

# 008

## AVANZA BANK PRELIMINARY FINANCIAL STATEMENT 2008

- Operating income decreased by 9 per cent (+22%) to SEK 509 million (SEK 557 m)
- The profit after tax decreased by 21 per cent (+24%) to SEK 185 million (SEK 233 m)
- Earnings per share decreased by 20 per cent (+24%) to SEK 6.78 (8.51)
- Net savings increased to SEK 6,760 million (SEK 5,000 m), corresponding to 15 per cent (12%) of savings capital at the beginning of the year
- The number of accounts increased by 37 per cent (27%) to 226,000 (165,000 as of 31st December 2007), and the total savings capital decreased by 25 per cent (+6%) to SEK 34,600 million (SEK 45,900 m as of 31st December 2007)
- The Board proposes that a dividend of SEK 6.00 (SEK 6.00) per share be paid

### Fourth quarter

- Operating income decreased by 18 per cent (+28%) to SEK 124 million (SEK 151 m)
- The profit after tax decreased by 41 per cent (+22%) to SEK 39 million (SEK 66 m)
- Earnings per share decreased by 40 per cent (+22%) to SEK 1.43 (SEK 2.40)

# Preliminary Financial Statement, 2008

## Comments from the Managing Director

"In saying goodbye to 2008, we are putting a highly eventful year to rest. Avanza Bank is perceived as a secure haven in the turbulent market and our positions have consequently progressed substantially. Net savings reached the record total of SEK 6,760 million, and the number of accounts increased by 37 per cent - which is also a record. The simplification we implemented during the autumn, making it easier for customers to choose their savings format, has clearly contributed to the growth in account numbers," says Nicklas Storåkers, Managing Director of Avanza Bank.

"We managed to achieve or surpass all of the growth targets over which we have control. This achievement notwithstanding, however, we did not manage to compensate in full for the 42 per cent fall in the value of the stock market during the year, and the final figures for the year show falls in income and profit of 9 per cent and 21 per cent, respectively.

"The preconditions for achieving or even exceeding our long-term goals with regard to net saving are good. The drastic cuts in key interest rates do, however, mean that income and profit are expected to fall in 2009, given current market conditions. Reducing costs by 10–15 per cent is, therefore, an important goal for 2009. Online saving is increasing rapidly and strong net savings and growth in the number of customers during the past year have confirmed the viability of our long-term goal of a growth in profit of 15–25 per cent per annum."

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## Operations

### Market and sales

The financial market continued turbulent during the fourth quarter, with major fluctuations in prices from one day to another. The OMX Stockholm Price index has fallen by 52 per cent since its peak in July 2007. The fourth quarter also saw considerable shifts in demand on the part of savers. In early October, substantial amounts of capital moved to banks with a stable financial position, benefiting Avanza Bank. This trend waned, however, in the light of national and international measures implemented to stabilise confidence in financial institutions. The drastic interest rate cuts by central banks worldwide, coupled with government rescue packages, meant that the interest rates available to savers on deposit accounts also decreased sharply. Interest in savings accounts was high during the fourth quarter, but this level is expected to fall as a result of these massive cuts in interest rates which largely came into force in December. Interest in pension savings and saving in endowment insurance was also high during the fourth quarter.

In the fund-based savings sector, exposure to emerging markets and hedge funds has decreased in favour of increased saving in fixed income, index and biotech funds. Interest in equity-linked bonds and other bank-issued products has fallen dramatically – yet another effect of the waning confidence in banks during the autumn. The market for public capital raising has been weak.

A collective procurement process for SAF-LO pension solutions took place during the autumn. Avanza Bank was one of the eleven players chosen who will, as of 2009, be allowed to offer pension-related savings packages for 2.6 million private sector employees covered by the SAF-LO collective bargaining system.

	2008 Oct-Dec	2007 Oct-Dec	Change %	2008 Jan-Dec	2007 Jan-Dec	Change %
<b>Activity</b>						
Net savings, SEK m *	1,900	940	102	6,760	5,000	35
of which Pension- & insurance-based savings, SEK m	-340	550	-162	4,050	3,960	2
Net savings/Savings capital, %	20	8	12	15	12	3
No. commission notes per account & month	1.7	2.2	-23	1.6	2.1	-24
No. transactions per commission note **	2.0	1.7	18	1.9	1.7	12
Brokerage per commission note, SEK	84	100	-16	90	102	-12
Market shares, OMX Stockholm and First North						
No. transactions, % **	9.9	8.5	1.4	9.0	8.5	0.5
Turnover, %	4.4	3.4	1.0	3.8	2.8	1.0

For definitions, see page 8.

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

\*\* On 13th October 2008, trading in even lots ceased. As a result, small transactions, which were previously aggregated to correspond to the requirement for a round lot, are now separately in the trading statistics. The number of transactions has, accordingly, increased in comparison with previous months.

Avanza Bank has taken market shares during the fourth quarter. Net savings totalled SEK 1,900 million (SEK 940 m) and a total of 12,300 (10,000) new accounts were opened during the quarter.

	31-12-2008	30-09-2008	Change %	31-12-2007	Change %
<b>Savings capital</b>					
Savings capital, equity & investment fund accounts, SEK m	24,740	27,100	-9	37,020	-33
Savings capital, savings accounts, SEK m	1,130	800	41	-	-
Savings capital, pension- & insurance-based accounts	8,730	10,800	-19	8,880	-2
of which, Occupational pensions, SEK m	300	210	43	140	114
Savings capital, SEK m	34,600	38,700	-11	45,900	-25
Equities, bonds, derivatives, etc. SEK m	21,650	26,170	-17	32,160	-33
Investment funds, SEK m	6,190	6,980	-11	8,960	-31
Deposits, SEK m	8,010	7,380	9	7,080	13
Lending, SEK m	-1,250	-1,830	-32	-2,300	-46
Savings capital, SEK m	34,600	38,700	-11	45,900	-25
Deposits/Lending, %	641	403	238	308	333
Net deposits/Savings capital, %	20	14	6	10	10
Avanza Bank, SEK m	20,480	22,740	-10	27,690	-26
Aktiespar.se, SEK m	590	630	-6	800	-26
Avanza Private Banking, SEK m	12,900	14,600	-12	16,400	-21
Avanza Pro, SEK m	630	730	-14	1,010	-38
Savings capital, SEK m	34,600	38,700	-11	45,900	-25
Return, average account since Jan 1st, %	-36	-24	-12	-4	-
OMX Stockholm Price Index since Jan 1st, %	-42	-30	-12	-6	-

For definitions, see page 8.

	31-12-2008	30-09-2008	Change %	31-12-2007	Change %
<b>Accounts</b>					
No. accounts *	226,000	213,700	6	165,000	37
No. management services	8,500	7,200	18	4,000	113
No. accounts & management services	234,500	220,900	6	169,000	39
No. equity & investment fund accounts	162,300	157,550	3	134,800	20
No. savings accounts	13,500	9,850	37	–	–
No. pension- & insurance-based accounts	50,200	46,300	8	30,200	66
of which, no. Occupational pensions	5,280	4,630	14	1,040	408
No. accounts	226,000	213,700	6	165,000	37
Avanza Bank, no. accounts	206,670	196,170	5	150,130	38
Aktiespar.se, no. accounts	11,300	10,500	8	9,020	25
Avanza Private Banking, no. accounts	7,110	6,310	13	5,090	40
Avanza Pro, no. accounts	920	720	28	760	21
No. accounts	226,000	213,700	6	165,000	37

For definitions, see page 8.

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

The temporary legislative block on the right to transfer pension insurance was lifted as of 1st May 2008 and increasing numbers of savers' pension insurance policies have been transferred ever since. Not all types of insurance can be transferred, however, and the transfer process takes time. Avanza Bank has, during 2008, received 1,390 customer applications to transfer pension insurance (excl. IPS) to Avanza Bank, 540 of which, corresponding to SEK 70 million, have actually been transferred.

The number of occupational pension accounts held with Avanza Bank increased by 4,240 in 2008, and net savings totalled SEK 210 million. 650 occupational pension accounts have been opened during the fourth quarter and net savings in occupational pensions totalled SEK 110 million.

	31-12-2008	30-09-2008	Change %	31-12-2007	Change %
<b>Avanza Zero</b>					
Investment fund capital, Avanza Bank, SEK m	480	400	20	400	20
Investment fund capital, PPM, SEK m	250	150	67	100	150
Investment fund capital, Avanza Zero, SEK m	730	550	33	500	46
No. unit holders, Avanza Bank	27,800	24,800	12	16,500	68
Return, Avanza Zero, %	–36	–26	–10	–2	–
Return, OMXS30-index incl. dividends, %	–36	–26	–10	–3	–

## Development

A new, simpler and clearer account and pricing structure was launched in 2008. Clearing numbers have also been linked to all accounts, thereby simplifying transfers to Avanza Bank. These product launches have contributed to the growth in the number of accounts and in net savings.

Avanza Bank launched a discretionary asset management market place for all types of saving, with the exception of IPS, during the autumn. Avanza Bank offers a number of portfolios with different managers and different risk profiles. The aim is to reach out to those customers who lack either the time or the know-how to manage their savings, but who still want to enjoy the benefits offered by Avanza Bank, such as low charges and a wide range of investment alternatives. The minimum capital requirements for investment fund portfolios and equities portfolios are SEK 100 and SEK 150 thousand, respectively.

## Financial overview

	2008 Oct–Dec	2007 Oct–Dec	Change %	2008 Jan–Dec	2007 Jan–Dec	Change %
<b>Income Statement, SEK m</b>						
Brokerage income, net	62	67	-7	229	256	-11
Fund commissions	7	19	-63	41	69	-41
Net interest items	44	48	-8	193	175	10
Other income, net	11	17	-35	46	57	-19
<b>Operating income</b>	<b>124</b>	<b>151</b>	<b>-18</b>	<b>509</b>	<b>557</b>	<b>-9</b>
Personnel	-34	-35	-3	-137	-121	13
Marketing	-10	-13	-23	-31	-49	-37
Depreciation	-3	-2	50	-12	-10	20
Other expenses	-27	-19	42	-90	-70	29
<b>Operating expenses</b>	<b>-74</b>	<b>-69</b>	<b>7</b>	<b>-270</b>	<b>-250</b>	<b>8</b>
<b>Profit before tax</b>	<b>50</b>	<b>82</b>	<b>-39</b>	<b>239</b>	<b>307</b>	<b>-22</b>
Operating margin, %	40	54	-14	47	55	-8
Profit margin, %	31	44	-13	36	42	-6
Earnings per share, SEK	1.43	2.40	-40	6.78	8.51	-20
Earnings per share after dilution, SEK	1.43	2.38	-40	6.75	8.45	-20
Return on shareholders' equity, %	6	12	-6	32	46	-14
Investments, SEK m	1	1	0	11	10	10
Brokerage income/Operating income, %	50	44	6	45	46	-1
Non-brokerage income/Operating income, %	50	56	-6	55	54	1
of which, Fund commissions/Operating income, %	6	13	-7	8	12	-4
of which, Net interest items/Operating income, %	35	32	3	38	32	6
of which, Other income/Operating income, %	9	11	-2	9	10	-1
Non-brokerage income/Operating expenses, %	84	121	-37	104	121	-17
of which, Net interest items/Operating expenses, %	59	70	-11	71	70	1
Operating income/Savings capital, %	0.34	0.32	0.02	1.23	1.19	0.04
of which, Net interest items/Savings capital, %	0.12	0.10	0.02	0.47	0.37	0.10
Average no. employees	188	202	-7	196	178	10
No. trading days	62	62	0	251	251	0
Web service operational availability, %	100.0	99.1	0.9	99.9	99.5	0.4
	31-12-2008	30-09-2008	Change %	31-12-2007	Change %	
Shareholders' equity per share, SEK	22.76	21.19	7	21.10	8	
Capital base/Capital requirement*	1.68	1.93	-13	1.78	-6	
No. employees	192	191	1	210	-9	
Market value, SEK	71.00	80.00	-11	135.50	-48	
Market capitalisation, SEK m	1,960	2,200	-11	3,680	-44	

*For definitions, see page 8.*

\* Capital base/Capital requirement as of 31st December 2008 refer to the financial conglomerate. The data as of 30th September 2008 and 31st December 2007 refers to the financial corporate group which has now ceased, see note 3 on page 11.

Thanks to the strong underlying growth in net savings and new accounts, income decreased by only 9 per cent during 2008, despite the market's weakness and turbulence. Non-brokerage income during the fourth quarter comprises 71 per cent net interest items, 11 per cent fund commissions, and 18 per cent other.

Fund commissions have fallen substantially during the third and fourth quarters of the year due to lower market capitalisations and a reweighting from emerging market- and hedge funds to fixed income-, index- and biotech funds. Earnings from fixed income-, index- and biotech funds are considerably lower than those generated by emerging market- and hedge funds.

Avanza Bank implemented a savings programme during the fourth quarter with the aim of reducing costs in 2009. The savings programme is expected to cut costs in 2009 by 10–15 per cent in comparison with 2008. The savings programme has resulted in costs totalling SEK 7 million being reported in the fourth quarter. These costs are of a non-recurring nature and refer to renegotiated agreements and staffing reductions. Almost 20 employees were affected by the savings programme, the majority of whom were not permanently employed.

The cost cutting primarily involves improvements in internal efficiency in that an explicit aim is to ensure that the savings have the minimum possible effect on customers. The cost-cutting measures implemented with regard to customer service, products and services consequently only affects those products etc., for which customer demand is low.

The costs in the fourth quarter were 7 per cent higher than during the corresponding period last year. If the above non-recurring costs of SEK 7 million are excluded, the costs in the fourth quarter totalled SEK 67 million, corresponding to a 3 per cent reduction in costs in comparison with the corresponding period last year, which is in line with the assessment made in the interim report for the third quarter.

The National Tax Board issued a ruling in the fourth quarter with regard to a tax audit of Försäkringsaktiebolaget Avanza Pension that began in December 2007. The ruling states that the National Tax Board will impose income tax on the company in respect of fund commissions for the 2006 income year. The imposition of income tax would fundamentally change the way in which the Swedish fund-based insurance market is taxed and would generate an imbalance in the competition between different types of pension- and insurance-based savings. Avanza Bank believes that there is no legal basis for the National Tax Board's deliberations and intends to apply for an advance ruling in respect of the 2009 tax year, rather than appealing the above ruling, with the aim of ensuring that the issue is addressed more quickly than would otherwise be the case. Provision has, therefore, not been made in this report for the increased tax cost arising from the ruling. Should the Council for Advanced Tax Rulings rule in accordance with the ruling by the National Tax Board, and should this decision be upheld by the higher courts, the company's tax expense for the 2006–2008 income years would increase by SEK 7 million.

As of 31st December, Avanza Bank held 18,233 of its own shares, which were bought back in July and October 2008.

## Capital surplus

	31-12-2008
Capital base, as per Note 3, page 11, SEK m	426
Proposed dividend, SEK 6.00 (SEK 6.00) per share, SEK m	165
<b>Capital base, adjusted for dividend, SEK m</b>	<b>591</b>
Capital requirement with reference to Avanza Bank's internal capital assessment process, SEK m	315
<b>Total capital surplus before proposed dividend, SEK m</b>	<b>276</b>
Capital surplus per share, SEK	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 proposed dividend. Adjustments have been made in the above table for 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 276 million as of 31st December 2008.

## Dividend

The Board of Directors proposes that a dividend of SEK 6.00 (SEK 6.00) per share be paid, corresponding to a total of SEK 165 million (SEK 163 m), or 89 per cent (70%) of the profit for the year. It is calculated that in the long-term, Avanza Bank will be able to distribute a minimum of 70 per cent of its profits to the shareholders.

## Financial position

Avanza Bank has no direct exposure to the market's prevailing problems, which are a combination of financing problems and of uncertainty with regard to the value of credits and other receivables.

All of Avanza Bank's assets have a high liquidity level. Reinvestments can, therefore, for the main part of the assets be made with one day's, and no more than one month's, delay. The assets are adjudged to be secure.

The statutory protection and guarantees (e.g. the government deposits guarantee) apply to customers of Avanza Bank in the same way as to customers of every Swedish bank and insurance company. For further information on Avanza Bank and security, please see [www.avanzabank.se](http://www.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 2008 was SEK -7 million (SEK -6 m). The Parent Company reports no turnover. Anticipated dividends from subsidiary companies totalling SEK 125 million (SEK 232 m) have been reported. A dividend totalling SEK 163 million (SEK 110 m) has been paid to all shareholders.

## Outlook for the future

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

The healthy long-term growth potential is due to the rapid growth in online saving generated by the advantages offered by online trading in terms of simplicity and low charges, the increased need for individual saving, and the fact that internet usage is increasing in the more mature target groups.

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

## Annual growth (ca.)

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

	2001–2008	Mål
Net savings, % of savings capital at beginning of the year	32 % *	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

The negative stock market performance meant that the goals regarding growth in income and profit could not be reached in 2008, but all underlying goals, such as net savings, pricing pressure and cost increases, were achieved or surpassed.

Avanza Bank believes it has excellent potential for achieving or surpassing the long-term net savings goals in 2009. The strong underlying growth notwithstanding, however, significant pricing pressure in early 2009 is expected to result in falls in income and profit in 2009, given current market conditions. Profit margins are, however, expected to remain healthy. The pricing pressure is due to, amongst other things, the lower key interest rates, which impact Avanza Bank's interest margins, and the fact that customers have reallocated their savings from emerging market- and hedge funds to fixed income-, index- and biotech funds with what are, relatively speaking, lower fund charges.

Avanza Bank'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 Bank can, therefore, choose to reduce the rate at which costs increase in a poorer market 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 10–15 per cent in response to the uncertain market situation. Operating costs are, seasonally speaking, normally higher during the first and fourth quarters than during the other quarters.

The above should not, however, be regarded as an income or profit forecast for 2009, 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 100 per cent of operating expenses, thereby ensuring good earnings stability, even in a weaker market climate. If key interest rates are cut still further, achieving this goal will prove difficult in 2009.

Interest in saving in endowment insurance is expected to be high, particularly at the beginning of the year. 2009 will see the introduction of alternative marketplaces which will result both in lower transaction costs for Avanza Bank and additional alternatives for savers. Avanza Bank intends to launch new products and services at the beginning of the year.

## **Other corporate events**

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

Avanza Bank's operations entail day-to-day risks that are quantified, monitored and, if necessary, acted upon in order to protect the company's capital and reputation. The ways in which Avanza Bank identifies, follows up on and manages these risks are important to the health of the company and its long-term profitability. Note 31 of Avanza Bank's 2007 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 Preliminary Financial Statement are adjudged to have arisen.

### **Transactions with associated parties**

Avanza Bank's transactions with associated parties are shown in Note 32 of the 2007 Annual Report. No significant changes have subsequently occurred.

### **Annual General Meeting**

The Annual General Meeting of the company's shareholders will be held on 21st April 2009 at 15.00 (CET) in the Auditorium of the Moderna Museet museum in Stockholm.

The Annual Report is scheduled to be available from the company's offices and on the company's website at [www.avanza.com](http://www.avanza.com) from week 13 of 2009, 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 Lannebo, who represents Lannebo Fonder. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza's website at [www.avanza.com](http://www.avanza.com).

### **Incentives programme**

Avanza Bank implemented an incentives programme aimed at the Group's employees during the spring, in accordance with the resolution passed by the Annual General Meeting held on 15th April 2008. The stock option programme is the first of a total of three stock option programmes approved for implementation between 2008 and 2010. This year's programme comprises warrants corresponding to the entitlement to subscribe for 569,690 new shares, and the strike price is SEK 138.43. The term expires on 27th May 2011. The stock option programme has been implemented on market terms.



The term of subsidiary programme 1 of the previous 2005–2008 stock option programme ran from 1st June to 30th September 2008. The strike price was SEK 67.20 per share. 435,843 of a total of 443,400 shares were subscribed for in 2008 in connection with this subsidiary programme. The remaining warrants have lapsed. There were a total of 27,595,843 registered shares after the new share issue, and there are now a total of 27,577,610 outstanding shares.

### Buyback of the company's own shares

The Annual General Meeting held on 15th April 2008 resolved to authorise the Board of Directors to acquire the company's own shares up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB. The authorisation is valid until the conclusion of the next Annual General Meeting. As of 31st December, 18,233 of the company's own shares had been bought back in 2008 at an average price of SEK 75.51.

### Financial calendar

2008 Annual Report	March 2009
Interim Report, January – March 2009	21st April 2009
Annual General Meeting	21st April 2009
Interim Report, January – June 2009	10th July 2009
Interim Report, January – September 2009	16th October 2009
Preliminary Financial Statement, 2009	January 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>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)

	2008	2007	2008	2007
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Operating income</b>				
Commission income	99	121	384	448
Commission expenses	-19	-18	-69	-67
Interest income	86	88	394	302
Interest expenses	-42	-40	-201	-127
Net result of financial transactions	0	0	1	1
Other operating income	0	0	0	0
<b>Total operating income</b>	<b>124</b>	<b>151</b>	<b>509</b>	<b>557</b>
<b>Operating expenses</b>				
General administrative costs	-52	-51	-207	-180
Depreciation of tangible and intangible fixed assets	-3	-2	-12	-10
Other operating expenses	-19	-15	-51	-59
Credit losses, net	0	-1	0	-1
<b>Total operating expenses</b>	<b>-74</b>	<b>-69</b>	<b>-270</b>	<b>-250</b>
<b>Operating profit</b>	<b>50</b>	<b>82</b>	<b>239</b>	<b>307</b>
Tax on profit for the period	-11	-16	-54	-74
<b>Net profit/loss for the period*</b>	<b>39</b>	<b>66</b>	<b>185</b>	<b>233</b>
Earnings per share, SEK	1.43	2.40	6.78	8.51
Earnings per share after dilution, SEK	1.43	2.38	6.75	8.45
Average no. shares before dilution, thousand	27,537	27,313	27,351	27,405
Average no. shares after dilution, thousand	27,586	27,536	27,481	27,610
Outstanding no. shares before dilution, thousand	27,578	27,160	27,578	27,160
Outstanding no. shares after dilution, thousand	27,578	27,408	27,578	27,408
No. shares upon full dilution, thousand	28,940	28,376	28,940	28,376

\* The entire net profit/loss accrues to the parent company's shareholders.

## Consolidated Balance Sheets (SEK m)

	31-12-2008	31-12-2007
<b>Assets</b>		
Loans to credit institutions	6,587	4,205
Loans to the public	Note 1	1,253
Shares and participations	12	1
Assets in insurance operations	7,448	7,280
Intangible fixed assets	35	34
Tangible assets	8	11
Other assets	238	589
Prepaid costs and accrued income	16	28
<b>Total assets</b>	<b>15,597</b>	<b>14,449</b>
<b>Liabilities and shareholders' equity</b>		
Deposits by the public	Note 2	7,386
Liabilities in insurance operations	7,448	7,280
Other liabilities	98	196
Accrued costs and prepaid income	37	30
Shareholders' equity	628	573
<b>Total liabilities and shareholders' equity</b>	<b>15,597</b>	<b>14,449</b>

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

	2008 Jan-Dec	2007 Jan-Dec
<b>Shareholders' equity at the beginning of the period</b>	<b>573</b>	<b>489</b>
Dividend	-163	-110
Warrants issue	4	2
Exercise of share warrants	30	-
Buyback of the company's own shares	-1	-41
Net profit/loss for the period	185	233
<b>Shareholders' equity at the end of the period</b>	<b>628</b>	<b>573</b>

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

## Consolidated Cash Flow Statements (SEK m)

	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec
Cash flow from operating activities	44	71	209	236
Cash flow from operating activities' assets and liabilities	843	21	2,314	1,249
Cash flow from investment operations	-1	-1	-10	-11
Cash flow from financial operations	5	-41	-131	-149
<b>Cash flow for the period</b>	<b>891</b>	<b>50</b>	<b>2,382</b>	<b>1,325</b>
<b>Liquid assets at the beginning of the period*</b>	<b>5,696</b>	<b>4,155</b>	<b>4,205</b>	<b>2,880</b>
<b>Liquid assets at the end of the period*</b>	<b>6,587</b>	<b>4,205</b>	<b>6,587</b>	<b>4,205</b>

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

## Parent Company Income Statements (SEK m)

	2008 Jan-Dec	2007 Jan-Dec
Operating income	1	0
Operating expenses	-8	-6
<b>Operating profit/loss</b>	<b>-7</b>	<b>-6</b>
<b>Profit/loss from financial investments*</b>	<b>125</b>	<b>231</b>
Tax on profit/loss for the period	0	0
<b>Net profit/loss for the period</b>	<b>118</b>	<b>225</b>

\* Of which, anticipated dividend from subsidiaries 125 (232).

## Parent Company Balance sheets (SEK m)

	31-12-2008	31-12-2007
<b>Assets</b>		
Financial fixed assets	222	215
Current receivables*	182	234
Liquid assets	0	0
<b>Total assets</b>	<b>404</b>	<b>449</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	402	415
Current liabilities	2	34
<b>Total shareholders' equity and liabilities</b>	<b>404</b>	<b>449</b>

\* Of which receivables from subsidiaries 181 (232).

## Accounting principles

The Consolidated Preliminary Financial Statement 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). 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 2007 Annual Report.

## Notes

### Note 1 – Loans to the public

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

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

In addition to the deposits reported in the Balance Sheet, Avanza also has, as of 31st December 2008, deposits by third parties in client fund accounts totalling SEK 645 million (SEK 708 million as of 31st December 2007).

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

31-12-2008	
<b>Capital base</b>	
Shareholders' equity, the Group	628
Proposed dividend	-165
<b>Shareholders' equity, financial conglomerate</b>	<b>463</b>
<i>Less</i>	
Intangible fixed assets and deferred tax receivables	-37
<b>Capital base</b>	<b>426</b>
<b>Capital requirement</b>	
Capital requirement for regulated units within the biggest financial sector	202
Theoretical liquidity requirement for non-regulated units within the biggest financial sector	23
Capital requirement for regulated units within the smallest financial sector	29
<b>Capital requirement</b>	<b>254</b>
<b>Capital surplus</b>	<b>172</b>
<b>Capital base/Capital requirement</b>	<b>1.68</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 that includes 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.

Stockholm, 21st January 2009

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 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 21st January 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 [www.avanzabank.se/keydata](http://www.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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