

# 2012

## Avanza Bank

### Interim report January – March 2012

- Operating income decreased by 10 percent (+19 %) to SEK 164 million (SEK 183 m)
- The profit after tax decreased by 33 percent (+23 %) to SEK 60 million (SEK 90 m)
- Earnings per share decreased by 35 percent (+21 %) to SEK 2.11 (3.23)
- Net inflow totalled SEK 1,910 million (SEK 4,060 m), corresponding to 3 percent (5 %) of the total savings capital at the beginning of the year
- The number of accounts increased by 5 percent (6 %) to 436,500 (417,200 as of 31 December 2011), and the total savings capital increased by 11 percent (5 %) to SEK 82,000 million (SEK 74,200 m as of 31 December 2011)

# Interim Report January – March 2012

## Comments from the Managing Director

"In terms of profit, we have not matched last year's record quarter, despite an improvement of 7 percent over the previous quarter. This is, primarily, due to the fact that savings capital was 10 percent lower at the beginning of the year, compared with savings capital at the beginning of the previous year, as a result of the fall in the stock exchange in 2011, a lower level of activity on the market and also due to the fact that we started the year with higher costs. During the first quarter of 2012, trading activity on the market was 13 percent lower than in the corresponding period during the previous year, as a result of continued uncertainty on the market, but was 18 percent higher than during the last quarter of 2011. Lending has also declined, as a result of the uncertainty regarding the stock exchange, and is 30 percent lower than in the same period during the previous year. This decrease has negatively impacted net interest items, which were further affected during the quarter by the reduction in the repo rate. We can, however, see a positive trend in lending, which has increased by 27 percent compared with the previous quarter, and is a sign that the appetite for risk is slowly returning", says Martin Tivéus, Managing Director of Avanza Bank.

"As a consequence of the new tax regulations on endowment insurance which came into force on 1 January 2012, the net inflow into investment savings accounts (ISA) and endowment insurance is expected to be significantly more evenly spread throughout the year than in previous years. We can already see the effects in the first quarter. It is encouraging that the net inflow is, again, beginning to increase after the low figures of the previous quarter. Total savings capital increased during the quarter by 10 percent, thanks to the net inflow and the positive development of the stock exchange. Interest in the new investment savings account has been strong, with 7,220 accounts opened and SEK 1,820 million in net inflow in ISA since the launch at the beginning of the year. We have also strengthened our long-term growth potential during the quarter through the launch of the new exchange-traded credit-linked note, which has been very positively received by our customers."

"A proposal regarding the statutory right to transfer pension savings is expected in June, which expects it possible for Avanza Bank to achieve the long-term goal of 15-20 percent profit growth ahead. We will, therefore, continue to invest in Avanza Pension during the year in preparation for a deregulated pension market, as well as investing in our new internet presence and our IT systems. The work with building our new internet presence and modernising our underlying systems is expected to continue until spring 2013. Despite a high rate of investment in these projects, we can see in this quarter the result of the cost control measures we presented in the year-end report. We have also arrested the rate of the previous year's increase in costs by 20 percent, through a reduction in costs of 3 percent compared with the previous quarter. The goal to maintain an essentially unchanged level of expenses in 2012 compared with the previous year remains."

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## Operations

### Market and sales

During the first quarter, the stock exchange rose by 10 (-1) percent. Despite this, the level of activity among savers was relatively awaiting. During certain trading days, the stock exchange saw falls of up to 3.5 percent and rises of 2.5 percent. Since 4 October 2011, the stock exchange has risen by 25 percent.

During this quarter, the customers have bought emerging market funds and sold interest funds. Purchases are increasing, lending is increasing and the proportion of cash deposited in accounts is beginning to fall. The portion of net liquidity in the customers accounts has fallen by 3 percent in the last quarter and by 6 percent in the last year, which has benefited shares and funds.

In January this year, the new investment savings account (ISA) was launched. In the first quarter, Avanza Bank's customers deposited SEK 1,820 million in 7,220 ISA accounts. Many savers interested in saving on the basis of a low rate of tax have already chosen endowment insurance, and see no reason to change to the new ISA accounts. ISA accounts, however, often attract new savers.

The Swedish Central Bank lowered the repo rate in December 2011, and again on 22 February this year, by 0.25 percentage points, from which date the rate has been 1.50 percent. Reduced repo rates have a negative impact on Avanza Bank's net interest items.

Avanza Bank had a 1.8 percent share of the total savings market in Sweden as of 31 December 2011. In 2011, Avanza Bank had 3.8 percent of the total net inflow to the Swedish savings market.

The net inflow to occupational pensions showed strong growth during the first quarter of 2012, both in terms of capital and new accounts. One of several companies which selected Avanza Pension to manage its employees' occupational pensions was Cinnober, with 180 employees.

	2012	2011	Change	2011-2012	2011	Change
	Jan-Mar	Jan-Mar	%	Apr-Mar	Jan-Dec	%
<b>Activity</b>						
Net inflow, equity & investment fund accounts, SEK m	1,370	-1,060	-	630	-1,800	-
of which, investment savings accounts, SEK m	1,820	-	-	1,820	-	-
Net inflow, savings accounts, SEK m	-500	-950	-47	2,540	2,090	22
of which, external deposit accounts, SEK m	-200	-190	5	2,460	2,470	0
Net inflow, pension- & insurance-based accounts, SEK m	1,040	6,070	-83	1,140	6,170	-82
of which, endowment insurance, SEK m	740	5,810	-87	280	5,350	-95
of which, occupational pensions, SEK m	270	220	23	750	700	7
<b>Net inflow, SEK m</b>	<b>1,910</b>	<b>4,060</b>	<b>-53</b>	<b>4,310</b>	<b>6,460</b>	<b>-33</b>
Net inflow/Savings capital, %	10	20	-10	5	8	-3
No. commission notes per account & month	1.8	2.0	-10	1.6	1.7	-6
No. transactions per commission note	1.5	1.6	-6	1.7	1.7	0
Brokerage per commission note, SEK	77	79	-3	77	78	-1
<b>Market shares</b>						
NASDAQ OMX Stockholm, First North and Burgundy						
No. transactions, %	6.6	8.6	-2.0	6.6	7.1	-0.5
Turnover, %	4.3	5.1	-0.8	4.4	4.6	-0.2

For definitions, see page 10.

Net inflow during the first quarter amounted to SEK 1,910 (4,060) million, which is 53 percent down on the same period last year. This is largely explained by the fact that new tax regulations on endowment insurance came into effect on 1 January this year. In previous years, a large number of withdrawals were made in December, followed by deposits in January, but this pattern of behaviour no longer exists, as a result of the new tax regulations.

	31-03-2012	31-12-2011	Change %	31-03-2011	Change %
<b>Savings capital</b>					
Savings capital, equity & investment fund accounts, SEK m	43,830	39,550	11	46,940	-7
of which, investment savings accounts, SEK m	1,930	-	-	-	-
Savings capital, savings accounts, SEK m	4,070	4,550	-11	1,460	179
of which, external deposit accounts, SEK m	3,120	3,300	-5	610	411
Savings capital, pension- & insurance-based accounts	34,100	30,100	13	37,700	-10
of which, endowment insurance, SEK m	26,700	23,500	14	30,900	-14
of which, occupational pensions, SEK m	2,460	2,040	21	1,760	40
<b>Savings capital, SEK m</b>	<b>82,000</b>	<b>74,200</b>	<b>11</b>	<b>86,100</b>	<b>-5</b>
Equities, bonds, derivatives, etc. SEK m	54,350	46,860	16	62,000	-12
Investment funds, SEK m	17,400	15,200	14	18,500	-6
Deposits, SEK m	13,500	14,700	-8	10,270	31
of which, external deposits, SEK m	3,120	3,300	-5	610	411
Lending, SEK m	-3,250	-2,560	27	-4,670	-30
<b>Savings capital, SEK m</b>	<b>82,000</b>	<b>74,200</b>	<b>11</b>	<b>86,100</b>	<b>-5</b>
Deposits/Lending, %	415	574	-159	220	195
Net deposits/Savings capital, %	13	16	-3	7	6
Avanza Bank, SEK m	45,470	41,550	9	47,720	-5
Mini, SEK m	1,530	1,410	9	1,590	-4
Private Banking, SEK m	32,600	29,100	12	33,800	-4
Pro, SEK m	2,400	2,140	12	2,990	-20
<b>Savings capital, SEK m</b>	<b>82,000</b>	<b>74,200</b>	<b>11</b>	<b>86,100</b>	<b>-5</b>
Return, average account since Jan 1 st, %	8	-16	-	0	-
OMX Stockholm Price Index since Jan 1 st, %	10	-17	-	-1	-

For definitions, see page 10.

	31-03-2012	31-12-2011	Change %	31-03-2011	Change %
<b>Accounts</b>					
No. equity & investment fund accounts	225,500	214,800	5	205,000	10
of which, no. investment savings accounts	7,220	-	-	-	-
No. savings accounts	52,700	49,300	7	29,800	77
of which, no. external deposit accounts	25,700	23,000	12	6,450	298
No. pension- & insurance-based accounts	158,300	153,100	3	137,700	15
of which, no. endowment insurance	91,200	89,400	2	81,400	12
of which, no. occupational pensions	32,600	30,100	8	24,800	31
<b>No. accounts</b>	<b>436,500</b>	<b>417,200</b>	<b>5</b>	<b>372,500</b>	<b>17</b>
Avanza Bank, no. accounts	399,460	381,430	5	339,370	18
Mini, no. accounts	19,600	19,200	2	17,500	12
Private Banking, no. accounts	15,300	14,500	6	13,300	15
Pro, konton, no. accounts	2,140	2,070	3	2,330	-8
<b>No. accounts</b>	<b>436,500</b>	<b>417,200</b>	<b>5</b>	<b>372,500</b>	<b>17</b>
No. accounts per customer	1.62	1.59	2	1.51	7

For definitions, see page 10.

The total number of customers was 270,100 (246,500) as of 31 March 2012. This implies that the average customer has 1.62 (1.51) accounts with Avanza Bank.

The number of new occupational pension accounts was 2,500 (2,440) in the first quarter, which corresponds to 13 (12) percent of the total number of new accounts.

## Development

Work on developing Avanza Bank's new internet presence and modernising the underlying systems has continued during the first quarter. The beta version of the new site, which was launched in December 2011, has been improved in response to feedback from customers regarding its appearance and functionality. This work is expected to continue until spring 2013, with the goal of creating Sweden's best internet banking experience.

The new saving form, the investment savings account, was launched on 1 January this year. At the same time, Avanza Bank continues to offer endowment insurance, in line with the new regulations. The customers still have the opportunity to borrow against both endowment insurance and the new saving form, ISA, from 1 January 2012.

At the end of the first quarter this year, we launched a new product for interest saving, an exchange-traded credit-linked note. Avanza Bank's customers have shown great interest in this product. The exchange-traded credit-linked note provides an interest payment four times per year: March, June, September and December. The interest the customer receives is variable and amounts to three months STIBOR interest, which is the interest banks pay when they borrow money from each other, plus a fixed percentage supplement for each exchange-traded credit-linked note. An exchange-traded credit-linked note which is linked to a company with a higher level of risk, results in a higher fixed percentage supplement than a company with a lower credit risk.

Preparations are underway for a deregulated pensions market in which the right to transfer pensions may be extended. A decision from the investigation underway regarding transfer rights is expected in the summer of 2012.

## Financial overview

	2012	2011	Change	2011–2012	2011	Change
	Jan–Mar	Jan–Mar	%	Apr–Mar	Jan–Dec	%
<b>Income Statement, SEK m</b>						
Brokerage income	70	88	-20	287	305	-6
Fund commissions	17	21	-19	66	70	-6
Net interest items	62	60	3	260	258	1
Other income, net	15	14	7	63	62	2
<b>Operating income</b>	<b>164</b>	<b>183</b>	<b>-10</b>	<b>676</b>	<b>695</b>	<b>-3</b>
Personnel	-51	-45	13	-195	-189	3
Marketing	-8	-6	33	-25	-23	9
Depreciation	-3	-2	50	-12	-11	9
Other expenses	-30	-23	30	-132	-125	6
<b>Operating expenses before credit losses</b>	<b>-92</b>	<b>-76</b>	<b>21</b>	<b>-364</b>	<b>-348</b>	<b>5</b>
<b>Profit before credit losses</b>	<b>72</b>	<b>107</b>	<b>-33</b>	<b>312</b>	<b>347</b>	<b>-10</b>
Credit losses, net	0	0	0	-6	-6	0
<b>Operating profit</b>	<b>72</b>	<b>107</b>	<b>-33</b>	<b>306</b>	<b>341</b>	<b>-10</b>
Operating margin, %	44	58	-14	45	49	-4
Profit margin, %	37	49	-12	38	42	-4
Cost/income ratio, %	56	42	14	54	50	4
Earnings per share, SEK	2.11	3.23	-35	9.17	10.28	-11
Earnings per share after dilution, SEK	2.09	3.17	-34	9.11	10.21	-11
Return on shareholders' equity, %	7	11	-4	30	35	-5
Investments, SEK m	0	1	-100	20	21	-5
Brokerage income/Operating income, %	43	48	-5	42	44	-2
Non-brokerage income/Operating income, %	57	52	5	58	56	2
of which, Fund commissions/Operating income, %	10	11	-1	10	10	0
of which, Net interest items/Operating income, %	38	33	5	39	37	2
of which, Other income/Operating income, %	9	8	1	9	9	0
Non-brokerage income/Operating expenses, %	102	125	-23	107	112	-5
of which, Net interest items/Operating expenses, %	67	79	-12	71	74	-3
Operating income/Savings capital, %	0.21	0.22	-0.01	0.85	0.88	-0.03
of which, Net interest items/Savings capital, %	0.08	0.07	0.01	0.33	0.33	0.00
Average no. employees	263	247	6	260	256	2
No. trading days	63.5	62.5	2	252.0	251.0	0
Web service operational availability, %	100.0	99.9	0.1	100.0	99.9	0.1

	31–03–2012	31–12–2011	Change	31–03–2011	Change
			%		%
Shareholders' equity per share, SEK	33.08	30.97	7	32.30	2
Capital base/Capital requirement	2.22	2.06	8	2.08	7
No. employees	265	260	2	249	6
Market value, SEK	186.00	164.50	13	244.00	-24
Market capitalisation, SEK m	5,260	4,650	13	6,820	-23

For definitions, see page 10.

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

Operating income decreased by 10 (+19) percent compared with the corresponding period during the previous year, which was the best ever quarter. However, compared with the fourth quarter of 2011, income increased by 5 percent.

Lending, which together with the key interest rate, has a major impact on net interest items, was significantly lower than in the first quarter of 2011, and, at the same time, the key interest rate was lower. In spite of this the net interest items increased by 3 (88) percent compared with the first quarter of last year, due to the significantly higher level of deposits by the public and subsequent higher level of loans to credit institutions. Net interest items were 6 percent lower than during the fourth quarter of 2011.

Expenses before credit losses increased by 21 (17) percent compared with the corresponding period of the previous year but decreased by 3 percent compared with the previous quarter, which is one step in the goal to keep expenses in 2012 essentially unchanged compared with 2011.

During the first quarter of 2012, non-brokerage income amounted to 102 (125) percent of expenses. Non-brokerage income is comprised primarily of net interest items, fund commissions, net foreign exchange income, and fees from corporate finance. The goal is that this item should exceed 100 percent.

## Capital surplus

	31-03-2012	31-12-2011
Shareholders' equity, the Group	935	875
Intangible fixed assets and deferred tax receivables, SEK m	-25	-25
Capital requirement with reference to Avanza Bank's internal capital evaluation (IKU), SEK m	-276	-292
<b>Total capital surplus before dividend, SEK m</b>	<b>634</b>	<b>558</b>
Capital surplus per share, SEK, before the today's Annual General Meeting proposed dividend, SEK 10.00 per share	22.43	19.75

*Intangible fixed assets and deferred tax receivables are not included in the capital base under the capital adequacy rules and are thus not distributable and should be reduced from the equity. See also note 3, page 13.*

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 634 million as of 31 March 2012 of which the Meeting proposed a dividend for 2011 of SEK 283 million.

## Financial position

All of Avanza Bank's assets have a high level of liquidity. The majority of the assets can, therefore, be transferred within one day. The assets are deemed to be secure. Avanza Bank has had no credit losses during the first quarter of 2012. Between 2001 and the first quarter of 2012 total credit losses amounted to SEK 7 million, which is the equivalent, on average, to less than 0.03 percent per year. Avanza Bank does not conduct, and has not previously conducted, trading in securities on its own behalf.

The statutory protection and guarantees (such as the state deposit guarantee) apply to customers in Avanza Bank in the same manner as applying to all Swedish banks and insurance companies. Additional information on Avanza Bank and security matters can be found on [avanzabank.se](http://avanzabank.se).

## The Parent Company, Avanza Bank Holding AB

Avanza Bank Holding AB is the Parent Company in the Avanza Bank Group. The operating result for the first quarter was SEK -2 (-1) million. The Parent Company does not report any sales. The Board of Directors has proposed to today's Annual General Meeting a dividend of SEK 283 million, equivalent to SEK 10.00 per share. For the previous year, the dividend amounted to SEK 266 million, equivalent to SEK 9.50 per share.

## Outlook for the future

Avanza Bank's goal is an annual profit growth of 15-20 percent, in the long-term. The profit growth will, however, vary from year to year depending on, amongst other things, the development of the stock exchange.

The background for the expectations regarding long-term growth potential includes the fact that the savings market is normally expected to grow by 8-12 percent per year, while saving via the internet is growing even faster. This is a result of the advantages of the internet in terms of simplicity and low fees, an increased need for individual saving solutions and, also, the fact that internet use is increasing among more mature target groups. There are, however, a number of threats facing the growth of the savings market. In addition to the uncertainty in respect of stock exchange developments, the risk has increased that fears concerning the property market might spread to the savings market. Worries about falling housing prices, in combination with higher interest rates, may mean that more Swedes will choose to save by paying off their housing loans.

In the long-term, there is a clear link between growth in savings capital and growth in operating income, which is the reason why an underlying growth in savings capital creates conditions for revenue growth. The pricing pressure is expected to continue in the long-term, which will have a negative impact on the growth rate.

### Annual growth (approx.)

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

	2001–2011	Goal
Net savings, % of savings capital at beginning of the year	20 % *	13–17 %
Growth in value	5 % *	6–8 %
<b>Savings capital, growth</b>	<b>24 %</b>	<b>20–25 %</b>
Estimated pricing pressure	(4 %)	(3–7 %)
<b>Growth in income</b>	<b>22 %</b>	<b>15–20 %</b>
Cost increase	15 %	15–20 %
<b>Growth in profit</b>	<b>45 %</b>	<b>15–20 %</b>

\* 2002–2011.

Avanza Bank refers to review the long-term growth goals during the second quarter 2012. Due to Avanza Bank's long-term assessment of market conditions, there may be reasons to revise the savings market growth, mainly due to the positive historical impact of increased private debt has been expected to change. While this may be balanced by a deregulated right to transfer pension savings. A better assessment of this can be done after the investigation regarding transfer rights proposals as being announced in mid-June 2012. Avanza Bank intends therefore to present an eventual revise of the long-term growth targets to the half-yearly report 2012. In this context, Avanza Bank also will review the company's long-term assessment of the cost increase rate and price pressure.

Avanza Bank's business model implies that the majority of expenses are fixed. Expenses in connection with marketing and sales activities are, however, variable and, as such, depend on Avanza Bank's assessment of the market situation.

As previously announced, Avanza Bank reviewed the rate of increased costs going into 2012. The Company's assessment is that it will be able to achieve the stated goal for the expenses in 2012 to remain, in principle, unchanged compared with 2011. Expenses before credit losses for the first quarter of 2012 were reduced by 3 percent compared with the fourth quarter of 2011. When discounting SEK 9 million for investment insurance fees, as well as credit losses of SEK 6 million which impacted the results for 2011, expenses for 2012 will increase compared with 2011. Avanza Bank operates, however, in a rapidly changing market and can, therefore, choose to further invest in growth. This can lead to a higher level of expenses than forecasted.

Avanza Bank is continuing to work towards its goal of incurring no credit losses.

During 2012, Avanza Bank will launch new products which are expected to make a positive contribution towards the rate of growth. The priorities for 2012 are to work on modernising the internet presence, to strengthen the pensions offering, and to work actively with cost efficiency measures.

The strengthened offering within external savings accounts, Sparkonto+, implies that Avanza Bank can offer better interest rates on savings than all of the major banks. This means that Avanza Bank, today, offer terms and conditions in all large savings product segments which are among the best on the market.

The new savings form, the investment savings account, which was launched on 1 January 2012, is expected to lead to increased interest and mobility among Swedish savers, which is expected to benefit Avanza Bank.

In the summer of 2012, the investigation underway regarding transfer rights is expected to present a proposal for an extended right to transfer pension savings. The pensions and insurance market is 90 percent larger than the market for direct saving in shares and funds. It is, therefore, estimated that Avanza Bank's customers will have more pension savings than direct share and fund savings. Avanza Bank has the lowest fees on the market for pension savings, and an increased transfer right would allow customers to transfer all, or part, of their savings capital to Avanza Bank.

Taken together, these trends are expected to strengthen Avanza Bank's long-term growth potential and the opportunities to continue to take market shares.

The principal goal during 2012 is to continue to have Sweden's most satisfied savers. Avanza Bank's long-term vision is to be the obvious choice for Swedes who actively review their savings.

Looking ahead, Avanza Bank is in a position to achieve the long-term goals for profit growth of 15-20 percent per year, not the least as a result of the right to transfer pension savings. However, given that the business is dependent on stock exchange developments, the above should not be seen as a forecast of income or profit.

## Other corporate events

### Significant risks and uncertainly factors

Avanza Bank's operations are exposed to risks on a daily basis. These risks are measured, controlled and, where necessary, acted upon, in order to protect the Company's capital and reputation. The manner in which Avanza Bank identifies, follows up and manages these risks has a bearing on the soundness of the business and on the Company's long-term profitability. A detailed description of the Group's risk exposure and risk management is provided in Avanza Bank's Annual Report for 2011, Note 31. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this interim report.

### Transactions with associated parties

Avanza Bank's transactions with associated parties are presented in the Annual Report for 2011, Note 32. No significant changes have taken place since the publication of the Annual Report.

### Annual General Meeting

The Annual General Meeting will be held today, 19 April 2012, at 15.00 in the Auditorium, Moderna Museet, Stockholm. The Annual Report is available from the Company's offices and on the Company's website, [avanza.com](http://avanza.com). A press release outlining important resolutions made by the Annual General Meeting will be published after the conclusion of the meeting.

### Buy-back of the company's own shares

The Annual General Meeting held on 14 April 2011 voted to give the Board of Directors the authority to repurchase the Company's own shares up to a maximum of the equivalent of 10 percent of the shares in Avanza Bank Holding AB. Avanza Bank has acquired a total of 275,524 own shares at an overall price of SEK 46.1 million during the period July-December 2011. This corresponds to an average share price of SEK 167.22. The repurchase corresponds to 1.0 percent of the number of shares prior to this repurchasing of own shares. The Company holds 275,524 repurchased shares as of 31 March 2012.

### Financial calendar

Interim Report, January – June 2012	11 July 2012
Interim Report, January – September 2012	11 October 2012
Preliminary Financial Statement, 2012	January 2013

## Definitions

<b>Account:</b>	An account opened with holdings.
<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>Commission notes per account:</b>	Commission notes per account excluding savings accounts.
<b>Cost/income ratio:</b>	Costs before credit losses in relation to income.
<b>Deposits:</b>	Deposits by the public as per balance sheet with deduction for the portion which are covered in their entirety by cash pledged on endowment insurance accounts which entirely corresponds to the lending to the public and the addition of client fund deposits and external deposits.
<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>External deposits:</b>	Savings accounts in external banks and credit market companies opened and managed by customers via Avanza Bank's website.
<b>Lending:</b>	Loans to the public as per balance sheet with deduction for the portion which are covered in their entirety by cash and cash equivalents pledged on endowment insurance accounts.
<b>Net deposits/Savings capital:</b>	Deposits, including client accounts, minus lending, in relation to the savings capital at the end of the period.
<b>Net interest items/Savings capital:</b>	Net interest items in relation to average savings capital during the period.
<b>Net inflow:</b>	Deposits, less withdrawals, of liquid assets and securities.
<b>Net inflow/Savings capital:</b>	The period's net inflow on an annual basis in relation to savings capital at the beginning of the period.
<b>Non-brokerage income:</b>	Income excluding brokerage income less direct costs.
<b>Operating expenses:</b>	Operating expenses before credit losses.
<b>Operating income/Savings capital:</b>	Operating income in relation to average savings capital during the period.
<b>Operating margin:</b>	Operating profit/loss in relation to operating income.
<b>Profit margin:</b>	Profit/loss after tax in relation to operating income.
<b>Savings capital:</b>	The combined value of accounts held with Avanza Bank.
<b>Return on equity:</b>	Profit/loss after tax in relation to the average shareholders' equity during the period. The return on shareholders' equity for interim periods is not recalculated at a yearly rate.
<b>Stock market:</b>	Refers to the OMXSPI share index, which comprises all shares listed on the Stockholm Stock Exchange.
<b>Transactions:</b>	Buying and selling transactions completed in different markets and involving different securities.

## Consolidated Income Statements (SEK m) \*

	2012	2011	2011-2012	2011
	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
<b>Operating income</b>				
Commission income	119	140	483	504
Commission expenses	-18	-17	-73	-72
Interest income	82	73	352	343
Interest expenses	-20	-13	-92	-85
Net result of financial transactions***	0	0	1	1
Other operating income	1	0	5	4
<b>Total operating income</b>	<b>164</b>	<b>183</b>	<b>676</b>	<b>695</b>
<b>Operating expenses</b>				
General administrative costs	-75	-64	-291	-280
Depreciation of tangible and intangible fixed assets	-3	-2	-12	-11
Other operating expenses	-14	-10	-61	-57
<b>Total operating expenses before credit losses</b>	<b>-92</b>	<b>-76</b>	<b>-364</b>	<b>-348</b>
<b>Operating profit before credit losses</b>	<b>72</b>	<b>107</b>	<b>312</b>	<b>347</b>
Credit losses, net	0	0	-6	-6
<b>Operating profit</b>	<b>72</b>	<b>107</b>	<b>306</b>	<b>341</b>
Tax on profit for the period	-12	-17	-46	-50
<b>Net profit/loss for the period **</b>	<b>60</b>	<b>90</b>	<b>260</b>	<b>291</b>
Earnings per share, SEK	2.11	3.23	9.17	10.28
Earnings per share after dilution, SEK	2.09	3.17	9.11	10.21
Average no. shares before dilution, thousand	28,263	27,957	28,338	28,263
Average no. shares after dilution, thousand	28,449	28,470	28,522	28,473
Outstanding no. shares before dilution, thousand	28,263	27,957	28,263	28,263
Outstanding no. shares after dilution, thousand	28,451	28,485	28,451	28,401
No. shares upon full dilution, thousand	29,907	29,681	29,907	29,907

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

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

## Consolidated Balance Sheet (SEK m)

	31-03-2012	31-12-2011
<b>Assets</b>		
Loans to credit institutions		7,279
Loans to the public	Note 1	3,791
Shares and participations		15
Assets in insurance operations		31,750
Intangible fixed assets		24
Tangible assets		23
Other assets		373
Prepaid costs and accrued income		47
<b>Total assets</b>	<b>43,302</b>	<b>39,726</b>
<b>Liabilities and shareholders' equity</b>		
Deposits by the public	Note 2	10,007
Liabilities in insurance operations		31,750
Other liabilities		558
Accrued costs and prepaid income		52
Shareholders' equity		935
<b>Total liabilities and shareholders' equity</b>	<b>43,302</b>	<b>39,726</b>

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

	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
<b>Shareholders' equity at the beginning of the period</b>	<b>875</b>	<b>813</b>	<b>813</b>
Dividend	–	–	–266
Warrants issue	0	–	5
Exercise of share warrants	–	–	79
Buyback of own shares	–	–	–46
Net profit/loss for the period	60	90	291
<b>Shareholders' equity at the end of the period</b>	<b>935</b>	<b>903</b>	<b>875</b>

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

## Consolidated Cash Flow Statements (SEK m)

	2012	2011
	Jan-Mar	Jan-Mar
Cash flow from operating activities	19	254
Cash flow from operating activities' assets and liabilities	–1,412	–1,067
Cash flow from investment operations	0	–1
Cash flow from financial operations	0	–
<b>Cash flow for the period</b>	<b>–1,393</b>	<b>–814</b>
<b>Liquid assets at the beginning of the period *</b>	<b>8,672</b>	<b>6,334</b>
<b>Liquid assets at the end of the period *</b>	<b>7,279</b>	<b>5,520</b>

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

At the end of the period SEK 600 (714) million of consolidated liquid assets are pledged as collateral.

## Parent Company Income Statements (SEK m)

	2012	2011
	Jan-Mar	Jan-Mar
Operating income	0	0
Operating expenses	–2	–1
<b>Operating profit/loss</b>	<b>–2</b>	<b>–1</b>
<b>Profit/loss from financial investments</b>	<b>–</b>	<b>–</b>
Tax on profit/loss for the period	0	0
<b>Net profit/loss for the period</b>	<b>–2</b>	<b>–1</b>

## Parent Company Balance sheets (SEK m)

	31-03-2012	31-12-2011
<b>Assets</b>		
Financial fixed assets	417	417
Current receivables *	316	321
Liquid assets	0	0
<b>Total assets</b>	<b>733</b>	<b>738</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	731	733
Current liabilities	2	5
<b>Total shareholders' equity and liabilities</b>	<b>733</b>	<b>738</b>

\* Of which receivables from subsidiaries 316 (320).

## Accounting principles

The Consolidated Interim Report has been prepared in accordance with IAS 34, Interim Reporting, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and with the guidelines and general advice issued by the Swedish Financial Supervisory Authority concerning the annual accounts of credit institutions and securities companies (FFFS 2008:25). The Interim Report for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act. Accounting principles and calculation methods remain unchanged from those applied in the 2011 Annual Report.

## Notes

### Note 1 – Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. SEK 545 million of loans to the public as of 31 March 2012, so-called account credits, are covered in their entirety by cash and cash equivalents pledged on endowment insurance accounts. This portion of the lending does not impact the net interest items, as the interest on deposits is the same as the lending rate. Collateral for the remainder of the loans to the public is in the form of securities, the basis for which is equivalent to loans to the public which was reported in previous quarters. This change is the result of a new solution for pledging endowment insurance from the 1 January 2012.

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

In addition to the deposits reported in the Balance Sheet, Avanza Bank also has, as of 31st March 2012, deposits by third parties in client fund accounts totalling SEK 929 (823 as of 31st December 2011) million.

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

	31-03-2012	31-12-2011
<b>Capital base</b>		
Shareholders' equity, the Group	935	875
Less, unaudited profits	-60	-
Proposed dividend, SEK 10.00 per share	-283	-283
<b>Shareholders' equity, financial conglomerate</b>	<b>592</b>	<b>592</b>
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-25	-25
<b>Capital base</b>	<b>567</b>	<b>567</b>
<b>Capital requirement</b>		
Capital requirement for regulated units within the banking and securities sector	221	240
Capital requirement for regulated units in the insurance sector	31	31
Theoretical capital requirements for non-regulated units	4	4
<b>Capital requirement</b>	<b>256</b>	<b>275</b>
<b>Capital surplus</b>	<b>311</b>	<b>292</b>
<b>Capital base/Capital requirement</b>	<b>2.22</b>	<b>2.06</b>

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

When calculating the capital base during the course of an ongoing year, audited profits only are included in the calculations. If the profit for the period has been audited, adjustments are made for the assumed dividend. Assumed dividend refers to the current period and the proposed dividend is the Board of Directors to the Annual General Meeting proposed dividend for the full financial year.

Stockholm, 19 April 2012

Martin Tivéus, Managing Director

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

The information contained in this report comprises information both that Avanza Bank Holding AB (publ.) is obliged to provide and that it has chosen to provide in accordance with the provisions of the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information has been released to the market for publication at 08:15 (CET) on 19 April 2012.

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

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

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