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Avanza Bank

Interim report January – March 2011

- Operating income increased by 19 per cent (41 %) to SEK 183 million (SEK 154 m)
- The profit after tax increased by 23 per cent (66 %) to SEK 90 million (SEK 73 m)
- Earnings per share increased by 21 per cent (66 %) to SEK 3.23 (2.66)
- Net savings totalled SEK 4,060 million (SEK 4,420 m), corresponding to 5 per cent (7 %) of savings capital at the beginning of the year
- The number of accounts increased by 6 per cent (9 %) to 372,500 (352,200 as of 31st December 2010), and the total savings capital increased by 5 per cent (16 %) to SEK 86,100 million (SEK 82,000 m as of 31st December 2010)
- Nicklas Storåkers hands over as Managing Director within one year



Interim Report January – March 2011

Comments from the Managing Director

"The profit increased by 23 per cent during the first quarter. The increase was helped by good underlying growth in new customers and new capital, a strong stock market performance, and higher interest margins. The growth in profits was, however, counteracted by pricing pressure on brokerage and outflows from emerging market funds, but this pressure is expected to decrease in the coming months," says Nicklas Storåkers, Managing Director of Avanza Bank.

"Earlier this week, we introduced GE Money Bank as our second Sparkonto+ partner. Sparkonto+ enables Swedish savers, via Avanza Bank and a few clicks of the mouse, to divide their money between three savings institutions, and thereby to benefit several times over from the state deposit guarantee, which is currently EUR 100,000 per customer per savings institution. They will also get a considerably better interest rate than they would from the major banks."

"Our goal is to expand the Sparkonto+ offering during the second quarter, with regard both to new partners and to new products. We anticipate that Sparkonto+ will enable Avanza Bank to take market shares of the Swedish deposits market, which is currently worth SEK 1,000 billion and where Avanza Bank currently has a relatively small market share of less than 1 per cent. The Government will probably address two important savings issues during the autumn with the clarification of the statutory right to transfer pension savings and the launch of the simplified investment savings account savings format, both of which are expected to strengthen Avanza Bank's long-term growth potential."

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Operations

Market and sales

The world's stock markets were rocked in March by the earthquake and tsunami in Japan and the subsequent concerns about the damaged nuclear power plant. On 16th March, the bourse closed down just over 8 per cent since the beginning of the year, but has recovered in recent weeks and the OMXSPI index closed down 1 per cent on 31st March 2011. Savers were net purchasers of securities during the first quarter, and as a result, deposits have fallen and lending has increased.

The IPO and distribution of ownership markets have recovered, and in April, Avanza Bank's customers were offered the opportunity to subscribe for Karolinska Development ahead of the firm's flotation on the NASDAQ OMX Stockholm. Several IPOs are expected in the spring.

In mid-February, the Riksbank raised the repo rate to 1.50 per cent, helping boost Avanza Bank's net interest items by 88 per cent (-9%) during the first quarter. The Riksbank is expected to continue raising key interest rates during the year.

Avanza Bank held 2.0 per cent (1.7 %) of the total savings market in Sweden on 31st December 2010. During the year as a whole, Avanza Bank held 6.2 per cent (6.1 %) of the total net inflow into the Swedish savings market. On 31st December 2010, Avanza Bank held 0.9 per cent (0.8 %) of the Swedish deposits market.

Avanza Bank has continued to recruit new members of staff during the quarter and had a total of 249 (215 as of 31st March 2010) employees, as of 31st March 2011. The Bank has decided to recruit an additional 25 or so staff during 2011, primarily in the IT department – a move that is in line with our investments in a new online presence. In May, Avanza Bank will be moving to new premises at Regeringsgatan 103 in Stockholm.

The Vikingen software package has been sold to the technology consultancy firm, Addiva. The financial effect of the sale, which will be completed during the second quarter of this year, will be marginal only.

	2011 Jan–Mar	2010 Jan–Mar	Change %	2010–2011 Apr–Mar	2010 Jan–Dec	Change %
Activity						
Net inflow, equity & investment fund accounts, SEK m	–1,060	–890	19	1,840	2,010	–9
Net inflow, savings accounts, SEK m	–950	–520	83	780	1,210	–36
of which, external deposit accounts, SEK m	–190	–	–	620	810	–24
Net inflow, pension- & insurance-based accounts, SEK m	6,070	5,830	4	6,590	6,350	4
of which, endowment insurance, SEK m	5,810	5,610	4	5,820	5,620	4
of which, occupational pensions, SEK m	220	220	0	670	670	0
Net inflow, SEK m	4,060	4,420	–8	9,210	9,570	–4
Net inflow/Savings capital, %	20	29	–9	13	16	–3
No. commission notes per account & month	2.0	2.1	–5	1.8	1.9	–5
No. transactions per commission note	1.6	1.7	–6	1.7	1.7	0
Brokerage per commission note, SEK	79	84	–6	81	82	–1
Market shares						
NASDAQ OMX Stockholm, First North and Burgundy						
No. transactions, %	8.6	9.8	–1.2	8.8	9.1	–0.3
Turnover, %	5.1	5.7	–0.6	5.4	5.5	–0.1

For definitions, see page 8.

Brokerage per commission note has fallen by 6 per cent during the first quarter, but this pricing pressure is expected to decrease in 2011. Stock market shares have declined as a result of the increase in algorithmic trading.

The net inflow during the first quarter was down by 8 per cent on the corresponding quarter last year, but the level was still high. The total market is estimated to have shrunk, possibly due to higher interest rates and to savers opting to increase their amortisation of housing loans. The net inflow into occupational pensions corresponds to 5 per cent (5 %) of Avanza Bank's total net inflow during the first quarter of 2011.

	31-03-2011	31-12-2010	Change %	31-03-2010	Change %
Savings capital					
Savings capital, equity & investment fund accounts, SEK m	46,940	48,190	–3	41,710	13
Savings capital, savings accounts, SEK m	1,460	2,410	–39	690	112
of which, external deposit accounts, SEK m	610	810	–25	–	–
Savings capital, pension- & insurance-based accounts	37,700	31,400	20	28,600	32
of which, endowment insurance, SEK m	30,900	24,700	25	22,900	35
of which, occupational pensions, SEK m	1,760	1,560	13	1,030	71
Savings capital, SEK m	86,100	82,000	5	71,000	21
Equities, bonds, derivatives, etc. SEK m	62,000	56,420	10	49,380	26
Investment funds, SEK m	18,500	17,700	5	16,100	15
Deposits, SEK m	10,270	11,740	–13	9,290	11
of which, external deposits, SEK m	610	810	–25	–	–
Lending, SEK m	–4,670	–3,860	21	–3,770	24
Savings capital, SEK m	86,100	82,000	5	71,000	21
Deposits/Lending, %	220	304	–84	246	–26
Net deposits/Savings capital, %	7	10	–3	8	–1
Avanza Bank, SEK m	47,720	46,380	3	43,370	10
Mini, SEK m	1,590	1,560	2	1,370	16
Private Banking, SEK m	33,800	31,300	8	24,400	39
Pro, SEK m	2,990	2,760	8	1,860	61
Savings capital, SEK m	86,100	82,000	5	71,000	21
Return, average account since Jan 1 st, %	0	16	–	8	–
OMX Stockholm Price Index since Jan 1 st, %	–1	23	–	8	–

For definitions, see page 8.

	31-03-2011	31-12-2010	Change %	31-03-2010	Change %
Accounts					
No. accounts	372,500	352,200	6	304,200	22
No. management services	7,900	8,020	-1	8,900	-11
No. accounts & management services	380,400	360,220	6	313,100	21
No. equity & investment fund accounts	205,000	199,800	3	188,200	9
No. savings accounts	29,800	27,500	8	18,500	61
of which, no. external deposit accounts	6,450	4,950	30	-	-
No. pension- & insurance-based accounts	137,700	124,900	10	97,500	41
of which, no. endowment insurance	81,400	72,100	13	55,600	46
of which, no. occupational pensions	24,800	22,400	11	15,300	62
No. accounts	372,500	352,200	6	304,200	22
Avanza Bank, no. accounts	339,370	321,320	6	277,370	22
Mini, no. accounts	17,500	16,500	6	14,900	17
Private Banking, no. accounts	13,300	12,100	10	9,470	40
Pro, konton, no. accounts	2,330	2,280	2	2,460	-5
No. accounts	372,500	352,200	6	304,200	22
No. accounts per customer	1.51	1.49	1	1.41	7

For definitions, see page 8.

The number of customers with at least one account totalled 246,500 (215,800) on 31st March 2011, which means that the average customer has 1.51 (1.41) accounts at Avanza Bank.

Endowment insurance experienced strong growth in terms of the number of accounts during the first quarter, when 9,300 (11,400) new endowment insurance accounts were opened, and by the end of the quarter, 22 per cent (18 %) of Avanza Bank's accounts were endowment insurance accounts.

A total of 2,440 (5,510) new occupational pension accounts were opened during the first quarter of 2011, corresponding to 12 per cent (22 %) of the total number of new accounts.

Development

The first quarter saw the launch of an Android app which, together with the existing iPhone app, enables savers to maintain a good overview of their savings via their mobile phones.

Work on developing Avanza Bank's new online presence continued during the first quarter. Avanza Bank is working in partnership with its customers to build the bank of the future in Avanza Labs, which is the first stage in the development of a new website.

The Sparkonto+ savings product was expanded, early in the second quarter, with the addition of a new player, GE Money Bank. Savers can now, as a result, invest money with three savings institutions via Avanza Bank. The state deposit guarantee corresponding to EUR 100,000 applies.

Financial overview

	2011 Jan-Mar	2010 Jan-Mar	Change %	2010-2011 Apr-Mar	2010 Jan-Dec	Change %
Income Statement, SEK m						
Brokerage income	88	87	1	330	329	0
Fund commissions	21	20	5	82	81	1
Net interest items	60	32	88	185	157	18
Other income, net	14	15	-7	53	54	-2
Operating income	183	154	19	650	621	5
Personnel	-45	-38	18	-172	-165	4
Marketing	-6	-4	50	-25	-23	9
Depreciation	-2	-2	0	-11	-11	0
Other expenses	-23	-21	10	-93	-91	2
Operating expenses	-76	-65	17	-301	-290	4
Profit before tax	107	89	20	349	331	5
Operating margin, %	58	58	0	54	53	1
Profit margin, %	49	47	2	44	44	0
Cost/income ratio, %	42	42	0	46	47	-1
Earnings per share, SEK	3.23	2.66	21	10.34	9.77	6
Earnings per share after dilution, SEK	3.17	2.64	20	10.17	9.62	6
Return on shareholders' equity, %	11	10	1	37	37	0
Investments, SEK m	1	7	-86	14	20	-30
Brokerage income/Operating income, %	48	56	-8	51	53	-2
Non-brokerage income/Operating income, %	52	44	8	49	47	2
of which, Fund commissions/Operating income, %	11	13	-2	13	13	0
of which, Net interest items/Operating income, %	33	21	12	28	25	3
of which, Other income/Operating income, %	8	10	-2	8	9	-1
Non-brokerage income/Operating expenses, %	125	103	22	106	101	5
of which, Net interest items/Operating expenses, %	79	49	30	61	54	7
Operating income/Savings capital, %	0.22	0.23	-0.01	0.85	0.87	-0.02
of which, Net interest items/Savings capital, %	0.07	0.05	0.02	0.24	0.22	0.02
Average no. employees	247	205	20	236	225	5
No. trading days	62.5	61.5	2	251.5	250.5	0
Web service operational availability, %	99.9	100.0	-0.1	99.9	99.9	0
	31-03-2011	31-12-2010	Change %	31-03-2010	Change %	
Shareholders' equity per share, SEK	32.30	29.07	11	27.80	16	
Capital base/Capital requirement	2.08	1.84	13	1.55	34	
No. employees	249	244	2	215	16	
Market value, SEK	244.00	234.00	4	187.00	31	
Market capitalisation, SEK m	6,820	6,540	4	5,160	32	

For definitions, see page 8.

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

Net interest items have increased by 88 per cent (-9 %) during the first quarter of 2011 as a result of the increases in key interest rates by the Riksbank over the last year. The increases in the repo rate are expected to continue in 2011, which will further strengthen Avanza Bank's net interest items.

Non-brokerage income totalled 125 per cent (103 %) of operating costs during the first quarter 2011. Non-brokerage income primarily consists of net interest items, fund commissions, net income from currency fluctuations and fees from corporate finance. The high percentage is due, in the main, to the increase in net interest items. Despite the good underlying growth in savings capital in funds the fund commissions have not increased as much, explained by amongst other things, significant outflows from emerging market funds in the last year.

Costs increased by 17 per cent (16 %) during the first quarter of 2011. This is in line with budget and the long-term goal of a 15–20 per cent increase in costs.

As previously announced, Avanza Pension has sought an advance ruling from the Council on Advance Tax Rulings on the way in which fund commissions from external fund managers will be taxed. A ruling on the issue was obtained on 31st May 2010, and was negative for Avanza Pension. Avanza Pension appealed the ruling to the Supreme Administrative Court in August 2010. If the Supreme Administrative Court upholds the ruling by the Council on Advance Tax Rulings, the company's tax expenses for 2006–2011 (up to and including the first quarter of 2011) would increase by a total of SEK 16 million. A negative ruling for the company could entail an increase in the company's total tax expense in future. A ruling is expected during the second quarter of the year.

A Swedish securities company, CTA Lind & Co Scandinavia AB, was declared bankrupt in 2004 and funds were paid to investors from the Swedish compensation scheme. Monies were not funded within the investor compensation scheme and the Swedish National Debt Office has consequently now begun levying fees in arrears from all institutions which were part of the investor compensation scheme at the time of the bankruptcy, in order to cover costs. All of these institutions submitted information on their customers' assets with the respective institutions on 31st December 2004 to the Swedish National Debt Office in September 2010. The level of fee payable by Avanza Bank is still uncertain. The preliminary total fee calculated is SEK 140 million, to be divided between the 190 institutions that were part of the investor compensation scheme at the time of the bankruptcy.

In September 2008 Avanza Bank submitted a request to the Swedish Tax Agency for a review of the deductibility of input VAT in respect of 2007, with the aim of recovering the VAT paid. In July 2009, the Tax Agency rejected this request. Avanza Bank appealed the ruling to the Administrative Court, which ruled, in September 2010, that it would not overturn the Tax Agency ruling. This ruling was appealed to the Administrative Court of Appeal in November 2010.

Capital surplus

	31-03-2011	31-12-2010
Shareholders' equity, the Group	903	813
Intangible fixed assets and deferred tax receivables, SEK m	–27	–27
Capital requirement with reference to Avanza Bank's internal capital assessment process, SEK m	–288	–321
Total capital surplus before dividend, SEK m	588	465
Capital surplus per share, SEK, before the today's Annual General Meeting proposed dividend, SEK 9.50 per share	21.03	16.65

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 11.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 588 million as of 31st March 2011 of which the Meeting proposed a dividend for 2010 of SEK 266 million.

Financial position

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 delay. The assets are judged to be secure. Avanza Bank has suffered no credit losses during the first quarter 2011 and the average credit losses since 2001 total less than 0.01 per cent per annum. Avanza Bank does not and has not engaged in trading in securities for its own account.

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 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 profit for the first quarter of 2011 was SEK –1 million (SEK –2 m). The Parent Company reports no turnover. The Board of Directors has proposed that today's Annual General Meeting approve a dividend of SEK 266 million, corresponding to SEK 9.50 per share. The dividend paid last year totalled SEK 221 million, corresponding to SEK 8.00 per share

Outlook for the future

Avanza Bank's goal is for its long-term profit growth to total between 15 and 20 per cent per annum. Growth rates in individual years will, however, vary in line with stock market performance.

The healthy long-term growth potential is due to the fact that the savings market is normally estimated to grow by 8–12 per cent per year and that online saving is growing even faster. This is due to the advantages offered by the internet in terms of simplicity and low fees, to an increased requirement for individual saving, and to the increase in internet usage amongst the more mature target groups. There are, however, some threats to growth in the savings market. In addition to the uncertainty over stock market performance, the risk that concerns over the property market may spread to the savings market is higher than before. Concern over falling house prices, in combination with higher interest rates than before, could result in Swedes increasingly choosing to save by paying off their mortgages.

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

Annual growth (ca.)

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

	2001–2010	Goal
Net savings, % of savings capital at beginning of the year	22 % *	13–17 %
Growth in value	8 % *	6–8 %
Savings capital, growth	29 %	20–25 %
Estimated pricing pressure	(5 %)	(3–7 %)
Growth in income	23 %	15–20 %
Cost increase	15 %	15–20 %
Growth in profit	50 %	15–20 %

* 2002–2010

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 Bank's assessment of the market climate. Avanza Bank can therefore elect to reduce the rate at which costs increase in a poorer market climate, but the Bank operates in a rapidly changing market and can, therefore, also choose to invest more in growth. This may entail higher costs than forecast. Operating costs are, seasonally speaking, normally higher during the first and fourth quarters than during the other quarters.

The company expects costs to increase by around 20 per cent in 2011, which is at the upper end of the range for the long-term goal of a 15–20 per cent increase. The background to this is that some of the costs forecast for 2010 have now been transferred to 2011 instead and that, over and above these cost increases, Avanza Bank expects the fees for the CTA Lind & Co Scandinavia AB compensation case to be incurred in 2011. The Riksbank has continued to raise key interest rates during the first quarter. Higher key interest rates result in improved net interest income from deposits. Pricing pressure is expected to decrease in 2011.

Avanza Bank will be launching new products in 2011 and these are expected to make a positive contribution to the growth rate. Three areas will be prioritised in 2011: a stronger savings offering, modernisation of Avanza Bank's website and online presence, and continued high levels of cost-effectiveness. New products will be launched in the second quarter, e.g. in relation to deposit products.

The primary goal for 2011 is to continue to have Sweden's most satisfied savers. Avanza Bank's long-term vision is to be the natural bank of choice for Swedes who actively monitor their savings. One of the Bank's goals for 2012 is, therefore, to achieve a market share of at least 7 per cent of the total net inflow into the Swedish savings market.

Overall, Avanza Bank is thought to have good potential for achieving its long-term profit growth goals in 2011, given normal stock market performance. The above should not, however, be regarded as an income or profit forecast, in that operations are dependent on stock market trends.

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 2010 Annual Report provides a detailed description of the Group's risk exposure and risk management. No significant risks over and above the risks described in the Annual Report and in this Interim Report are adjudged to have arisen.

Transactions with associated parties

Avanza Bank's transactions with associated parties are shown in Note 32 of the 2010 Annual Report. No significant changes have subsequently occurred.

Executive management

Nicklas Storåkers has to the Board declared his intention to remain as Managing Director in Avanza Bank Holding AB for a maximum of one year until the Annual General Meeting 2012. The Board has therefore initiated a recruitment process for a new Managing Director.

"Avanza Bank has two per cent of the growing Swedish savings market. At the same time, we have the most satisfied investors in Sweden and takes over six per cent of net inflows to the market. It means that Avanza Bank quickly takes market shares. Avanza Bank has a strong and talented management team and an ambitious organization with a passion for customers' best. Therefore, we see a lot of opportunities for Avanza Bank for many years to come", says Sven Hagströmer and Nicklas Storåkers, Chairman of the Board and Managing Director of Avanza Bank in a joint statement.

Annual General Meeting

The Annual General Meeting of the company's shareholders will be held today on 14th April 2011 at 15.00 (CET) in the Auditoriet hall of the Moderna Museet museum in Stockholm. The Annual Report is available from the company's offices and on the company's website at www.avanza.com. A press release detailing important decisions taken at the Meeting will be published after the conclusion of the Annual General Meeting.

Buyback of the company's own shares

On 21st April 2010, the Annual General Meeting decided to authorise the Board of Directors to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB. No shares have been bought back during the first quarter of 2011 and the company holds no bought back shares.

Financial calendar

Interim Report, January – June 2011	12th July 2011
Interim Report January – September 2011	13th October 2011
Preliminary Financial Statement, 2011	January 2012

Definitions

Account:	An account opened with holdings.
Brokerage income:	Brokerage income less direct costs.
Brokerage per commission note:	Gross brokerage income for account customers in relation to the number of commission notes excluding investment fund commission notes.
Capital base:	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.
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.
Cost/income ratio:	Costs in relation to income.
Deposits:	Deposits, including client accounts.
Earnings per share:	Profit/loss after tax in relation to the average number of shares during the period.
Equity per share:	Shareholders' equity in relation to the number of outstanding ordinary shares before dilution at the end of the period.
External deposits:	Savings accounts in external banks and credit market companies opened and managed by customers via Avanza Bank's website.
Net deposits/Savings capital:	Deposits, including client accounts, minus lending, in relation to the savings capital at the end of the period.
Net interest items/Savings capital:	Net interest items in relation to average savings capital during the period.
Net inflow:	Deposits, less withdrawals, of liquid assets and securities.
Net inflow/Savings capital:	The period's net inflow on an annual basis in relation to savings capital at the beginning of the period.
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.
Operating margin:	Operating profit/loss in relation to operating income.
Profit margin:	Profit/loss after tax in relation to operating income.
Savings capital:	The combined value of accounts held with Avanza Bank.
Return on equity:	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.
Stock market:	Refers to the OMXSPI share index, which comprises all shares listed on the Stockholm Stock Exchange.
Transactions:	Buying and selling transactions completed in different markets and involving different securities.

Consolidated Income Statements (SEK m) *

	2011 Jan-Mar	2010 Jan-Mar	2010-2011 Apr-Mar	2010 Jan-Dec
Operating income				
Commission income	140	138	543	541
Commission expenses	-17	-16	-69	-68
Interest income	73	33	214	174
Interest expenses	-13	-1	-29	-17
Net result of financial transactions***	0	0	-9	-9
Other operating income	0	0	0	0
Total operating income	183	154	650	621
Operating expenses				
General administrative costs	-64	-55	-249	-240
Depreciation of tangible and intangible fixed assets	-2	-2	-11	-11
Other operating expenses	-10	-8	-41	-39
Credit losses, net	0	0	0	0
Total operating expenses	-76	-65	-301	-290
Operating profit	107	89	349	331
Tax on profit for the period	-17	-16	-61	-60
Net profit/loss for the period **	90	73	288	271
Earnings per share, SEK	3.23	2.66	10.34	9.77
Earnings per share after dilution, SEK	3.17	2.64	10.17	9.62
Average no. shares before dilution, thousand	27,957	27,578	27,832	27,739
Average no. shares after dilution, thousand	28,470	27,801	28,314	28,177
Outstanding no. shares before dilution, thousand	27,957	27,578	27,957	27,957
Outstanding no. shares after dilution, thousand	28,485	27,828	28,485	28,459
No. shares upon full dilution, thousand	29,681	29,105	29,681	29,681

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

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

*** SEK 9 million in 2010 relating to valueadjustment of the holding in the Exchange Burgundy.

Consolidated Balance Sheets (SEK m)

	31-03-2011	31-12-2010
Assets		
Treasury bills eligible for refinancing	-	300
Loans to credit institutions	5,520	6,334
Loans to the public	Note 1	4,667
Shares and participations	18	14
Assets in insurance operations	35,382	29,093
Intangible fixed assets	25	26
Tangible assets	13	14
Other assets	276	568
Prepaid costs and accrued income	39	33
Total assets	45,940	40,243
Liabilities and shareholders' equity		
Deposits by the public	Note 2	8,992
Liabilities in insurance operations	35,382	29,093
Other liabilities	623	141
Accrued costs and prepaid income	40	37
Shareholders' equity	903	813
Total liabilities and shareholders' equity	45,940	40,243

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

	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Shareholders' equity at the beginning of the period	813	693	693
Dividend	–	–	–221
Warrants issue	–	–	4
Exercise of share warrants	–	–	65
Net profit/loss for the period	90	73	271
Shareholders' equity at the end of the period	903	767	813

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

Consolidated Cash Flow Statements (SEK m)

	2011 Jan-Mar	2010 Jan-Mar
Cash flow from operating activities	254	190
Cash flow from operating activities' assets and liabilities	–1,067	257
Cash flow from investment operations	–1	–2
Cash flow from financial operations	–	0
Cash flow for the period	–814	445
Liquid assets at the beginning of the period *	6,334	5,452
Liquid assets at the end of the period *	5,520	5,897

* Liquid assets are defined as loans to credit institutions.

At the end of the year SEK 714 (684) million of consolidated liquid assets are pledged as collateral.

Parent Company Income Statements (SEK m)

	2011 Jan-Mar	2010 Jan-Mar
Operating income	0	0
Operating expenses	–1	–2
Operating profit/loss	–1	–2
Profit/loss from financial investments	–	–
Tax on profit/loss for the period	0	1
Net profit/loss for the period	–1	–1

Parent Company Balance sheets (SEK m)

	31-03-2011	31-12-2010
Assets		
Financial fixed assets	417	417
Current receivables *	269	272
Liquid assets	0	0
Total assets	686	689
Shareholders' equity and liabilities		
Shareholders' equity	685	686
Current liabilities	1	3
Total shareholders' equity and liabilities	686	689

* Of which receivables from subsidiaries 268 (230).

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 2010 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 March 2011, deposits by third parties in client fund accounts totalling SEK 678 (776 as of 31st December 2010) million.

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

	31-03-2011	31-12-2010
Capital base		
Shareholders' equity, the Group	903	813
Less, unaudited profits	-90	-
Proposed dividend, SEK 9.50 per share	-266	-266
Shareholders' equity, financial conglomerate	547	547
<i>Less</i>		
Intangible fixed assets and deferred tax receivables	-27	-27
Capital base	520	520
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	213	242
Capital requirement for regulated units in the insurance sector	33	36
Theoretical capital requirements for non-regulated units	4	4
Capital requirement	250	282
Capital surplus	270	238
Capital base/Capital requirement	2.08	1.84

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/loss for the period has been audited, adjusted 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, 14th April 2011

Nicklas Storåkers, 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 14th April 2011.

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.

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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