



Preliminary financial statement 2006

- Operating income increased by 59.5 per cent (35.4%) to SEK 454.7 million (SEK 285.1 m).
- The profit after tax was SEK 188.0 million (SEK 105.9 m).
- Earnings per share increased to SEK 6.85 (SEK 3.88).
- Net deposits totalled SEK 6,030 million (SEK 5,660 m), corresponding to 20.2 per cent (34.9%) of the total value of custodian accounts at the beginning of the year.
- The Board of Directors proposes that a dividend of SEK 4.00 (SEK 2.00) per share be paid and proposes a buyback programme for a maximum of 10 per cent of the shares in Avanza AB.

Comments from the Managing Director

“Avanza’s growth-related work continues unabated. The fourth quarter saw us lay the foundations for growth on a broader front by offering customers a PPM (Premium Pension Authority pension) service and by becoming one of the selectable options for the SAF-LO collective agreement-based occupational pension plans, which affect 2.1 million Swedes. We will be expanding our operations still further in early 2007 with the launch of asset management services, but the most important thing of all will be our even greater focus in selling. And although we do need to keep an eye on stock market performance, we are more excited about our growth potential than ever before”, says Nicklas Storåkers, Managing Director of Avanza.

“Avanza’s total number of custodian account customers grew by a record 23 per cent in 2006. Net deposits in Avanza also reached their highest figure ever during 2006, exceeding SEK 6 billion, but a weak savings market at the end of the year meant that we did not quite achieve our full yearly goal.”

“Revenues increased by 60 per cent in 2006 to SEK 455 million, and the operating margin simultaneously increased to 54 per cent. This shows that our model, which combines the market’s lowest charges with low costs, generates benefits for customers and shareholders alike.”

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

Business performance

Avanza is continuing to develop at a rapid rate, launching a number of savings products in 2006. Avanza Zero and the occupational pension plan were launched in the spring, whilst the savings magazine, Placera Nu, was launched in the autumn, along with online trading on Scandinavian stock markets and health and accident insurance schemes. The latter part of the year saw the launch of the PPM service that gives customers access to their PPM holdings via Avanza, along with the option of reinvesting their funds. A currency trading service will be launched in early 2007.

Net deposits totalled SEK 6,030 million (SEK 5,660 m) during 2006, corresponding to an increase of 6.5 per cent (71.5%) in comparison with 2005. Net deposits during the fourth quarter totalled SEK 1,580 million (SEK 2,060 m). Gross deposits were strong, but a substantial outflow during the latter part of the year contributed to a lower than expected figure for net deposits. Total net deposits throughout the year corresponded to 20.2 per cent (34.9%) of the total value of custodian accounts at the beginning of the year.

The total number of custodian account customers increased by a net of 24,100 (16,100) to 130,000 during 2006 (105,900 as of 31st December 2005), corresponding to an increase of 22.8 per cent (17.9%). The no-fee index fund, Avanza Zero, made a substantial contribution to the inflow of new customers.

The increase in the value of the average Avanza portfolio in 2006 was 22.1 per cent (42.0%), compared with the increase of 23.6 per cent (32.6%) reported by the OMX Stockholm All Share index.

The total value of custodian accounts increased by 45.0 per cent (84.0%) to SEK 43,200 million, as of 31st December 2006 (SEK 29,800 m as of 31st December 2005). The total value of custodian accounts in Avanza Private Banking increased by 71.8 per cent (255.0%) during 2006 to SEK 11,700 million (SEK 6,810 m as of 31st December 2005). The total value of custodian accounts in Aktiespar.se increased to SEK 750 million (SEK 350 m as of 31st December 2005).

Avanza's occupational pension was launched in the spring and is attracting considerable interest, with 230 companies with a total of 360 employees (underlying custodian accounts customers) joining the Avanza occupational pension scheme to date. The market is characterised by long selling-in times and more complex selling-in processes than for Avanza's other products. Avanza applied for affiliation to the collective agreement-based occupational pension plans, known as the "tick-box markets," during the autumn, and has been adopted as a selectable option within the SAF-LO collective agreement-based occupational pension plans.

The total value of custodian accounts in pension products totalled SEK 4,800 million on 31st December 2006 (SEK 2,470 m on 31st December 2005), corresponding to 11.1 per cent (8.3% as of 31st December 2005) of the total value of custodian accounts.

The range of investment funds offered has been augmented and now comprises 780 different funds from over 60 fund management companies. The business magazine, Privata Affärer, declared Avanza "Price Presser of the Year" on the basis of Avanza Zero, which was launched in May. Avanza Zero is an index fund intended to track the OMXS30 index. Units in the fund can only be bought via direct savings in Avanza custodian accounts, via pension savings with Avanza, or via PPM. To date, Avanza Zero has 11,400 unit holders who are with Avanza, and SEK 480 million in capital. The return on Avanza Zero since its launch has been 26.5 per cent, in comparison with the OMXS30 index, which rose by 26.6 per cent during the same period.

The total value of custodian accounts invested in funds was SEK 6,600 million, as of 31st December 2006 (SEK 3,810 m as of 31st December 2005), corresponding to 15.3 per cent of the total value of custodian accounts (12.8% as of 31st December 2005). The total number of custodian accounts with fund holdings was 43,200 on 31st December 2006 (26,200 on 31st December 2005).

September saw the launch of Placera Nu, which is an online magazine focusing on savings and investments. The magazine is published at www.placera.nu, which is integrated with Avanza's web service. Placera Nu is editorially independent and the editorial team comprises eight experts in the field of shares, funds and pensions. By the end of the year, Placera Nu was getting 53,000 visitors per week.

Avanza's market share of First North, the market for small growth companies, totalled 25.3 per cent of turnover and 18.0 per cent of the number of transactions in 2006. This market-dominant position means that Avanza is an attractive alternative for listings, ownership diversifications and new issues of shares in small growth companies. Avanza Corporate Finance has completed ten commissions this year.

Avanza's total market share of the Stockholm Stock Exchange (including First North) was 2.7 per cent (2.0%) of turnover and 10.0 per cent (9.5%) of the total number of transactions. Just as in the previous year, Avanza was the biggest member overall of the Stockholm Stock Exchange (including First North), measured by the number of transactions.

The operational availability of Avanza's web service in 2006 was 99.7 per cent (99.6%).

Avanza's custodian account customers averaged 2.00 (1.57) commission notes per month during 2006, corresponding to an increase of 27.4 per cent (22.7%) in comparison with the previous year. The corresponding figure during the fourth quarter was 1.98 (1.79) commission notes per custodian account customer and month. The average brokerage fee per commission note for custodian account customers in 2006 was SEK 94 (SEK 94). Operating income per custodian account customer totalled SEK 4,100 (SEK 3,000) during the period.

Borrowing, including client funds, increased to SEK 5,278 million as of 31st December 2006 (SEK 3,526 m as of 31st December 2005). Lending increased by 11.6 per cent to SEK 2,290 million (SEK 2,052 m as of 31st December 2005). Borrowing and lending correspond to 12.2 per cent (11.8% as of 31st December 2005) and 5.3 per cent (6.9% as of 31st December 2005), respectively, of the total value of custodian accounts. Customers' net liquidity hence totalled 6.9 per cent of the total value of custodian accounts (4.9% as of 31st December 2005).

Result and position

Operating income increased by 59.5 per cent (35.4%) to SEK 454.7 million (SEK 285.1 m) in 2006. The growth in income is due both to higher levels of customer activity and to underlying growth. Operating income totalled 1.26 per cent (1.29%) of the total value of custodian accounts during the year. Net interest items totalled SEK 137.7 million (SEK 81.7 m) during 2006, corresponding to an increase of 68.5 per cent (35.3%) in comparison with the previous years.

Brokerage income, less deductions for direct costs, comprised 53 per cent (54%) of total operating income during 2006, whilst non-brokerage income (net interest income, investment fund commissions and other income) made up the remaining 47 per cent (46%).

Non-brokerage income during 2006 comprised 102 per cent (94%) of operating expenses, and Avanza has hence exceeded its goal of non-brokerage income totalling a minimum of 90-100 per cent of operating expenses in 2006. The corresponding figure in Q4 was 101 per cent (97%). The increase in non-brokerage income is mainly due to rising volumes of borrowing and lending, increased investment fund commissions and fees from corporate finance.

Operating expenses during 2006 totalled SEK 210.9 million (SEK 138.4 m), corresponding to an increase of 52.4 per cent (26.6%) in comparison with 2005. Operating expenses during the fourth quarter totalled SEK 58.7 million (SEK 39.0 m), corresponding to an increase of 50.5 per cent (20.4%) in comparison with the same period last year. Marketing costs during 2006 increased to SEK 42.7 million (SEK 19.4 m), which together with increased costs for personnel represented the main share of the total cost increase.

The number of full-time employees (excluding those on leaves of absence and parental leave) at the end of December was 157 (94 as of 31st December 2005).

The pre-tax profit for 2006 was SEK 243.8 million (SEK 146.7 m), corresponding to an operating margin of 53.6 per cent (51.5%). The tax expense was SEK 55.8 million (SEK 40.8 m), corresponding to an effective rate of taxation of 22.9 per cent (27.8%). The effective rate of taxation has been reduced by decisions by the Tax Authority in the fourth quarter to approve previous loss carry forwards.

The result after tax was SEK 188.0 million (SEK 105.9 m) in 2006. Earnings per share totalled SEK 6.85 (SEK 3.88). The return on equity in 2006 was 45.1 per cent (35.3%).

Depreciation of tangible and intangible assets totalled SEK 8.2 million (SEK 6.4 m) and investments totalled SEK 16.2 million (SEK 5.0 m). Investments during the year included Avanza's acquisition of the subsidiary company, Börsveckan, which affected the cash flow to the tune of SEK 2.4 million.

Shareholders' equity totalled SEK 488.8 million as of 31st December 2006 (SEK 353.7 m as of 31st December 2005), or SEK 17.80 (SEK 12.88) per share, and the capital adequacy ratio was 11.8 per cent (11.1%). The Group's liquid assets totalled SEK 2,880.2 million (SEK 802.9 m as of 31st December 2005).

Outlook for the future

Avanza's goal is to be The Savers' Bank. In concrete terms, our ambition is that every Avanza customer shall have more money over for personal use than would be possible anywhere else.

The Swedish savings market is worth SEK 3,400 billion and Swedes' need for individual savings is increasing, not least in the pensions sphere. With a total custodian account value of SEK 43,200 million, Avanza has a market share of 1.3 per cent.

Avanza has supplemented its range of products this year with an occupational pension and a PPM service, which means that Swedish customers can now bring all of their savings under the Avanza umbrella. The focus on providing advice and guidance in the form of the online magazine, Placera Nu, helps encourage this process. The combination of the market's cheapest savings products, high quality help, and the wide range of investments offered will enable Avanza to retain its position as Sweden's best savings service on the Internet.

Avanza believes, therefore, that the long-term growth potential with regard to both new customers and new capital continues to be very good. Our goal is to achieve a market share of at least 2 per cent and 200,000 custodian account customers by the end of 2008. Avanza has two focus areas during this growth phase in 2007: to sell more savings products to existing customers and to make it easier for new customers to choose Avanza.

The first quarter of 2007 will see Avanza putting greater effort into direct sales activities. Another goal is the establishment of an even broader distribution network for occupational pensions during the first six months of the

year, by means of their inclusion in more and more collective agreement-based plans and through partnerships with insurance brokers. The first quarter will also see the launch of Avanza's asset management function as a complementary service for those customers who do not want to manage their entire savings portfolio personally. Placera Nu will be developed into an even better online savings magazine, and in the spring, Avanza will be launching a number of other new products and services.

Underlying growth in custodian account value generates the preconditions for revenue growth for Avanza, because there is, in the long-term, a clear link between growth in custodian account value and growth in operating income. Avanza will continue to put pressure on prices, in order to ensure that customers have more money over for themselves, and this will have a negative effect on the rate of revenue growth. Our goal, however, is a long-term revenue growth rate of 15–30 per cent per annum. Over the course of one year – which can be classified as the short term in the savings market – however, stock market trends will also have a pronounced effect on the growth of both the total value of custodian accounts and revenues.

Net deposits per annum are estimated to comprise 20–25 per cent of the total value of custodian accounts at the beginning of the year. Seasonal variation, stock market climate and individual measures on the part of Avanza result in quarterly variations in levels of net deposits, and in 2006, they totalled 20 per cent of this value as a result of, amongst other things, an increase of 23 per cent in the number of custodian account customers.

Value should normally grow by 6–8 per cent per annum, taking into account the custodian account customers' distribution of shares and interest-bearing assets. In 2006, value growth levels were very high at 22 per cent.

The annual pricing pressure (defined as operating income in relation to total value of custodian accounts) is estimated at between 5 and 10 per cent. In 2006, Avanza continued to reduce its brokerage fees for share trading in conjunction with, amongst other things, the introduction of the Mikro custodian account, with a minimum brokerage fee of SEK 39. The launch of Avanza Zero also enabled Avanza to reduce the fees payable for savings in investment funds. These price cuts were, however, compensated for by the fact that customers invested more capital in actively managed funds and guarantee products, and that trading activity levels increased during the year. The pricing pressure in 2006 was therefore not more than 2.4 per cent.

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

	Annual growth
Net deposits, new and existing custodian account customers	20–25%
<u>Normal growth</u>	<u>6–8%</u>
Custodian account value, growth (ca)	25–35%
<u>Estimated pricing pressure</u>	<u>(5–10%)</u>
Growth in income (ca)	15–30%

The greatest threat to achieving our goals lies in a long-term negative stock market trend, which would reduce both the total value of custodian accounts and levels of interest in savings. This direct reliance on the stock market is, however, being reduced by the increasing level of savings in investment funds and pensions. The competition from traditional players has also increased. Avanza believes that increased online penetration in the field of savings is a positive trend, but at the same time, one that increases the demands made on Avanza.

The majority of Avanza's costs comprise fixed overheads. It is calculated, however, that costs will increase by between 10 and 15 per cent in 2007 as a result of Avanza's new selling phase. The increase in costs is largely due to higher staffing levels. All of these ventures are, however, based on current systems and organisations, and there is a high level of cost-awareness within Avanza. Marketing and sales costs are, however, largely variable costs, and Avanza operates in a rapidly changing market. Avanza can, therefore, elect to invest more or less heavily than planned in growth, which may result in deviations from forecast cost levels. Seasonal variations mean that operating costs are 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 2007, due to the operations' reliance on stock market trends. The goal is, however, for non-brokerage income, i.e. operating income not directly dependent on the stock market, to total a minimum of 110 per cent of operating expenses, thereby ensuring a healthy stability in results, even during less favourable market conditions.

Other information

Dividends

The Board of Directors proposes that a dividend of SEK 4.00 (SEK 2.00) per share be paid.

Buy-back programme

The new regulations governing capital cover (Basel II) that come into force on 1st February 2007 will, in Avanza's opinion, entail a lower capital requirement.

The Board proposes that in order to achieve flexibility with regard to the size of Avanza's shareholders' equity, the Annual General Meeting authorise the Board of Directors to implement a buy-back programme totalling a maximum of 10 per cent of the shares in Avanza AB. Current lack of familiarity with the application of these regulations make it difficult to assess the exact capital requirement. This implies that fewer or no shares at all may consequently be bought back by the Board.

The authorisation will be proposed to be valid up to the next Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 22nd March 2007 at 15.00 hours (CET) in the Auditorium hall of the Moderna Museet museum in Stockholm. The Annual Report will be available from the company's offices and on the company's website at www.avanza.com, as of early March, and will also be sent out to the company's shareholders.

Election Committee

The Election Committee comprises Chairman of the Board Sven Hagströmer, Erik Törnberg, who represents Investment AB Öresund, Eva Qviberg, who represents the Qviberg family, and Jack Junel, who represents Aktiespararnas Service AB. Erik Törnberg is the Chairman of the Election Committee.

Financial calendar

Annual Report	March 2007
Annual General Meeting	22 nd March 2007
Interim Report, 1 st January–31 st March	18 th April 2007
Interim Report, 1 st January–30 th June	11 th July 2007
Interim Report, 1 st January–30 th September	16 th October 2007

Stockholm, 19th January 2007

The Board of Directors

The Group's quarterly performance

SEK m	01-10-06 31-12-06	01-07-06 30-09-06	01-04-06 30-06-06	01-01-06 31-03-06	01-10-05 31-12-05	01-07-05 30-09-05	01-04-05 30-06-05	01-01-05 31-03-05
Operating income	118.1	87.2	125.5	123.9	83.6	74.2	66.2	61.1
Operating expenses	-58.7	-40.6	-63.8	-47.8	-39.0	-30.9	-35.0	-33.5
Pre-tax profit/loss	59.4	46.6	61.7	76.1	44.6	43.3	31.2	27.6
Custodian account value, SEK m	43,200	37,200	34,900	36,400	29,800	25,800	21,800	18,900
Operating income/custodian account value, %	0.30	0.24	0.35	0.38	0.30	0.31	0.33	0.35
Net deposits, SEK m	1,580	520	1,610	2,320	2,060	1,260	800	1,540
No. custodian account customers	130,000	122,500	117,900	113,300	105,900	98,500	94,700	93,000
No. commission notes per custodian account customer and month	1.98	1.51	2.18	2.35	1.79	1.69	1.41	1.38
No. transactions per commission note	1.67	1.69	1.70	1.70	1.71	1.68	1.62	1.65
Average no. employees	141	145	123	110	103	97	92	82
Operating income	157	143	130	101	94	96	93	77

Key financial figures for the Group

	01-10-06 31-12-06	01-10-05 31-12-05	01-01-06 31-12-06	01-01-05 31-12-05
Earnings per share, SEK	1.96	1.18	6.85	3.88
Earnings per share after dilution, SEK	1.95	1.18	6.80	3.86
Operating margin, %	50.3	53.3	53.6	51.5
Equity per share, SEK	17.80	12.88	17.80	12.88
Return on equity, %	11.7	9.6	45.1	35.3
Capital adequacy ratio, %	11.8	11.1	11.8	11.1
Average no. shares before dilution	27,465,674	27,465,674	27,465,674	27,297,114
Average no. share after dilution	27,647,175	27,543,477	27,637,109	27,440,992
Outstanding no. shares before dilution	27,465,674	27,465,674	27,465,674	27,465,674
Outstanding no. shares after dilution	27,643,164	27,578,537	27,643,164	27,578,537
No. shares on full dilution	28,309,424	27,889,874	28,309,424	27,889,874

Definitions

Earnings per share

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

Operating margin

Operating profit/loss in relation to operating income

Equity per share

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

Return on equity

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

Capital adequacy ratio

The capital base in relation to the risk-weighted capital

Custodian account customer

An account opened with holdings

Transactions

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

Commission note

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

Operating income/custodian account value

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

Consolidated Income Statements (SEK m)

	01-10-06 31-12-06	01-10-05 31-12-05	01-01-06 31-12-06	01-01-05 31-12-05
Operating income				
Commission income	95.9	70.0	373.0	236.0
Commission expenses	-16.3	-10.7	-58.3	-35.4
Interest income	54.7	26.5	180.7	93.0
Interest expenses	-17.4	-2.8	-43.0	-11.3
Net result of financial transactions	0.5	0.1	0.7	0.3
Other operating income	0.7	0.5	1.6	2.5
Total operating income	118.1	83.6	454.7	285.1
Operating expenses				
General administrative costs	-42.1	-28.3	-151.1	-106.4
Depreciation of tangible and intangible fixed assets	-2.2	-1.8	-8.2	-6.4
Other operating expenses	-14.4	-9.0	-51.6	-25.7
Net credit losses	0.0	0.1	0.0	0.1
Total operating expenses	-58.7	-39.0	-210.9	-138.4
Operating profit	59.4	44.6	243.8	146.7
Taxes on the profit for the period	-5.5	-12.2	-55.8	-40.8
Net profit/loss for the year	53.9	32.4	188.0	105.9
Earnings per share, SEK	1.96	1.18	6.85	3.88
Earnings per share after dilution, SEK	1.95	1.18	6.80	3.86

Consolidated Balance Sheets (SEK m)

		31-12-2006	31-12-2005
Assets			
Loans to credit institutions		2 880.2	802.9
Loans to the public	Note	2 290.3	2 052.4
Shares and participations		6.9	0.6
Assets in insurance operations		3 430.7	1 553.8
Intangible fixed assets		32.9	25.0
Tangible assets		12.2	7.2
Other assets		53.6	52.0
Prepaid costs and accrued income		14.6	10.8
Total assets		8 721.4	4 504.7
Liabilities and shareholders' equity			
Borrowing and lending from the public	Note	4 545.3	2 287.0
Liabilities in insurance operations		3 430.7	1 553.8
Other liabilities		234.3	294.4
Accrued costs and prepaid income		22.3	15.8
Shareholders' equity		488.8	353.7
Total liability and shareholders' equity		8 721.4	4 504.7

Changes in the Group's Shareholders' Equity (SEK m)

	01-01-2006 31-12-2006	01-01-2005 31-12-2005
Shareholders' equity at the beginning of the year	353.7	275.8
New share issue	-	11.8
Dividend	-54.9	-41.2
Warrants issue	2.0	1.4
Profit for the year	188.0	105.9
Shareholders' equity at the end of the year	488.8	353.7

Consolidated Cash Flow Statements (SEK m)

	01-01-2006 31-12-2006	01-01-2005 31-12-2005
Cash flow from current operations	251.0	153.1
Cash flow from current operations' assets and liabilities	1 895.4	192.9
Cash flow from investment operations	-16.2	-5.0
Cash flow from financing operations	-52.9	-27.9
Cash flow for the period	2 077.3	313.1
Liquid assets at the beginning of the period*	802.9	489.8
Liquid assets at the end of the period*	2 880.2	802.9

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

Accounting principles

Avanza's Interim Report has been formulated in accordance with the IFRS standards adopted by the EU and with the interpretations of applicable standards, IFRIC, adopted by the EU. This report has been formulated in accordance with IAS 34, Interim Reporting, and with the guidelines and general advice issued by the Swedish Financial Supervisory Authority concerning the annual accounts of credit institutions and securities companies (FFFS 2005:33), and RR 31 Consolidated Interim Financial Reporting. Accounting principles and calculation methods remain unchanged from those applied in the 2005 Annual Report.

Notes

Note 1 – Loans to the public

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

Note 2 – Funds managed on behalf of third parties

In addition to the borrowing reported in the Balance Sheet, Avanza also has, as of 31st December 2006, borrowing from third parties in client fund accounts of SEK 735.4 million (SEK 1,239.5 million as of 31st December 2005).

Note 3 – Acquisition of Börsveckan

On 2nd June 2006, Avanza acquired all of the shares in Börsveckan AB. Börsveckan's principal activities comprise the publication of the magazine, Börsveckan, whose focus is on share analysis. The magazine is published weekly and has a circulation of 2,600. Avanza aims, through this acquisition, to augment the range of analytical and decision-making support services it provides with regard to investments in shares, investment funds and pensions. The purchase price was SEK 6.8 million, which was paid in full in cash. Net assets acquired totalled, at the time of acquisition, SEK 0.8 million, yielding a consolidated surplus of SEK 6.0 million in respect of customer relationships and goodwill.

Börsveckan AB has changed its name to Placera Media Stockholm AB.

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