31st December 2007, deposits by third parties in client fund accounts of SEK 708 million (SEK 735 million as of 31st December 2006).

### Note 3 – Capital adequacy (SEK m)

	31-12-2007
Primary capital	383
Deduction of primary capital	-39
<b>Total capital base</b>	<b>344</b>
Credit risk capital requirement, as per standard method	131
Capital requirement for risks in trading stock	0
Capital requirement for operating risk	61
<b>Total minimum capital requirement</b>	<b>192</b>
<b>Capital surplus</b>	<b>152</b>
<b>Capital adequacy ratio</b>	<b>1.79</b>

The above table refers to the financial corporate group that comprises the following Group companies: Avanza AB, Avanza Bank AB and Avanza Fonder AB. In accordance with applicable capital adequacy ratio regulations and Avanza's internal capital assessment process, the total capital requirement for the entire Group is, at present, SEK 250 million.

Stockholm, 18th January 2008

The Board of Directors

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

The information contained in this report comprises information that Avanza AB (publ.) is obliged to provide and has chosen to provide in accordance with the provisions of both the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information has been released to the market for publication at 7.45 a.m (CET) on 18th January 2008.

*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 govern.*

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