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Avanza Bank
Annual Report 2010



AVANZA BANK 

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Avanza Bank in brief

Avanza Bank has a simple idea: an Avanza Bank customer should have more money over for themselves than they would with any other bank in the Swedish savings market.

Avanza Bank has no fixed account, yearly or deposit fees. Avanza Bank has the market's lowest rates for loans, for which the customer's securities act as collateral, and when a customer saves in investment funds, they only pay the fund management company's own fees. Avanza Bank even offers its own no-fee investment fund – Avanza Zero.

But it's not all about low fees. Our avanzabank.se website not only offers our customers a secure and simple way of bringing all of their savings under a single umbrella, it provides a superior overview of their savings. Avanza Bank also has an extensive offering in the equity, investment fund and pension savings spheres, with offerings specifically tailored to suit a range of different customer groups. There is also a price guarantee under which customers automatically receive better terms, the more of their savings they accumulate with Avanza Bank.

Avanza Bank offers, as part of its efforts to help savers make sensible decisions, the market's best basis for decision-making in the form of tools, analyses, news and software. Customers can obtain simple, impartial guidance via placera.nu, the editorially independent online newspaper that focuses on savings and investments. These elements, when combined with the expert customer support, mean that Sweden's savers can always feel secure with Avanza Bank.

Saving is all about security and confidence. Levels of risk-taking are low at Avanza Bank. The company is self-financing, via its shareholders' equity and customer deposits. The bank's liquidity level is high and its credit history is very good.

Avanza Bank's primary channel is the internet and its focus is on the Swedish savings market. Over the course of its ten year history, the company has grown from a dedicated stockbroker into a bank that is changing Sweden's savings market and which is challenging the big, established banks and pension companies. Avanza Bank is constantly striving to develop new products and services that serve the best interests of its customers.

Avanza Bank is the Savers' Bank and its main aim is to have the most satisfied customers of any bank in Sweden.



Peter, Customer Manager, Private Banking.

The year in brief

- Operating income increased by 21 per cent (1 %) to SEK 621 million (SEK 515 m).
- The operating profit before tax increased to SEK 331 million (SEK 280 m).
- Earnings per share increased by 18 per cent (22 %) to SEK 9.77 (SEK 8.27).
- The net inflow of savings during the year totalled SEK 9,570 million (SEK 9,950 m).
- Savings capital increased by 34 per cent (77 %) to SEK 82,000 million (SEK 61,300 m).
- The number of accounts increased by 26 per cent (23 %) to 352,200 (279,000).
- The Board proposes a dividend of SEK 9.50 (SEK 8.00) per share.

Important events by quarter

First quarter

- Avanza Pension named Life Assurance Company of the Year at the "Risk & Försäkring" Insurance Awards.
- The net inflow of savings reaches new record levels at Avanza Bank.

Second quarter

- Turbulent stock market due to disturbances in the Greek economy and the euro exchange rate.
- Several companies choose Avanza Pension for their employees' occupational pensions.

Third quarter

- The Sparkonto+ savings account is launched.
- Avanza Bank's iPhone application is launched.

Fourth quarter

- Avanza Pension's corporate website for occupational pensions is launched.
- Avanza Labs is launched.
- The ETF-square is launched.
- A Svenskt Kvalitetsindex (EPSI) survey shows that Avanza Bank has Sweden's most satisfied savers.
- The "Privata Affärer" business publication names Avanza Bank as the 2010 Bank of the Year!





Nicklas, Managing Director of Avanza Bank.

Comments from the Managing Director

Dear shareholders,

Sweden's most satisfied savers! I'm very proud to be able to confirm this: Avanza Bank has Sweden's most satisfied savers. One of our strategies* is our desire to be a bank that our customers like. Our focus is on the Swedish savings market and on being the bank with the best offering in the equity, investment fund and pension savings spheres. As I mentioned in the 2009 Annual Report, one of the demands we make of ourselves is that we are able to

* Find out more about Avanza Bank's strategies on page 15.

demonstrate the customer benefit of everything we do. What we mean by “customer benefit” is how we can make a savings service at least as good as or better than those that the competition provides. As the Savers Bank, our ambition is for our customers to have more money over for themselves than they would with any other bank on the Swedish savings market. A 30 year old can, for example, earn twice as big a pension with Avanza Bank than they would with the biggest pension company in Sweden, and we are also very proud of Avanza Zero, which is the market's only totally no-fee fund.

And the result of all this work? It's Avanza Bank that has Sweden's most satisfied savers, as shown in the Svenskt Kvalitetsindex (EPSI) industry survey carried out in the autumn. And in further proof of the fact our single-minded efforts have borne fruit also came in 2010 when we were named Bank of the Year and Life Assurance Company of the Year.

Generating value for our customers is also the way to generate long-term value for our shareholders. 99 per cent of our customers state that they are satisfied with Avanza Bank and 98 per cent also state that they could imagine recommending Avanza Bank and our services to a friend or colleague*. Satisfied customers will invest more of their savings with Avanza Bank and recommend us to other savers.

So what lies behind this customer satisfaction? There is no simple answer to that question in that it is, of course, a combination of the fact that we have the market's lowest fees, an extensive offering, and that the standard of the service, quality and tools we offer our customers is high. Every contact we have with our customers counts, whether it's online, by phone, or face to face. We measure, evaluate and endeavour at all times to improve every aspect of our operations. Every single employee's contribution is important and every Monday, all of the departmental managers meet to discuss, amongst other things, how we can improve what we do for our customers in the week ahead.

2010 also saw us take another step towards our goal of being the absolutely best savings service. We launched the Sparkonto+ savings account in the autumn, which enables customers to open a savings account with good interest rates in other banks and credit market companies by means of a single click on Avanza Bank's website. Our attitude is that Avanza Bank shall offer the best terms for savers, and if we are unable to do that ourselves, we should make sure we offer them in partnership with our competitors. The account has been very well received by our customers and the total savings capital in Sparkonto+ accounts by the end of the year was SEK 810 million.

In November 2010, we launched Avanza Labs (avanzabank.se/labs). The Labs site is an innovation factory designed to build Avanza Bank's future online presence. At Labs, customers can share their ideas about what they see as important and areas where Avanza Bank could improve. Avanza Bank will also use Labs to test out its own ideas, prototypes or ready to go services in order to obtain valuable feedback from customers. Labs will, therefore, generate excellent potential both for intimate dialogues between customers and Avanza Bank and hence, also, for a competitive Avanza Bank in the future.

Low levels of risk taking are another aspect of customer benefit. Avanza Bank is, in my opinion, Sweden's most secure bank. No other large or medium-sized bank has liquidity that is as high as ours, or a credit history that is as good as Avanza Bank's – we have reported virtually non-existent credit losses during the ten years or so that we have been in existence.

* Source: survey of Avanza Bank's customer panel carried out in September 2010.

This makes us unique. Saving is about confidence and security and adopting a very conservative approach in everything we do is fundamental to being the Savers' Bank.

And the results of this customer satisfaction have not been slow in coming, and we are quickly taking market shares. In 2010, the number of accounts increased by 26 per cent and we now have a total of 352,200 accounts. The net inflow of new savings to Avanza Bank in 2010 totalled SEK 9,570 million, corresponding to 6.2 per cent of the net inflow to the Swedish savings market as a whole. This means that our share of the existing savings market increased in 2010 from 1.7 per cent to 2.0 per cent.

The strong stock market has, of course, also played its part in Avanza Bank's successes in 2010. Concerns about public finances in Greece and Ireland, amongst others, notwithstanding, strong profit performances by listed companies and an improved economic climate gave the market a real boost. The NASDAQ OMX Stockholm (including dividends) rose by 27 per cent during the year.

2010 was, to summarise, a good year for Avanza Bank's shareholders. Income increased by 21 per cent to SEK 621 million. Earnings per share increased by 18 per cent and the profit before tax rose to the record level of SEK 331 million, which means that the profit has, on average, increased by 50 per cent per annum over the last ten years. The total return on the Avanza Bank share in 2010 was 44 per cent, during which time the stock market as a whole rose by 27 per cent. The total return on the Avanza Bank share since the Bank was founded, back in 1999, is 2,172 per cent. The stock market, meanwhile, has only risen by 122 per cent during the same period.

At the heart of Avanza Bank's successes is, I believe, the realisation that generating value for our customers is the way to generate long-term value for our shareholders, and I truly believe that Avanza Bank generates more value for Swedish savers than any other bank, and as a result, I am extremely optimistic about our long-term potential.

Outlook for the future

Our journey continues. The potential for growth in the Swedish savings market continues to be very good. We have set an important subsidiary goal for 2012, by which time we want to be the natural bank of choice for Swedes who actively monitor their savings, and the measure of this success will be if we can achieve a market share of at least 7 per cent of the net inflow to the Swedish savings market. If we succeed, we will take market shares quickly and become a genuine challenger to the big established banks in the savings market.

That having been said, there are external threats and clouds on the horizon. There is, in addition to the uncertainty as to how the stock market will perform, a higher risk than before that fears with regard to the economic climate in general and the real estate market in particular will infect the savings market. Concerns about falling property prices, coupled with higher interest rates than before, may result in Swedes increasingly opting to save by amortising their housing loans. We were already beginning to see this trend at the end of 2010 and it is one that may reduce the net inflow into the savings market as a whole. Avanza Bank's growth rate also faces a challenge in the form of the need to maintain high standards and our strong corporate culture.

There are, as we see it, three priority areas for 2011:

Stronger savings offerings. Our aim in this sphere is, first and foremost, to offer even better savings services in the occupational pensions and deposits spheres.

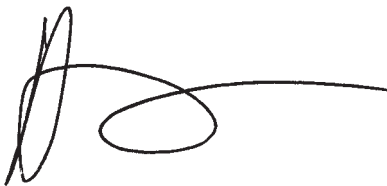
To modernise the Avanza Bank website and online presence. Our goal in 2011 is to launch a beta version of our new online presence and to enhance the efficiency of underlying systems in order to ensure that we have an IT platform that can handle high growth rates for many years to come.

Cost-effectiveness. One of Avanza Bank's strategies is to be a price leader, and doing so, demands cost leadership, too. Our long-term goal is to limit the growth in costs to between 15 and 20 per cent. The company calculates that its cost increase in 2011 will be in the upper half of this interval because the IT and web development recruitments planned for 2010 will, in part, take place in 2011 instead.

Our primary goal in 2011 is, of course, to continue to have Sweden's most satisfied savers. Our goal is also to bring in 35,000 new customers and 95,000 new accounts. If we succeed, the potential for achieving the long-term goal in 2011 with regard to a growth in profit of 15–20 per cent per annum is good.

In conclusion, I would like to send my heartfelt and sincere thanks to all of my colleagues for the effort they have put in during the year. We are privileged to be part of a team that has worked together for a number of years. We have grown and many new, ambitious and talented colleagues have joined the team. Our employee surveys reveal a company with an incredibly strong culture in which job satisfaction and leadership rank very highly. We can only succeed in having Sweden's most satisfied savers if we realise that the contribution made by every single employee is important. It is the collective efforts of everyone who works for Avanza Bank that lies behind the success of our customers and shareholders in 2010, and every time I go to work, I am both humble and proud to have the chance to lead this team.

Stockholm, February 2011

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by a horizontal line that loops back under the 'N'.

Nicklas Storåkers, Managing Director

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PS. Would you like to make Avanza Bank even better? Visit Labs at avanzabank.se/labs and share your views on how Avanza Bank could offer you even better savings services.



Thomas, IT-operating department.

Market and strategy

Mission and vision

Avanza Bank's mission is to make Swedes financially independent. The vision is to be the natural choice for Swedes who actively monitor their savings. An Avanza Bank saver should have more money over for themselves than they would with any other bank in the Swedish savings market.

Overall goals

Avanza Bank's primary goal is to have the most satisfied savers of any bank in Sweden and one of the subsidiary goals is to achieve a market share of at least 7 per cent of the net inflow to the Swedish savings market in 2012. The long-term goal for profit growth is 15–20 per cent per annum. Find out more about Avanza Bank's goals on pp. 35–37.

Business concept

Avanza Bank's business concept is to offer Swedes better savings through:

Lower fees. Avanza Bank is the price leader when it comes to fees for equity trading (brokerage from SEK 9), fund-based savings (Avanza Bank is the only bank to offer savings in Avanza Zero – the no-fee fund), and pension-based saving. Avanza Bank can, amongst other things, demonstrate that a 30 year old can earn twice the pension with Avanza Bank that they could earn with the biggest pension company in Sweden.

Better help. Customers are offered the market's widest range of products and services through the primary channel, the Internet, with everything from share prices, portfolio reports and automatic help with tax returns, to buying and selling tips through the independent online newspaper, placera.nu. Avanza Bank's customer support department provides customers with fast, high quality answers to their questions by both mail and phone.

Greater freedom of choice. Avanza Bank's ambition is for its customers to be able to find the best investment alternatives with Avanza Bank at all times. Avanza Bank offers, amongst other things, over 1,100 funds from 120 fund management companies, and customers can also open savings accounts with other banks and credit market companies via Avanza Bank's website.

Simpler products. Avanza Bank has a range of different product offerings, adapted to the needs of different customer groups. Customers can bring their entire savings portfolio with Avanza Bank and gain a good overview. Customers also automatically receive better terms the more of their savings they accumulate with Avanza Bank. Avanza Bank also offer customers who would like assistance in managing their savings the choice of discretionary asset management. Avanza Bank is the only bank to offer this service online.

Business model

Avanza Bank's business model is based on the law of large numbers, i.e. taking small payments from every customer and having lots of customers. This, when combined with a high percentage of fixed costs and the market's lowest costs per customer and transaction, generates excellent potential for long-term growth in profits.

Income

Long-term growth in income is created by an underlying growth in savings capital. Income in both the short and the medium term is heavily dependent on stock market performance, and hence difficult to predict, and Avanza Bank's goals are, therefore, primarily based on those factors which can be influenced and which generate long-term growth in savings capital. The most important factor is net savings, whose growth results both from a higher percentage of existing customers' savings and from savings by new customers.

Costs

Avanza Bank's cost base is based on a high percentage of fixed costs. The fixed cost base is, however, increasing due to a wider ranging and more competitive offering. To ensure the long-term ability as a price leader with strong profitability, the goal is to have the industry's lowest cost per transaction and customer. Avanza Bank is currently the market's cost leader and works actively to follow up on costs in relation to budgets and forecasts.

Market

Avanza Bank's focus is on the Swedish savings market. Sweden has the world's highest percentage of share- and fund-based savings. Seven million Swedes, approximately 80 per cent of the population, own shares or investment fund units, either directly or indirectly. Two million Swedes are estimated to carry out at least one equity or investment fund transaction every year in a normal year. Find out more about Avanza Bank's target groups on pp. 20.

The total value of the Swedish savings market is SEK 4,400 billion, 52 per cent of which comprises direct savings and 48 per cent, pension-based savings*. The market is normally expected to grow by around 10 per cent per annum.

	2000–2010	Anticipated growth
Net inflow, % of savings capital at the beginning of the year	5 %	4–6 %
Growth in value	–1 %	4–6 %
Swedish savings market, annual growth	4 %	8–12 %

There are underlying factors that explain the growth in the savings market. As the extent of the public and collective pension and welfare system declines, the need for savings by individuals is increasing. When the individuals' choices increase, the need for guidance, support for decision-making and advice also increases. This shift to increased individual saving also means a greater focus on an individual's returns from their savings. And this, in turn, boosts the demand for a wider range of products and services, freedom of choice, and lower fees. The Internet offers particularly good opportunities to meet these requirements and this, coupled with the increase in people's Internet usage, has resulted in online savings growing considerably faster than the savings market as a whole. Many Swedes manage only part of their savings online. The trend is, however, for those customers who already use the Internet, to transfer a greater percentage of their savings to the online savings management systems. Avanza Bank believes that in the long term, over 50 per cent of all savings will be managed online. The fact that an increasing number of the more mature target groups are using the Internet is positive, since this target group is a relatively capital-strong one.

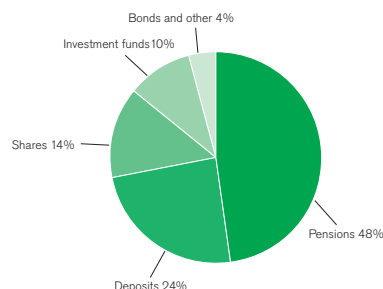
Swedes' concerns about falling property prices, rising interest rates, and amortisation demands pose a threat to a continued high rate of net inflow to the Swedish savings market and may result in Swedes increasingly opting to save by amortising their housing loans.

* Source: Savings Barometer, 31-12-2010

Avanza Bank's savings capital has increased by an average of 29 per cent per annum during the period from 2001 to 2010, which is a considerably greater rate of increase than that seen in the savings market as a whole in Sweden. Avanza Bank's goal for the future is a per annum increase in savings capital of 20–25 per cent.

Trends

The trend in *share-based saving* for private individuals suggests that the Internet's importance will continue and be predominant. New EU legislation has resulted in increased competition between traditional bourses and new marketplaces. Trade in a specific security that was previously conducted on a bourse has now, as a result, become fragmented and the security is now traded simultaneously on several marketplaces. This has, in turn, resulted in a deterioration in liquidity and poorer transparency. There has also been an increase in so-called high frequency trading, (computerised trading using pre-set algorithms) which results in very intensive trading and demands extremely rapid order completion. The increased complexity of the market makes it all the more vital that Avanza Bank connects to more marketplaces and invests in modern systems that can handle parallel trading in multiple marketplaces. The increase in high frequency trading has also resulted in increased competition for day traders.



The Swedish savings market, 31-12-2010*

The trend in *fund-based saving* is for customers to become increasingly active. This trend has been encouraged by the active investment fund choices offered within PPM and by different types of pension-based savings. Interest in so-called exchange traded funds is also growing. Exchange traded funds (ETF), which are traded in the same way as equities, offer the saver quick, low-cost exposure to different markets. Avanza Bank launched an ETF marketplace on its website at the end of 2010, in order to make it easier customers to take advantage of this type of trading.

Levels of saving in the form of *deposits* in accounts have, from an historic perspective, been high in 2010 in the wake of the financial crisis. Savings accounts' interest levels have gradually risen during the year as key interest rates have risen and the banks' interest in deposits as a source of financing has increased. The state deposits guarantee will, furthermore, rise to EUR 100,000, as of 31st December 2010. Collectively, these factors are taken to mean that interest in saving in deposits will continue high. In September 2010, Avanza Bank launched Sparkonto+, which enables customers to open savings accounts in external banks and credit market companies via Avanza Bank's website. There has been considerable interest in Sparkonto+ and Avanza Bank is aiming to increase the number of cooperating banks with regard to Sparkonto+.

Pension- and insurance-based saving is the biggest single savings segment, but also the type of saving that interests Swedes least. Savers perceive the pensions products as complicated, resulting in low levels of involvement. The gradual deterioration in the public savings system has, however, led to more and more people realising that their finances in retirement depend on their active savings choices today. This realisation is, in turn, increas-

* Source: Savings Barometer.

ing activity levels and awareness on the part of savers, who are demanding cheaper and more flexible pension products. Swedes are still, however, unable to move their pension savings in an unrestricted way. The Ministry of Finance is conducting an extensive review with the aim of extending pension savings transfer rights. The review's conclusions are scheduled for presentation in the autumn of 2011.

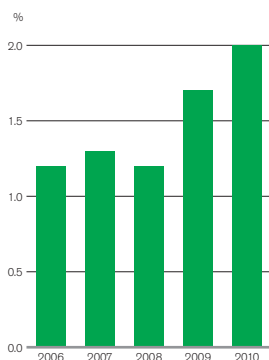
Avanza Bank is seeing a marked increase in the number of occupational pension customers. In 2010 a corporate website was launched where those companies who offer their employees occupational pensions via Avanza Bank can administer their employees' occupational pensions for themselves.

Interest in endowment insurance saving has remained high throughout 2010. By saving in endowment insurance, the customer avoids having to pay capital gains tax and declare individual securities transactions, paying, instead, an annual so-called tax on returns which totals 0.75 per cent* of the savings capital.

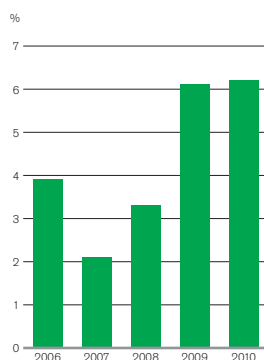
At the end of 2010, the Government presented a proposal regarding the establishment of a so-called investment savings account with the same type of taxation as for endowment insurance. An investment savings account would entail a number of benefits other than those offered by saving in endowment insurance, such as voting rights for shares held, and deposit guarantees. Avanza Bank is of the opinion that the introduction of an investment savings account would reduce demand for endowment insurance-based saving but, at the same time, improve Avanza Bank's overall competitiveness in that Swedes' willingness to consider savings alternatives is expected to increase. The new legislation relating to investment savings accounts and endowment insurance is not expected to come into force until 1st January 2012, at the earliest.

Competitors

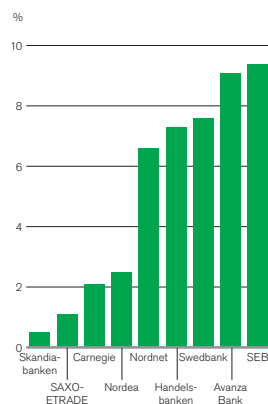
The Swedish savings market is still dominated by the big banks and the big pension companies. There are also a number of niche players, such as smaller banks and pension companies, fund management companies, asset managers, stockbrokers and insurance brokers. Avanza Bank is the biggest dedicated player in online saving. The other players with a dedicated online savings profile are Skandiabanken, Nordnet and SAXO-ETRADE.



Market share of the Swedish savings market, 2006–2010



Market share of the net inflow to the Swedish savings market, 2006–2010



Market share of NASDAQ OMX Stockholm, First North and Burgundy, no. transactions, 2010

* As of 1st January 2011.

Market position

At the end of 2010, Avanza Bank's customers had SEK 82,000 million (SEK 61,300 m) invested in different savings formats within Avanza Bank, corresponding to 2.0 per cent (1.7 %) of the total savings market in Sweden. Avanza Bank's share of the net inflow into the Swedish savings market totalled 6.2 per cent (6.1 %) in 2010, which means that Avanza Bank is taking significant market shares and is currently the second biggest player on the NASDAQ OMX Stockholm, First North and Burgundy marketplaces, measured in terms of the number of transactions. In 2010, 9.1 per cent (11.7 %) of the total number of transactions were conducted through Avanza Bank. Measured in terms of turnover, Avanza Bank was the third biggest player, with a market share of 5.5 per cent (5.7 %).

Strategies

Avanza Bank has the following strategies for achieving its overall goals:

Our customers like us. Avanza Bank is convinced that customer benefit is the only route to long-term shareholder benefit. The first question in everything Avanza Bank does is, therefore, why is this good for the customer. The way in which it generates value for the shareholders is a secondary issue.

Exploiting the advantages offered by the Internet often enables customer and shareholder benefit to be combined. Avanza Bank's goal is to have the market's most satisfied customers. Satisfied customers are the most important basis for growth because a recommendation from a satisfied customer is the most common reason for a new customer starting to save with Avanza Bank.

We improve and challenge ourselves every day. Avanza Bank's goal is to be the market leader when it comes to customer-friendly websites and technological solutions for saving. The Internet enables to offer cost-effective services to the widest savings segments. Avanza Bank intends to invest substantial resources in technological development and endeavours to challenge itself. The latter means, amongst other things, that the company does not necessarily have to defend existing sources of income and can, instead, cut fees even if the competition does not follow suit. Another factor for success in reaching out to an even wider market is that it should be easier both to become and be an Avanza Bank customer.

100 per cent online. One strategy involves operating a totally Internet-based business model. The majority of Avanza Bank's processes are Internet-based and automated. There is, however, considerable potential in creating additional automated and website-based solutions, both for existing manual processes and for new products. A fully Internet-based business model also enables Avanza Bank to adapt its offerings even more closely to individual customer requirements.

We stick to doing what we do best. Avanza Bank will continue to concentrate the operations on the areas in which Avanza Bank is or can be the best, i.e. the areas that create most value for the customers. This means, amongst other things, focusing on the Swedish savings market and only complementing the offering with other banking services if they make saving easier for the customers. The background to this focus is partly that the competition online is adjudged to be far too stiff to offer long-term successful products in areas in which Avanza Bank is not a market leader, and partly that the growth potential inherent in the Swedish savings market is adjudged to be substantial.

Price leadership. Avanza Bank understands that fees are of considerable importance in generating value for the customer when it comes to saving. As the Savers' Bank, therefore, it is vital, strategically speaking, that our ambition is to offer the market the lowest fees.



Johan, Risk Manager, and Ulla, Market Analyst.

Goal fulfilment

Avanza Bank's profit has increased over the last ten years by an average of 50 per cent per annum, thereby substantially exceeding the goals for profit growth.

Annual growth (ca.)	2001–2010	Goal
Net savings, % of savings capital at the 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 %
Increase in costs	15 %	15–20 %
Growth in profits	50 %	15–20 %

* 2002–2010

The number of accounts increased by 26 per cent in 2010 and the net inflow totalled SEK 9,570 million, corresponding to 16 per cent of the savings capital at the beginning of the year. The basis for good growth is satisfied customers, and in 2010, Avanza Bank achieved its primary goal of having the most satisfied customers of any bank in Sweden*.

Profits grew by 19 per cent in 2010, which is in the upper part of the long-term growth interval. A strong stock market, coupled with high interest rate margins resulting from the Riksbank's raising of key interest rates, have made a positive contribution to the profit performance, over and above the underlying growth.

Avanza Bank launched a number of new products during the year with the aim of achieving more in-depth relationships and dialogues with its customers: Sparkonto+, which enables customers to invest money with other banks and credit market companies at a better interest rate on their deposits, a marketplace on the website for exchange traded funds and commercial papers, an iPhone app to enhance Avanza Bank's mobility options, a corporate website for occupational pensions, and Avanza Labs, which is the first step towards the development of a new website.

In 2010 the company chose to invest more resources in website and IT development with the aim of making Avanza Bank more competitive and enabling even faster and better product launches. It was estimated that operating costs would increase by around 25 per cent, but the cost increase in 2010 was only 23 per cent due to the fact that some of the IT and website development recruitment will be carried out in 2011 instead.

Avanza Bank's overall goal is to achieve a market share of at least 7 per cent of the net inflow to the Swedish savings market in 2012. One of the subsidiary goals for 2010 was that the percentage should total at least 5 per cent. The result was 6.2 per cent, and hence exceeded expectations. The preconditions for Avanza Bank achieving its long-term goal are adjudged to be good, given a normal stock market performance. Interest rates and a trend towards amortisation may, however, reduce the net inflow to the Swedish savings market as a whole.

Find out more about Avanza Bank's goals and future on pp. 35–37.

* Source: Svenskt Kvalitetsindex, November 2010.



Jakob, Project Manager, Corporate Finance.

Avanza Bank's CSR

Avanza Bank endeavours to achieve long-term and sustainable value generation for its stakeholders both inside and outside the company while showing, at all times, extensive consideration for both people and the environment

Socioeconomic responsibility

Social responsibility is an integral part of Avanza Bank's core operations. By developing new products and services and investing in new technology, Avanza Bank generates the preconditions for many Swedes to increase and improve their saving practices and inspires them to do so. This results in increased knowledge of both personal finances and national economics and contributes to an increase in economic well-being.

Through its provision of electronic banking services, Avanza Bank generates 24/7 availability for financial services. It offers a simple, quick and cheap way for customers to review their savings, and the company places great emphasis on meeting new demands in the Swedish savings market as they arise.

Avanza Bank is a secure bank that remained stable throughout the most recent financial crisis. The company conducts its operations in a way that ensures a low level of risk-taking in its Balance Sheet, a high level of transparency, good liquidity, and a sound credit history. Avanza Bank does not trade in securities on its own behalf and works both proactively with risk management and preventatively with regard to economic crime.

Environmental responsibility

Avanza Bank's online-based business model means that its operations have a limited environmental impact. The absence of branch offices and the provision of electronic account statements are examples of the ways in which Avanza Bank helps reduce energy consumption and emissions. Avanza Bank is also instituting additional measures to further reduce its environmental impact, such as paper recycling and publishing its Annual Report exclusively online.

Social responsibility

Avanza Bank endeavours to ensure a good working environment, good health and skill development for its employees. The company also promotes such issues as increased equality and diversity, with the aim of making Avanza Bank an even better workplace and employer. Find out more about Avanza Bank's corporate culture, management and recurring evaluations on pages 23–25.

Avanza Bank gives its employees a Christmas present every year in the form of donations to the Hand in Hand aid organisation. The aid provided involves training Indian women to set up and run their own businesses and providing microloans to build up local trades and industries. Avanza Bank also offers customers the chance to donate their share dividends to charitable organisations.

Avanza Bank's customers

Avanza Bank focuses, at all times, on what is best for the customer. A survey carried out by Svenskt Kvalitetsindex (EPSI) in the autumn of 2010 showed that Avanza Bank had Sweden's most satisfied savers and the year also saw Avanza Bank named Life Assurance Company of the Year and Bank of the Year.

At the end of the year, Avanza Bank had 236,800 (202,600) customers. There were a total of 352,200 (279,000) accounts, corresponding to an increase of 26 per cent (23 %) since 2009.

	No. accounts		Savings capital, SEK m	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
Share and investment fund accounts	199,800	182,100	48,190	39,600
Savings accounts	27,500	17,700	2,410	1,200
of which, deposit accounts	4,950	–	810	–
Pension- and insurance based accounts	124,900	79,200	31,400	20,500
of which, endowment insurance	72,100	44,200	24,700	15,300
of which, occupational pensions	22,400	9,790	1,560	770
Total	352,200	279,000	82,000	61,300
Basic and Premium, other	321,320	254,070	46,380	36,830
Mini	16,500	14,100	1,560	1,190
Private Banking	12,100	8,780	31,300	21,700
Pro	2,280	2,050	2,760	1,580
Total	352,200	279,000	82,000	61,300

Customers made an average of 1.9 (1.9) transactions per month and account in 2010, and the average number of transactions per day increased from 31,200 to 36,300. The most common shareholdings amongst Avanza Bank's customers at the end of the year were H&M, Boliden, Volvo and Ericsson. The number of accounts with fund-based holdings totalled 158,300 (122,200) at the end of the year.

Target groups

Avanza Bank's customers can be divided into two main target groups: enthusiasts and pragmatists. The majority of the customers are enthusiasts who are heavily committed to and very knowledgeable about different types of saving. This target group is estimated to comprise almost 800,000 savers. An increasing number of pragmatists are, however, also becoming Avanza Bank customers. Pragmatists do not have the same amount of time, know-how or interest as the enthusiasts when it comes to managing their saving on an ongoing basis, but they are prepared to review their savings and switch to better solutions. Avanza Bank is seeing strong growth in the pragmatist segment and estimates that this target group comprises almost three million Swedes.

Avanza Bank mainly targets Swedish private investors, but also offers services for professional day traders and corporate customers.

Private customers

Basic & Premium

Ordinary private savers make up the largest Avanza Bank customer group, and they are divided into two customer categories: Basic and Premium. Each customer category is, in turn, divided into four benefit levels – Bronze, Silver, Gold and Platinum – depending on the size of the customer's savings with Avanza Bank. Every benefit level has its own special

terms and conditions, linked to a price guarantee. The more savings the customer has with Avanza Bank, the better the terms they will automatically be offered. If several members of a household are customers, their combined savings are aggregated and all members of the family are offered the same terms.

Mini

Mini-customers receive a stripped back service that lacks many of the account types and functions offered to other customers. In return, Mini customers only pay a minimum brokerage fee that starts at SEK 9.

Private Banking

Avanza Bank's Private Banking offering is aimed at private individuals and companies with at least SEK 3 million in savings capital, who prefer to make their own investment decisions and who want full insight into and control over their transactions. The terms are particularly advantageous, offering customers a lower brokerage rate (0.055 per cent), competitive interest terms, tax advice and personal service via a direct phone number to Avanza Bank's brokerage department.

Pro

The Pro offering is aimed at professional day traders, as they are known, and offers a low brokerage rate (0.034 per cent or lower), training, rapid ordering, a number of specialist services in the financial information field, and personal service from Avanza Bank's customer support and brokerage department.

Pro customers trade in both shares and other instruments, such as options, warrants and futures. They are also more likely to pledge their securities than other customers. This customer group also requires advanced trading applications, and Avanza Bank offers several of the market's leading trading software programs, such as Avanza Trader, Online Trader, SIX Edge and Orc Trader.

Corporate customers

Corporate customers use Avanza Bank's services to manage their surplus liquidity and for long-term investments. Avanza Bank has conducted equity and derivative transactions with around 80 customers in the institutional and asset management sector in 2010.

Avanza Bank also offers corporate solutions for occupational pensions and company-owned endowment insurance, with absolutely no fixed fees, and that enable both large and small companies and their employees to save for their pensions via the wide range of investment funds and other securities. Avanza Bank is seeing a sharp increase in the number of occupational pension customers and in 2010, launched a corporate web that enables the companies to administer occupational pension plans for their employees for themselves. By the end of the year, 2,200 companies with a total of 22,400 employees had chosen to affiliate themselves to Avanza Bank's occupational pension solution, including those with collective agreement-based occupational pensions.

Avanza Bank offers Corporate Finance services to companies in conjunction with stock market IPOs, ownership widening, and new rights issues, etc., and completed around twenty engagements in 2010, including around ten stock market IPOs and ownership widening programmes. Avanza Bank enjoys a substantial competitive advantage in the Corporate Finance sphere in that its 236,800 customers provide a strong platform for cost-effective ownership widening.



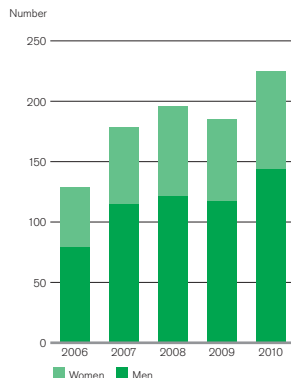
Jenni, Project Manager, IT, and Jonas, Brokerage Channel Manager, Avanza Pension.

Avanza Bank's employees

Avanza Bank operates in a rapidly changing market, which demands a great deal of the employees. Massive accountability, commitment and the ability to think outside the box are just some of the challenges Avanza Bank's employees face every day. The ability to perform to these standards while simultaneously focusing on the customer is vital in reaching the goals set. Avanza Bank's ambition is, therefore, to continue developing its existing personnel and to attract and develop the best talent within the sector.

The employees currently work in three main areas: services and sales aimed directly at the various customer groups, product and service development, and support functions such as risk management, legal issues, compliance, finance, HR, back office and other administration.

Avanza Bank continued to focus its recruitment activities on IT and certain key positions in other departments in 2010. Avanza Bank had an average of 225 (185) employees in 2010, 36 per cent (37 %) of whom are women and 64 per cent (63 %) of whom are men. At the turn of the year, there were a total of 244 (194) full-time employees (excluding those on leaves of absence and parental leave). The average age of employees was 32 (33). The sick leave rate in 2010 was 2.0 per cent (2.6 %).



Average number of employees, 2006–2010

A corporate culture with a shared value base

Avanza Bank works actively to maintain and develop the corporate culture and the core values which form the basis of the company that is Avanza Bank today. A corporate culture with healthy values with which people comply creates an environment that generates the right preconditions for continued growth. The corporate culture at Avanza Bank is based on four cornerstones: customer focus, accountability, innovation and seeing going to work as fun. These cornerstones are the foundations of Avanza Bank and it is by working actively and single-mindedly in line with these cornerstones that the corporate culture can help ensure that the company achieves its goals. In the 2010 employee survey, approximately 75 per cent of all employees said that the cornerstones affected the way they worked.

The process begins during the recruitment of new employees, when the requirement profile and interviews are, in part, structured in accordance with these cornerstones. Finding people with the right values is, for Avanza Bank, a very important part of the recruitment process. The introductory programme that new employees undergo during their first six months with Avanza Bank contains elements that focus on the cornerstones. The cornerstones are also a natural part of both the management style and the day-to-day relationships between employees and between employees and customers. Avanza Bank employees are encouraged to take their own decisions and to take personal responsibility, and every quarter, a jury is empanelled to designate the Employee of the Quarter, who has demonstrated an outstanding ability to work and act in accordance with Avanza Bank's culture cornerstones.

Avanza Bank's formula for success is:

A=Can^f

A = All of us at **A**vanza Bank

We help a colleague help a **C**ustomer · We believe **A**ccountability ·
We challenge and think along **N**ew lines · We see going to work as **F**un

And because a willingness to take responsibility is one of its fundamental values, Avanza Bank has chosen to get involved in the Hand in Hand organisation, which works to combat poverty by training Indian women to set up and run their own businesses. This is done through training and job creation and by promoting democratic development. Avanza Bank has donated money to Hand in Hand in recent years as Christmas presents to employees.

Management

Good managers are a key factor in success, now and in the future. For Avanza Bank, good management means having managers who understand the company's mission and business concept, who act on their own initiative, who care about their customers, and who, together with other employees, help progress Avanza Bank's position. Based on the findings of employee surveys and external comparisons, Avanza Bank has a strong management team.

All new managers undergo a thorough management training course designed to give them valuable tools in connection with management issues. The basis of the management training provided at Avanza Bank is situationally adapted management, i.e. that all employees, situations and challenges are unique and impose different demands on the manager's actions and conduct. A project group has been actively working in 2010 to identify the challenges that will, in future, be vital in ensuring the ability to adapt and customise future ventures in the management sphere. The focus in 2010 was on improving the area of communication and on endeavouring to establish a consensus with regard to management conduct and the values that strengthen managerial culture. This will, in turn, generate better preconditions for efficiency and continued growth. Training and development of managers will play a key role for Avanza Bank in the future and management development is, therefore, both an ongoing and long-term activity.

Continuous development

Clear goals, follow-up work and rewards are the main thread that runs through all of Avanza Bank's management by objectives. Every employee has individual goals and undergoes regular performance reviews at which their individual goals and personal development plans are amongst the subjects discussed.

All of these issues are followed up during the year and the individual goals and personal performance form the basis for the variable remuneration that every employee can receive if their performance exceeds that expected.

The emphasis on internal recruitment is another important component of the employees' and Avanza Bank's ongoing development, with all vacant positions advertised internally and employees encouraged to apply. Internal recruitment is important, both in terms of offering developmental opportunities for employees and in terms of increasing cooperation and contacts between different departments.

Diversity is also an important issue for Avanza Bank because it forms the basis for innovation, creativity and quality within the company. An increased understanding of cultural differences and greater linguistic skills also enable Avanza Bank to reach out to new customer groups. Other important issue in 2010 have included actively working towards a zero tolerance of discrimination and harassment, and of ensuring there are no unreasonable pay differentials between men and women.

Recurring evaluations

Avanza Bank endeavours at all times to become an even better workplace and employer. Doing so requires the company to constantly ask where it could improve. Avanza Bank does not believe in being satisfied with the status quo because it makes no contribution to development. Innovation characterises everything that Avanza Bank does.

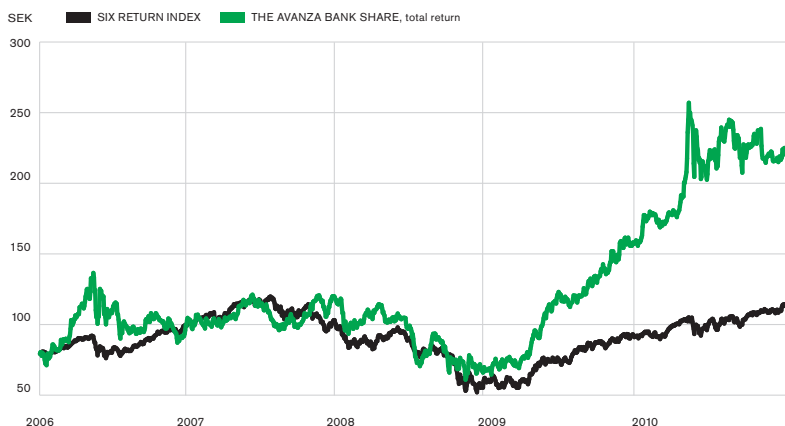
An employee satisfaction survey is carried out every year with the aim of measuring the company's strengths and developmental areas. The response frequency for this year's survey of 97 per cent – proof of a high level of commitment amongst the employees and a unique figure amongst medium-sized companies.

The employee satisfaction survey was divided into thirteen sections, where the difference between how important an issue is was compared with how well Avanza Bank meets its employees' needs. The areas that proved to be Avanza Bank's strengths were leadership, relationships and job satisfaction. The most common reason why an employee thought that Avanza Bank was a good workplace was the sense of solidarity within the company. The area showing the greatest deterioration in comparison with previous surveys was the work environment. Avanza Bank hopes that this situation will be rectified when it moves to modern, newly renovated premises at Regeringsgatan 103 in central Stockholm in the spring of 2011. Another area of deterioration was that there were differences in responses to certain questions between how non-managers and managers responded. A group made up exclusively of non-managers and which will be tasked with working on an ongoing basis with HR to promote improvement work that focuses on the employee has, therefore, been set up to counteract this difference. Skill development was one area where the results were less good in 2009 but where improvements are evident in this year's survey, thanks to a deliberate programme of activities in 2010. The next employee satisfaction survey is scheduled for the autumn of 2011.

The Avanza Bank share

Price performance

The price performance, including reinvested dividends, of the Avanza Bank share on NASDAQ OMX Stockholm between 2006 and 2010.



Share data

Number of outstanding shares, 31st Dec. 2010	27,957,470
Number of outstanding warrants, 31st Dec. 2010	1,723,690
Market capitalisation, 31st Dec. 2010, SEK m	6,540
Share price, 31st Dec. 2010, SEK	234.00
Highest closing price (26th Apr. 2010)	257.00
Lowest closing price (15th Feb. 2010)	174.50

Warrant programme

The warrant programme comprises 1,723,690 shares, corresponding to a dilution of 6 per cent. The warrant programme is divided into three subsidiary programmes and the total warrant programme runs during the period from July 2008 to May 2013. Outstanding warrants 2008–2011 (subsidiary programme 1) grant entitlement to subscribe for a total of 569,690 new shares at an exercise price of SEK 138.43 per share. The term of the programme expires on 27th May 2011. The warrants can be redeemed during the period from 2nd May 2011 up to and including 27th May 2011. Outstanding warrants 2009–2012 (subsidiary programme 2) grant entitlement to subscribe for a total of 577,000 new shares at an exercise price of SEK 125.16 per share. The term of the programme expires on 25th May 2012. The warrants can be redeemed during the period from 2nd May 2012 up to and including 25th May 2012. Outstanding warrants 2010–2013 (subsidiary programme 3) grant entitlement to subscribe for a total of 577,000 new shares at an exercise price of SEK 268.46 per share. The term of the programme expires on 24th May 2013. The warrants can be redeemed during the period from 2nd May 2013 up to and including 24th May 2013. The warrants are issued on market terms due to the use of the Black & Scholes model to determine the value.

The redemption period of subsidiary programme 3 of the previous warrant programme 2007–2010 ran from 1st June up to and including 30th September 2010. The exercise price was SEK 170.81 per share and 379,860 of a total of 380,630 were subscribed for under this subsidiary programme. The said shares have been issued.

Change in share capital					
Year	Change	Changes in no. share	Total no. shares	Changes in share capital, SEK	Total share capital, SEK
2001	New issue	4,425,907	25,415,478	11,064,767	63,538,695
2001	New issue	1,207,396	26,622,874	3,018,490	66,557,185
2005	New issue	842,800	27,465,674	2,107,000	68,664,185
2007	Buy-back of own shares	-305,674	27,160,000	–	68,664,185
2008	Withdrawal of bought back shares, 2007	–	27,160,000	-764,185	67,900,000
2008	New issue	435,843	27,595,843	1,089,608	68,989,608
2008	Buy-back of own shares	-18,233	27,577,610	–	68,989,608
2009	Withdrawal of bought back shares	–	27,577,610	-45,583	68,944,025
2010	New issue	379,860	27,957,470	949,650	69,893,675

The largest shareholders

According to the register of shareholders maintained by Euroclear Sweden AB, the following institutions and individuals were the largest registered shareholders, as of 31st December 2010. The percentage of foreign owners is estimated at 2.45 per cent. There were a total of 13,812 shareholders.

The ten largest shareholders, 31st Dec. 2010	Number of shares	Percentage of share capital and votes, %
Investment AB Öresund	5,969,854	21.3
Sven Hagströmer (incl. family and companies)	2,039,416	7.3
Lannebo Fonder	1,895,094	6.8
Swedbank Robur Fonder	1,706,637	6.1
Sten Dybeck (incl. family and companies)	941,200	3.4
Mats Qviberg (incl. family)	832,452	3.0
Enter Fonder	678,105	2.4
JPM CHASE NA	559,514	2.0
Svenskt Näringsliv	400,000	1.4
Handelsbanken Fonder	388,504	1.4
Other owners	12,546,694	44.9
Total	27,957,470	100.0

Concentration, capital	Percentage of share capital and votes, %
The 10 largest owners	55.1
The 25 largest owners	66.8
The 100 largest owners	74.0

Dividend policy

Avanza Bank Holding AB shall pay a dividend to its shareholders comprising that part of the company's profits which is not deemed necessary to meet the requirements that the nature of the operations, their scope and risks place on the size of the shareholders' equity, and the company's consolidation requirements, liquidity and position in general, or to develop the operations. Dividends can be combined with other measures, such as redemption of buy-backs of the company's own shares. The Board is of the opinion that in the long-term, the dividend can comprise a minimum of 70 per cent of the profit.

The Board's statement regarding the proposed dividend

Avanza Bank's Board of Directors proposes that the Annual General Meeting approve a cash dividend of SEK 9.50 (SEK 8.00) per share for 2010. This corresponds to a dividend payment totalling SEK 266 million (SEK 221 m) and a dividend ratio of 98 per cent (97 %).

19th April 2011 is proposed as the record day for entitlement to receive a dividend. The final day for trading in the Avanza Bank share entailing an entitlement to receive a dividend is, therefore, 14th April 2011. It is calculated that if the Annual General Meeting approves the Board's proposal, the cash dividend can be distributed through the agency of Euroclear Sweden AB on 26th April 2011.

The formal statement from the Board is presented on page 84.

Buy-back of the company's own shares

The Annual General Meeting held on 21st April 2010 resolved to authorise the Board of Directors to buy back the company's own shares to a total comprising a maximum of 10 per cent of the shares in Avanza Bank Holding AB. The authorisation is valid until the next Annual General Meeting. No shares have been bought back in 2010 or to 17th February in 2011.

Directors' Report

The Board of Directors and Managing Director of Avanza Bank Holding AB (publ.), company registration no. 556274-8458, hereby submit the annual report for the 2010 financial year. A Corporate Governance is provided separately from the Directors' Report on pages 88–98.

Group structure

Avanza Bank Holding AB is the parent company of the Avanza Bank Group. The operational activities are conducted by the wholly owned subsidiaries, Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB, which are under the supervision of the Swedish Financial Supervisory Authority, and Placera Media Stockholm AB, a media company that publishes the online newspapers placera.nu, Börsveckan and Börsguiden.

Description of operations

Avanza Bank's mission is to make Swedes financially independent. As the Savers' Bank, Avanza Bank's goal is for an Avanza Bank customer to have more money over for themselves than they would with any other bank. Avanza Bank offers efficient online savings solutions in the Swedish market. Customers are offered simple and cost-effective ways of saving in shares, funds, equity-linked bonds, derivatives and pension products, such as endowment insurance and pension insurance.

Avanza Bank wants to offer the market's best decision-making support for saving and savers. This involves providing the customers with both qualitative and quantitative information that supports the customer in his or her savings decisions. Avanza Bank accordingly offers everything from share prices and news items in real time to more sophisticated decision-making support, such as share analyses, portfolio reports and tax return support. Avanza Bank primarily targets Swedish private investors, but also offers services for professional day traders and corporate customers, such as entrepreneurs, institutions and asset managers.

Market and sales

The stock market was strong in 2010, with the NASDAQ OMX Stockholm rising by 23 (47) per cent. Trading was quiet in the first quarter, followed by high trading in the second quarter as a result of concerns over the Greek economy and the Euro. Trading has increased since the end of the third quarter and interest in the stock market has gradually increased in 2010. In fund trading mixed funds and funds based on small emerging markets have grown the most but also exchange-traded funds have grown sharply in 2010.

The Riksbank raised the key interest rate on a number of occasions in the second half of 2010. As of 31st December the repo rate was 1.25 per cent. Higher key interest rates also help to strengthen Avanza Bank's net interest items. The impact of this will be seen more clearly in 2011 as the interest rate rises came in the latter part of 2010.

In spring 2010 Avanza Bank was named Life Insurance Company of the Year at the Risk & Försäkring Insurance Awards. In November, the Swedish Quality Index showed that Avanza Bank has Sweden's most satisfied savers. In December Avanza Bank was named Bank of the Year by the Swedish personal finance magazine Privata Affärer.

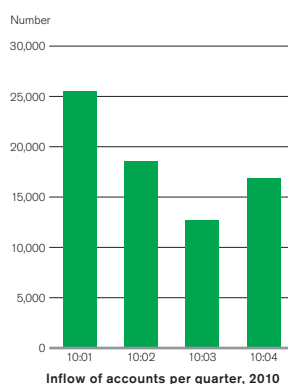
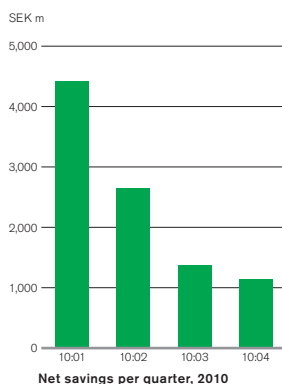
As of 31st December, 2010 Avanza Bank had 2.0 per cent (1.7 % as of 31st December 2009) of the total savings market in Sweden. During 2010 Avanza Bank had 6.2 per cent (6.1 % during 2009) of the total net inflow into the Swedish savings market.

At the end of the year Avanza Bank had 244 (194) employees and will be moving to larger and more suitable offices at Regeringsgatan 103 in central Stockholm in the spring 2011.

	2010	2009	Change %
Activity			
Net inflow, equity & investment fund accounts, SEK m	2,010	4,270	-53
Net inflow, savings accounts, SEK m	1,210	70	1,629
of which, external deposit accounts, SEK m	810	-	-
Net inflow, pension- & insurance-based accounts, SEK m	6,350	5,610	13
of which, endowment insurance, SEK m	5,620	5,060	11
of which, occupational pensions, SEK m	670	340	97
Net inflow, SEK m	9,570	9,950	-4
Net inflow/Savings capital, %	16	29	-13
No. commission notes per account & month	1.9	1.9	0
No. transactions per commission note	1.7	1.8	-6
Brokerage per commission note, SEK	82	84	-2
Market shares			
NASDAQ OMX Stockholm, First North and Burgundy			
No. transactions, %	9.1	11.7	-2.6
Turnover, %	5.5	5.7	-0.2

For definitions, see page 87.

The net inflow into the endowment insurance product was strong over the year. Saving in the endowment insurance product is contributing to significant seasonal variation. Many new customers are opening an endowment insurance account as their first account with Avanza Bank, while many existing customers continue to discover this form of saving and are moving part or all of their capital from savings-, equity- and fund-accounts to endowment insurance funds. The net inflow into occupational pension schemes corresponds to 7 (3) per cent of Avanza Bank's total net inflow in 2010.



	31st Dec 10	31st Dec 09	Change %
Savings capital			
Savings capital, equity & investment fund accounts, SEK m	48,190	39,600	22
Savings capital, savings accounts, SEK m	2,410	1,200	101
of which, external deposit accounts, SEK m	810	–	–
Savings capital, pension- & insurance-based accounts	31,400	20,500	53
of which, endowment insurance, SEK m	24,700	15,300	61
of which, occupational pensions, SEK m	1,560	770	103
Savings capital, SEK m	82,000	61,300	34
Equities, bonds, derivatives, etc. SEK m	56,420	42,300	33
Investment funds, SEK m	17,700	13,100	35
Deposits, SEK m	11,740	9,020	30
of which, external deposits, SEK m	810	–	–
Lending, SEK m	–3,860	–3,120	24
Savings capital, SEK m	82,000	61,300	34
Deposits/Lending, %	304	289	15
Net deposits/Savings capital, %	10	10	0
Avanza Bank, SEK m	46,380	36,830	26
Mini, SEK m	1,560	1,190	31
Private Banking, SEK m	31,300	21,700	44
Pro, SEK m	2,760	1,580	75
Savings capital, SEK m	82,000	61,300	34
Return, average account since Jan 1 st, %	16	43	–27
OMX Stockholm Price Index since Jan 1 st, %	23	47	–24
Accounts			
No. accounts	352,200	279,000	26
No. management services	8,020	8,900	–10
No. accounts & management services	360,220	287,900	25
No. equity & investment fund accounts	199,800	182,100	10
No. savings accounts	27,500	17,700	55
of which, no. external deposit accounts	4,950	–	–
No. pension- & insurance-based accounts	124,900	79,200	58
of which, no. endowment insurance	72,100	44,200	63
of which, no. occupational pensions	22,400	9,790	129
No. accounts	352,200	279,000	26
Avanza Bank, no. accounts	321,320	254,070	26
Mini, no. accounts	16,500	14,100	17
Private Banking, no. accounts	12,100	8,780	38
Pro, konton, no. accounts	2,280	2,050	11
No. accounts	352,200	279,000	26
No. accounts per customer	1.49	1.38	8

For definitions, see page 87.

Some 73,200 (53,000) new accounts were opened in 2010. The number of customers increased by 34,200 (27,400) during the year.

There was strong growth in endowment insurance, with 27,900 (20,200) new endowment insurance accounts being opened in 2010. At year-end 20 per cent of Avanza Bank's accounts were endowment insurance accounts, compared with 16 per cent one year before.

The number of new occupational pension accounts totalled 12,610 (4,510) in 2010, corresponding to 17 (9) per cent of the total number of new accounts.

Development

In July an iPhone app was launched that helps Avanza Bank's customers to remain mobile while also maintaining a good overview of their savings.

The new Sparkonto+ savings product was launched in September. Sparkonto+ provides savers with Avanza Bank with a simple way of investing money with other banks and credit market companies. The aim is to offer savers even better interest rates on their deposited funds. Every bank or credit market company added to the offering enables customers to invest a further TEUR 100 with a state deposit guarantee.

November saw the launch of Avanza Labs, which is the first stage in the development of a new website. Avanza Labs is the place where Avanza Bank will build the bank of the future together with its customers. Avanza Labs allows customers to hear other people's ideas, contribute their own thoughts and suggestions and test new services. So far, customers have contributed 690 different ideas and have been active to discuss these ideas.

November also saw the launch of a website for companies for the administration of occupational pensions. This enables businesses that offer their staff occupational pension schemes through Avanza Bank to administer staff occupational pensions themselves.

Interest in exchange traded funds and certificates has increased over the past year. For the convenience of customers, therefore, a public square for exchange-traded funds and certificates was launched on the site in December.

Financial overview

	2010	2009	Change %
Income Statement, SEK m			
Brokerage income	329	300	10
Fund commissions	81	48	69
Net interest items	157	118	33
Other income, net	54	49	10
Operating income	621	515	21
Personnel	-166	-128	30
Marketing	-23	-22	5
Depreciation	-11	-8	38
Other expenses	-90	-77	17
Operating expenses	-290	-235	23
Profit before tax	331	280	18
Operating margin, %	53	54	-1
Profit margin, %	44	44	0
Cost/income ratio, %	47	46	1
Earnings per share, SEK	9.77	8.27	18
Earnings per share after dilution, SEK	9.62	8.24	17
Return on shareholders' equity, %	37	36	1
Investments, SEK m			
Brokerage income/Operating income, %	53	58	-5
Non-brokerage income/Operating income, %	47	42	5
of which, Fund commissions/Operating income, %	13	9	4
of which, Net interest items/Operating income, %	25	23	2
of which, Other income/Operating income, %	9	10	-1
Non-brokerage income/Operating expenses, %	101	91	10
of which, Net interest items/Operating expenses, %	54	50	4
Operating income/Savings capital, %	0.87	1.09	-0.22
of which, Net interest items/Savings capital, %	0.22	0.25	-0.03
Average no. employees	225	185	22
No. trading days	250.5	248.5	1
Web service operational availability, %	99.9	99.8	0.1
31st Dec 10 31st Dec 09 Change %			
Shareholders' equity per share, SEK	29.07	25.14	16
Capital base/Capital requirement	1.84	1.71	8
No. employees	244	194	26
Market value, SEK	234.00	168.50	39
Market capitalisation, SEK m	6,540	4,650	41

For definitions, see page 87.

The increase in fund commissions is due to the fact that the level of savings capital in funds was considerably higher in 2010 than in 2009. This was, in turn, a result of the rise in the world's stock markets and of the substantial net inflow into customers' fund-based savings during the year. Customers are buying more emerging market funds than before.

Net interest items have gradually increased over the year, owing to higher interest rate margins as a result of the Riksbank increasing key interest rates in the second half of 2010. These interest rate rises are expected to continue in 2011.

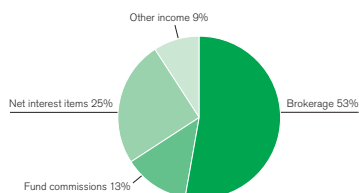
Expenses increased by 23 (–13) per cent in 2010. The expense increase was therefore slightly lower than the previous estimate that costs would rise by about 25 per cent for the full year 2010.

The earnings were negatively affected by lower other income as a result of an SEK 9 million value adjustment of the shareholding in the Exchange Burgundy. This is based on an estimate of expected earnings performance. The existence of Burgundy has in recent years resulted in increased competition and lower overall transaction costs for Avanza Bank, which exceed the investment in Burgundy.

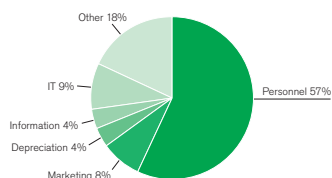
Non-brokerage income in 2010 totalled 101 (91) per cent of operating costs. Non-brokerage income primarily consists of net interest items, fund commission, net income from currency fluctuations and fees from corporate finance.

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 to Avanza Pension. Avanza Pension appealed the ruling to the Supreme Administrative Court in August. If the Supreme Administrative Court upholds the ruling by the Council on Advance Tax Rulings, the company's tax expenses for 2006–2010 would increase by SEK 15 million. A negative ruling for the company could entail an increase in the company's total tax expense in future.

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.



Breakdown of operating income, 2010



Breakdown of operating expenses, 2010

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.

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 2010 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.

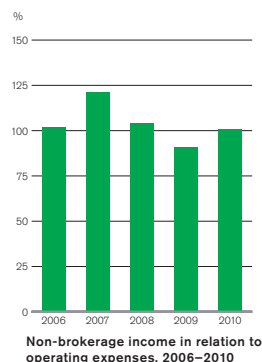
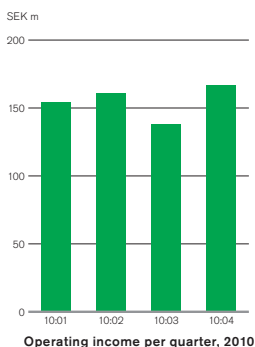
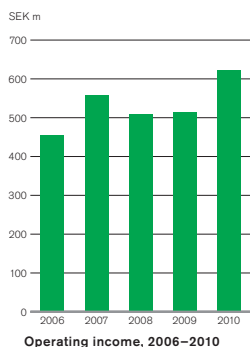
The Parent Company

Avanza Bank Holding AB is the Parent Company of the Avanza Bank corporate group. The operating result for 2010 was SEK –6 million (SEK –7 m). The Parent Company reports no turnover. Anticipated dividends from subsidiary companies totalling SEK 197 million (SEK 216 m) have been reported. During the year the previous write-downs of the subsidiaries of SEK 200 million were reversed and recorded as income from financial investments. A dividend totalling SEK 221 million (SEK 165 m) has been paid to all shareholders.

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, there is a higher risk than previously that concerns over the property market may spread to the savings market. Concern over falling house prices in combination with higher interest rates than before could result in Swedes saving to a greater extent 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, and this will have a negative effect on the rate of growth.

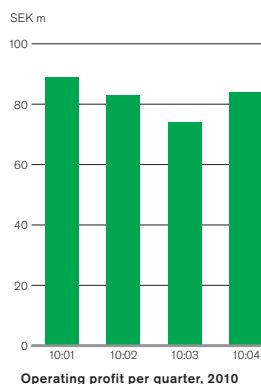
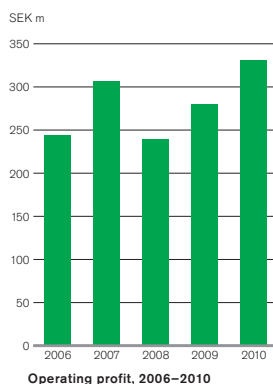
The long-term growth goals can be summarised as follows:

Annual growth (ca.)	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 that were expected to be incurred in 2010 will now be incurred in 2011 instead. Beside these cost increases, fees for the CTA Lind & Co Scandinavia AB compensation case are also expected to be incurred in 2011. In the fourth quarter, the



Riksbank continued to raise the key interest rate. A higher key interest rate results in improved net interest income from deposits. Pricing pressure is estimated to continue as an effect of brokerage fees not being expected to increase at the same rate as savings capital.

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 offering for savers, modernisation of Avanza Bank's website and online presence, and continued high cost-effectiveness.

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 is, therefore, to achieve a market share of at least 7 per cent of the total net flow in the Swedish savings market by 2012.

Overall, Avanza Bank is considered 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.

Significant risks and uncertainty factors

In addition to the external risks described previously in this Directors' Report, Avanza Bank faces risks that are quantified, monitored and, if necessary, acted upon in order to protect the company's capital and reputation on a daily basis. 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 provides a detailed description of the Group's risk exposure and risk management.

Transactions with associated parties

Avanza Bank's transactions with associated parties are shown in Note 32.

Annual General Meeting

The Annual General Meeting of the company's shareholders will be held on 14th April 2011 at 15.00 (CET) in the Auditoriet hall of the Moderna Museet building in Stockholm, Sweden.

Nomination Committee

The Nomination Committee comprises the Chairman of the Board, Sven Hagströmer, who represents the Hagströmer family and companies, Erik Törnberg, who represents Investment AB Öresund, Johan Lannebo, who represents Lannebo Fonder, and Magnus Dybeck, who represents the Dybeck family and companies. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza's website at avanza.com.

The Avanza Bank share

Investment AB Öresund is, as of 31st December 2010, the largest owner of Avanza Bank's shares with a holding comprising 21.4 per cent of the share capital and votes. There are a total of 27,957,470 shares in Avanza Bank. None of the company's shares were bought back in 2010. For further information on the Avanza Bank share, please see pages 26–28 of this Annual Report.

Capital surplus

	31st Dec 10	31st Dec 09
Shareholders' equity, the Group	813	693
Intangible fixed assets and deferred tax receivables, SEK m	-27	-33
Capital requirement with reference to Avanza Bank's internal capital assessment process, SEK m	-321	-307
Total capital surplus before dividend, SEK m	465	353
Shareholders' equity, the Group	16.65	12.80

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 31, page 73.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 465 million as of 31st December 2010.

Dividend

The Board of Directors proposes that a dividend of SEK 9.50 (SEK 8.00) per share be paid, corresponding to a total of SEK 266 million (SEK 221 m). Avanza Bank Holding AB shall pay a dividend to its shareholders comprising that part of the company's profits which is not deemed necessary to meet the requirements that the nature of the operations, their scope and risks place on the size of the shareholders' equity, and the company's consolidation requirements, liquidity and position in general, or to develop the operations. The Board is of the opinion that in the long-term, the dividend can comprise a minimum of 70 per cent of the profit.

Buy-back of the company's own shares

The Annual General Meeting held on 21st April 2010 resolved to authorise the Board of Directors to buy back the company's own shares to a total comprising a maximum of 10 per cent of the shares in Avanza Bank Holding AB. The authorisation is valid until the next Annual General Meeting. No shares have been bought back in 2010 and the company does not hold any bought-back shares.

The Board's proposed guidelines for determining salaries and other remuneration payable to senior executives for the 2011 financial year

Avanza Bank Holding AB (publ.) established a Remuneration Committee in 2004. For the 2010 financial year, this Committee has comprised the Chairman of the Board, Sven Hagströmer, Anders Elsell and Jacqueline Winberg, both Members of the Board. The Committee is tasked with reviewing and issuing recommendations to the Board with regard to the principles governing remuneration, including performance-based remuneration for the company's senior executives.

The Remuneration Committee has followed up on the implementation of the quantitative and qualitative goals set at the beginning of the financial year during December. The Remuneration Committee has, furthermore, studied the Managing Director's own assessment of the same and his comments on remuneration levels with regard both to himself and the management group in general. The Committee has held one minuted meeting in December.

The term, Group management, refers for the 2010 financial year, to the Managing Director and four other senior executives. The Group management team was augmented by the addition of one more person, as of 1st June 2010. The Board's proposal, which is in line with remuneration principles in previous years, is that the Group management's salaries shall comprise a fixed basic salary and a variable performance-based remuneration payment. The variable payment is payable for performances that exceed those normally expected of the senior executive, after an evaluation has been made of individual performances and the company's reported profits. The extent to which pre-set goals for the company and the senior executive have been met shall be taken into account in determining the variable remuneration payment. Issues relating to the Managing Director's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and approved by the Board of Directors. The variable remuneration paid to other members of the Group management is determined by the Board of Directors on the basis of recommendations by the Managing Director and the Remuneration Committee.

The total remuneration paid to members of the Group management shall be on market terms.

In 2010, the variable remuneration paid to members of the Group management and carried as expenses totalled SEK 4.8 million (SEK 5.3 m), of which SEK 2.4 million (SEK 2.5 m) was paid to the Managing Director.

Members of the Group management have also acquired warrants on market terms in accordance with the warrant programme approved by the Annual General Meeting held on 15th April 2008.

The Board's proposal to the Annual General Meeting to be held on 14th April 2011 will be in line with remuneration principles in previous years. Details of Avanza Bank's remuneration policy are provided on the avanza.com website.

Five-year overview

Summary of the Group's performance

Income Statements, SEK m	2010	2009	2008	2007	2006
Net commission	473	396	315	381	315
Net interest items	157	118	193	175	138
Other income	-9	1	1	1	2
Total income	621	515	509	557	455
Operating expenses	-290	-235	-270	-250	-211
Operating profit/loss	331	280	239	307	244
Taxes	-60	-52	-54	-74	-56
Net profit/loss for the year	271	228	185	233	188
Balance Sheets, SEK m	2010	2009	2008	2007	2006
Treasury bills eligible for refinancing	300	-	-	-	-
Lending to credit institutions	6,334	5,452	6,587	4,205	2,880
Lending to the public	3,861	3,124	1,253	2,301	2,290
Shares and participations	14	12	12	1	7
Insurance operations assets	29,093	18,640	7,448	7,280	3,431
Other assets	641	567	432	662	113
Total assets	40,243	27,795	15,732	14,449	8,721
Deposits by the public	10,159	8,294	7,386	6,370	4,545
Insurance operations liabilities	29,093	18,640	7,448	7,280	3,431
Other liabilities	178	168	270	226	256
Total liabilities	39,430	27,102	15,104	13,876	8,232
Minority holding	813	693	628	573	489
Shareholders' equity	40,243	27,795	15,732	14,449	8,721
Key ratios	2010	2009	2008	2007	2006
Earnings per share, SEK	9.77	8.27	6.78	8.51	6.85
Earnings per share after dilution, SEK	9.62	8.24	6.75	8.45	6.80
Equity per share, SEK	29.07	25.14	22.76	21.10	17.80
Return on equity, %	37	36	32	46	45
Operating margin, %	53	54	47	55	54
Equity/assets ratio, %	2	2	4	4	6
Solvency ratio, %	-	-	-	-	11.8
Capital base/Capital requirement	1.84	1.71	1.68	1.78	-
Cash dividend (2009: proposal)					
per share, SEK	9.50	8.00	6.00	6.00	4.00
No. shares at year-end, thousand	27,957	27,578	27,578	27,160	27,466
Average no. shares, thousand	27,739	27,578	27,351	27,405	27,466
Average no. shares after dilution, thousand	28,177	27,655	27,481	27,610	27,637
Market capitalisation at year-end, SEK m	6,540	4,650	1,960	3,680	3,390
Share price at year-end, SEK	234.00	168.50	71.00	135.50	123.25
Average no. employees	225	185	196	178	129
Earnings per employee, SEK k	1,204	1,232	1,221	1,727	1,890

Consolidated Income Statements*

SEK m	Note	2010	2009
Operating income			
Commission income	3	541	464
Commission expenses	4	-68	-68
Interest income	5	174	138
Interest expenses	5	-17	-20
Net result of financial transactions	6	-9	1
Other operating income		0	0
Total operating income	27	621	515
Operating expenses			
General administration costs	7,8	-241	-192
Depreciation of tangible and intangible fixed assets	9	-11	-8
Other operating expenses	10	-38	-35
Credit losses, net	11	0	0
Total operating expenses		-290	-235
Operating profit/loss			
		331	280
Tax on the profit/loss for the year	13	-60	-52
Net profit/loss for the year **		271	228
Earnings per share, SEK	14	9.77	8.27
Earnings per share after dilution, SEK	14	9.62	8.24

* 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 Sheets

SEK m	Note	31st Dec 10	31st Dec 09
ASSETS	28		
Treasury bills eligible for refinancing		300	–
Lending to credit institutions		6,334	5,452
Lending to the public	15	3,861	3,124
Shares and participations	16	14	12
Insurance operations assets	17	29,093	18,640
Intangible fixed assets	18	26	31
Tangible assets	19	14	7
Other assets	20	567	501
Deferred tax receivables	13	1	1
Prepaid costs and accrued income	21	33	27
TOTAL ASSETS		40,243	27,795
LIABILITIES	28		
Deposits by the public	22	10,159	8,294
Insurance operations liabilities	17	29,093	18,640
Current tax liability		13	11
Deferred tax liabilities	13	0	0
Other liabilities	23	128	128
Accrued costs and prepaid income	24	37	29
Total liabilities		39,430	27,102
SHAREHOLDERS' EQUITY	25		
Share capital		70	69
Other capital contributed		228	160
Profit/loss carried forward incl. profit/loss for the year		515	464
Total shareholders' equity		813	693
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		40,243	27,795

Pledged assets and contingent liabilities are reported in Note 30 on page 72.

Changes in the Group's shareholders' equity

The Group SEK m	Share capital	Other capital contributed	Retained profit/loss	Total
Shareholders' equity, 31st Dec 2008	69	157	402	628
Dividend paid	–	–	–165	–165
Warrants issue	–	3	–	3
Net profit/loss for the year (and comprehensive income)	–	–	228	228
Shareholders' equity, 31st Dec 2009	69	160	464	693
Dividend paid	–	–	–221	–221
Exercise of share warrants	1	64	–	65
Warrants issue	–	4	–	4
Net profit/loss for the year (and comprehensive income)	–	–	271	271
Shareholders' equity, 31st Dec 2010	70	228	515	813

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

Consolidated Cash Flow Statements

SEK m	Note	2010	2009
Cash flow from operating activities			
Profit/loss before tax		331	280
<i>Adjustment for items not included in cash flow</i>			
Depreciation/write-downs		11	8
Income tax paid		-57	-41
Total		285	247
Changes in operating activities' assets and liabilities			
Increase (-)/decrease (+) in lending to the public		-737	-1,871
Increase (-)/decrease (+) in securities		-295	3
Increase (-)/decrease (+) in other assets		-73	-139
Increase (+)/decrease (-) in deposits and deposits by the public		1,866	908
Increase (+)/decrease (-) in other liabilities		8	-114
Cash flow from operating activities' assets and liabilities		769	-1,213
Cash flow from operating activities		1,054	-966
Cash flow from investment activities			
Acquisition of intangible fixed assets		0	-
Acquisition of financial assets		-7	-3
Acquisition of tangible assets		-13	-4
Cash flow from investment activities		-20	-7
Financial activities			
Cash dividend		-221	-165
Warrants issue		4	3
New issue (through exercise of warrants)		65	-
Cash flow from financial activities		-152	-162
Cash flow for the year		882	-1,135
Liquid assets at beginning of year *		5,452	6,587
Liquid assets at end of year *		6,334	5,452
*of which, liquid assets pledged as security			
at beginning of year	30	633	555
at end of year		698	633

Basis for preparing cash flow statements

The cash flow analyses for the Group and the Parent Company are prepared using the indirect method and show the payments received and made by the operating activities, the investment activities and the financial activities.

Operating activities

Cash flows attributable to the operating activities derive primarily from the Group's revenue-generating operations. The net of the operating activities' payments received and made are calculated by adjusting the operating profit/loss for the year for items that do not affect the cash flow, for changes in operating assets and operating liabilities during the period, and for other items for which the effect on the cash flow can be attributed to the investment or financial activities. The cash flow includes interest payments received totalling SEK 173 million (SEK 138 m) and interest payments, including capitalised interest expenses, totalling SEK 17 million (SEK 20 m).

Investment activities

The investment activities comprise cash flow arising from the acquisition or sale of fixed assets and any investments not covered by the "liquid assets" concept.

Financial activities

The cash flow comprises measures that entail changes to the size and composition of the Group's shareholders' equity and deposits.

Liquid assets

Liquid assets comprise cash and balances held with banks and equivalent institutions that can be reinvested with one day's (or a maximum of one month's) notice. Chargeable treasury bill undertakings with a term of less than three months are included.

Composition of liquid assets

SEK m	31st Dec 10	31st Dec 09
Treasury bills eligible for refinancing	300	–
Lending to credit institutions	6,334	5,452
Total	6,634	5,452

Parent Company Income Statements *

SEK m	Note	2010	2009
Operating expenses			
Administration costs	7	-3	-4
Other operating income		0	0
Other operating expenses		-3	-3
Operating profit/loss		-6	-7
Profit/loss on financial investments			
Profit/loss on participations in Group companies	12	396	223
Profit/loss on other securities		-9	0
Interest income and similar profit/loss items	5	0	0
Interest expenses and similar profit/loss items	5	0	0
Profit/loss before tax		381	216
Tax on the profit/loss for the year	13	0	0
Net profit/loss for the year		381	216

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

Parent Company Balance Sheets

SEK m	Note	31st Dec 10	31st Dec 09
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares and participations		9	11
Shares and participations in Group companies	26	408	214
Total fixed assets		417	225
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		271	232
Current tax receivable		0	0
Other receivables		0	0
Prepaid costs and accrued income		1	1
Total current receivables		272	233
<i>Cash and bank balances</i>		0	0
Total current assets		272	233
TOTAL ASSETS		689	458
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity	25		
<i>Restricted equity</i>			
Share capital		70	69
Total restricted equity		70	69
<i>Non-restricted equity</i>			
Share premium reserve		107	39
Profit brought forward		128	132
Net profit/loss for the year		381	216
Total non-restricted equity		616	387
Total shareholders' equity		686	456
Current liabilities			
Accounts payable		0	0
Liabilities to Group companies		0	0
Other liabilities		2	0
Accrued costs and prepaid income		1	2
Total current liabilities		3	2
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		689	458
Pledged assets and contingent liabilities			
Pledged assets		None	None
Contingent liabilities		None	None

Changes in shareholders' equity

Parent Company SEK m	Share capital	Other capital contributed	Retained profit/loss	Total
Shareholders' equity, 31st Dec 2008	69	36	297	402
Dividend paid	–	–	–165	–165
Warrants issue	–	3	–	3
Net profit/loss for the year (and comprehensive income)	–	–	216	216
Shareholders' equity, 31st Dec 2009	69	39	348	456
Dividend paid	–	–	–221	–221
New share issue	1	64	–	65
Warrants issue	–	4	–	4
Net profit/loss for the year (and comprehensive income)	–	–	381	381
Shareholders' equity, 31st Dec 2010	70	107	509	686

Parent Company Cash Flow Statements

SEK m	2010	2009
Cash flow from operating activities		
Profit/loss before tax	381	216
<i>Adjustment for items not included in cash flow</i>		
Reversal of write-downs/write-downs	–184	0
Anticipated dividend	–197	–216
Income tax paid	0	0
Total	0	0
Changes in operating activities' assets and liabilities		
Increase (–) / decrease (+) in other assets	158	165
Increase (+) / decrease (–) in other liabilities	1	0
Cash flow from operating activities' assets and liabilities	159	165
Cash flow from operating activities	159	165
Investment activities		
Acquisition of shares and participations	–7	–3
Cash flow from investment activities	–7	–3
Financial activities		
Cash dividend	–221	–165
Buy-back of the company's own shares	4	3
Warrants issue	65	–
New issue (through exercise of warrants)	–152	–162
Cash flow from financial activities	0	0
Cash flow for the year	0	0
Liquid assets at beginning of year	0	0
Liquid assets at end of year	0	0
Interest received	0	0
Interest paid	223	118

The bases for preparing the Parent Company's Cash Flow Statements are the same as those used for the Group, see page 44.

Notes to the Accounts

Amounts in SEK m unless otherwise indicated.

Note 1 Corporate information

The Parent Company, Avanza Bank Holding AB, is a Swedish-registered limited company whose registered offices are in Stockholm. The Parent Company's shares are listed on the NASDAQ OMX Stockholm. The address of the head office is Klarabergsgatan 60, Box 1399, SE-111 93 Stockholm, Sweden. The Consolidated Accounts for 2010 comprise the Parent Company and its subsidiary companies, referred to collectively as "the Group". The Group's operations are described in the Directors' Report.

The Consolidated Accounts and the Annual Report for Avanza Bank Holding AB (publ.) for the 2010 financial year were approved for publication on 22nd February 2011 by the Board of Directors and the Managing Director. The Consolidated Accounts and the Annual Report is adopted by the Annual General Meeting on 14th April 2011.

Note 2 Accounting principles

(a) Compliance with standards and legislative requirements

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative comments issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission for application within the EU. The Swedish Financial Reporting Board Recommendation RFR 1:3, Complementary accounting regulations for corporate groups, has also been applied, together with the directives and general guidelines issued by the Swedish Financial Supervisory Authority regarding the annual accounts of credit institutions and securities companies (FFFS 2008:25).

(b) Preconditions with regard to the preparation of financial reports of the Parent Company and Group

The Parent Company's functional currency is Swedish kronor, which also constitutes the reporting currency for both the Parent Company and the Group. The financial reports are accordingly presented in Swedish kronor. All amounts, unless otherwise indicated, are rounded off to the nearest million.

Assets and liabilities are reported at historic acquisition values, with the exception of certain financial assets and liabilities, which are valued at their fair value. Financial assets and liabilities that are valued at their fair value are assets and liabilities within the insurance business and shares and participations. The accounting principles described below for the Group have been applied consistently to all periods presented in the Group's financial reports, unless otherwise indicated below.

The Parent Company applies the same accounting principles as the Group other than in the cases specified below under section (s), Parent Company accounting principles.

(c) New IFRS and interpretations

IFRS and interpretations introduced in 2010

The amended standards, IFRS 3 R, "Business Combinations and IAS 27 R, "Consolidated and Separate Financial Statements", have had no effect on Avanza Bank in that no corporate acquisitions occurred in 2010, nor were there any changes in the ownership of subsidiary companies. IFRS 3R entails a number of changes to the accounting of business acquisitions that affect the size of reported goodwill, the reported result in the period in which the acquisition occurred, and future reported results. IAS 27R requires changes to proprietary holdings in a subsidiary that do not result in the loss of a controlling interest by the majority owner to be reported as shareholders' equity transactions. These transactions will consequently no longer give rise to goodwill and no profits and losses will be reported in conjunction with disposals, provided that control of the subsidiary is retained. Other new and amended IFRS standards and interpretations applied as of 2010 have also had no effect on Avanza Bank.

IFRS and interpretations which come into force in 2011 or thereafter

A number of new standards, amendments to standards, and interpretations do not come into force until the 2011 financial year, or thereafter, and have consequently not been applied when preparing these financial reports. The standard that may possibly affect Avanza Bank is IFRS 9.

IFRS 9, Financial Instruments: Recognition and Measurement: the standard constitutes the first step in a total revision of the existing IAS 39 standard. The standard will entail a reduction in the number of valuation categories for financial assets and reporting the principal categories at their acquisition value (accrued acquisition value) and fair value via the Income Statement. The possibility will exist, for certain investments in shareholders' equity instruments, to report these investments at fair value in the Balance Sheet with changes in value reported directly in other comprehensive income, where no transfer is made to the result for the period in conjunction with disposal. New rules have also been introduced governing the way in which changes in a company's own credit spread shall be presented when liabilities are valued at fair value. The standard will be complemented with rules governing write-downs, hedge accounting and derecognition. IFRS 9 must be applied for financial years commencing 1st January 2013 or thereafter. The standard has not, as yet been approved by the EU and the Group has not evaluated the effects of the new standard, pending the completion of all parts of the standard.

(d) Segment reporting

A segment is a part of the Group that can be identified in accounting terms and which engages in commercial operations, which receives income and incurs costs for which independent financial information exists, and whose operating profit is monitored by the management.

Avanza Bank's internal monitoring is conducted on the basis of the result for the Group as a whole, volume development for direct and indirect savings products, and expenditure per cost type. Avanza Bank consequently has no segments that meet the criteria for segment reporting in accordance with IFRS 8. All operations are conducted in Sweden and both income from external customers and fixed assets are attributable to Sweden.

(e) Classification

Fixed assets and long-term liabilities in the Parent Company and the Group comprise, in every significant respect, amounts that the Parent Company or Group expects to recover or to be paid more than twelve months after the closing day. Current assets and current liabilities in the Parent Company and the Group comprise, in every significant respect, amounts that the Parent Company or Group expects to recover or to be paid within twelve months from the closing day.

(f) Consolidation principles

Subsidiaries are companies over which Avanza Bank Holding AB has a controlling influence, i.e. a direct or indirect right to formulate a company's financial and operational strategies in order to obtain economic advantages.

Subsidiaries are reported in accordance with the acquisition method of accounting. Under this method, the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated acquisition value is determined by means of an acquisition analysis in conjunction with the operational acquisition. The analysis determines the acquisition value of the participations or the operations and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. The difference between the acquisition value of the subsidiary company shares and the fair value of the assets acquired, and the liabilities and contingent liabilities assumed, constitutes consolidated goodwill.

Subsidiaries' financial reports are included in the consolidated accounts as of the acquisition date, up to the date when the controlling influence ceases to obtain.

Restrictions on the transfer of funds to the Parent Company

The following subsidiary companies – Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB – are, in accordance with external regulations and legislative requirements, obliged to maintain a certain amount of shareholders' equity within the company, and restrictions thereby exist on the transfer of funds to the Parent Company, Avanza Bank Holding AB.

Transactions eliminated in conjunction with consolidation

Intra-Group receivables and liabilities, income or expenses, and unrealised profits or losses arising from intra-Group transactions between Group companies are eliminated in their entirety in conjunction with the preparation of the consolidated accounts.

(g) Foreign currencies

Transactions in foreign currencies are converted to Swedish kronor at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currencies are converted to Swedish kronor at the closing day exchange rate. Exchange rate differences arising in conjunction with the conversions are reported in the Income Statement.

(h) Income

Commission income

Commission income primarily comprises brokerage, fund commissions and other commissions. Brokerage is reported as income on the transaction date. Investment fund commission comprises the entry commission reported in conjunction with fund unit purchases and commission based on fund volume, which is recognised as income on a monthly basis, based on actual volume. Other commission income is reported as income at the rate it is earned.

Interest Income and interest expenses

Interest income and interest expenses are reported as income or expenses in the period to which they refer.

Net result of financial transaction

The profit/loss from financial transactions comprises realised and unrealised profits/loss from the sales and holdings of securities, participations and currencies. The profit/loss on assets and liabilities in the insurance operations are also reported here.

(i) Financial instruments

Financial instruments are defined in accordance with IAS 32 as agreements that give rise to a financial asset in a company and a financial liability or equity instrument in another company. A financial asset is an equity instrument in another company or assets that entail a contractual entitlement to immediate receipt of cash or other financial asset. A financial liability is a contractual obligation to pay cash or other financial asset to another company. Financial instruments are reported and valued in the Group in accordance with IAS 39 regulations.

A financial asset or financial liability is reported in the Balance Sheet on the transaction date, i.e. when the company becomes party to the instrument's contractual terms. The financial assets and liabilities are eliminated from the Balance Sheet when the rights to cash flows from the financial asset are realised, expire or the company loses control over them in some other way or when the obligation contained in the agreement is fulfilled or otherwise expires. The same applies to any part of a financial asset or financial liability.

Financial instruments are initially reported at the instrument's fair value, which corresponds to the acquisition cost plus direct transaction costs. Those instruments that fall within the category of Financial instruments valued at fair value via the Income Statement are, however, valued excluding transaction costs. Subsequent reporting is determined by the categories within which the instruments have been classified. See Note 29.

Financial assets valued at fair value via the Income Statement

Assets in this category consist of shares and participations held for securities trading purposes, and shares, participations and interest-bearing securities held for insurance business purposes.

The term, insurance operations assets, refers to assets used to cover liabilities arising from the Group's insurance agreements. Agreements in which significant insurance risks are transferred from the policyholder to the underwriter are referred to as insurance agreements and shall be reported in accordance with IFRS 4. Agreements which have the legal form of an insurance agreement but which do not expose the underwriter to any significant insurance risk are referred to as investment agreements and shall be reported in accordance with IAS 39. All insurance agreements within the Avanza Bank Group have conditional dividends in which the policyholder bears the risk of changes in value and these agreements are consequently reported as financial agreements in accordance with IAS 39.

Instruments are valued at fair value and have been identified as financial instruments valued at fair value via the Income Statement, without deductions for transaction costs, in conjunction with the first reporting instance. The majority of the securities in this category comprise listed securities and the fair value is determined by using the official closing price on the closing day. The fair value of securities without an active market is determined initially by obtaining pricing information from an unofficial market where the issuer values every individual security, and secondarily, by using the most recently completed transaction between parties who are mutually independent.

Changes in the value of securities held for trading purposes are reported in the Income Statement under Net result of financial transactions. The change in value also includes interest and dividends. Effects on the profit/loss in respect of insurance operations assets correspond to the change in value of insurance operations liabilities and the net is, therefore, zero.

Financial assets valued at fair value are classified through the use of a hierarchy for fair value that reflects the significance of the input data used in the valuations. The hierarchy contains the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

The level of the hierarchy for fair values where the valuation at fair value is categorised in its entirety shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. To this end, the assessment of the significance of the input data is conducted with regard to the valuation at fair value in its entirety. See Note 29.

Loan receivables and accounts receivable

This category primarily includes lending to credit institutions, lending to the public, securities trading receivables and accounts receivable.

Loan receivables and accounts receivable are valued at the accrued acquisition value, less confirmed credit losses and probable write-downs. Lending to credit institutions constitutes bank balances. The majority of other assets comprise claims on securities settlement proceeds

Avanza Bank has no corporate financing, mortgages, consumer credits or other forms of credit normally associated with banking operations. All loans to the public – known as account credits – have security in the form of credits. Receivables no longer covered by collateral are depreciated to the amount that the Group expects to recover. Avanza Bank's customers largely comprise private persons and the risk of credit losses is linked to every customer's security. Provision in respect of probable credit losses is made if the security is insufficient to cover the amount lent in respect of loan amounts and interests.

Financial liabilities valued at fair value via the Income Statement

Insurance operations liabilities are reported in this category because corresponding assets are valued at fair value via the Income Statement. The liabilities have been identified as financial liabilities valued at fair value via the Income Statement without deductions for transaction costs when the asset was first reported. The valuation is based on the fair value of the underlying assets; see *Financial assets valued at fair value via the Income Statement*.

Other financial liabilities

Financial liabilities in this category are primarily reported under the Deposits by the public, Accounts payable, and Other liabilities Balance Sheet items. Other financial liabilities are, as with loan receivables and accounts receivable, valued at the accrued acquisition value.

(j) Tangible fixed assets

Tangible fixed assets are reported as assets in the Balance Sheet if it is likely that future economic benefits will accrue to the company and the acquisition value of the asset can be reliably calculated.

Tangible fixed assets are reported in the Group at their acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and costs directly attributable to the asset. The accounting principles for write-downs are shown below under (l) Write-downs.

Tangible fixed assets are eliminated from the Balance Sheet in conjunction with retirement or disposal. Profits and losses are reported as Other operating income/expenses.

Depreciation principles

Depreciation is effected linearly over the estimated useful life of the asset.

Estimated useful life:

- computers and other technical installations 3 years
- equipment 5 years

The residual value and useful life of an asset is assessed annually.

(k) Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of the operational acquisition and the fair value of assets acquired, liabilities assumed, and any contingent liabilities. The Group has not, in conjunction with the transition to IFRS and with regard to goodwill in acquisitions that took place before 1st January 2004, applied IFRS retroactively; rather, as of 1st January 2004, the reported value will henceforth comprise the Group's acquisition

value, after evaluation for write-downs. Goodwill is valued at the acquisition value less any accumulated write-downs. Goodwill is tested annually for any write-down requirement, or as soon as there are indications that the asset has depreciated.

Development charges

Charges for development, where knowledge is applied to achieve new or improved products or processes, are reported as an asset in the Balance Sheet, if the product or process is technically and commercially viable and the company has sufficient resources to complete the development and, thereafter, to use or sell the intangible asset and the acquisition value can be reliably calculated. Charges are otherwise carried as an expense as they arise.

Customer relations

Customer relations are reported at estimated fair value at the time at which the Group assumed risks and benefits regarding subsidiaries affected. Customer relations have a limited period of use, and are reported at acquisition value less accumulated depreciation and any write-downs.

Depreciation

Depreciation is reported in the Income Statement linearly over the estimated useful life of the intangible asset. Depreciable intangible assets are depreciated from the date when they are available for use. The estimate useful life periods are:

– patents and trademarks	5 years
– development charges brought forward	5 years
– customer relations	5 years

(1) Write-downs

The reported values for the Group's assets are assessed on every closing day to determine whether there is any indication of a write-down requirement. If any such indication exists, the asset's recoverable value is calculated.

The recoverable value of goodwill and other intangible assets with indeterminable useful life periods, and intangible assets not yet ready for use, is calculated annually.

A write-down is reported when the reported value of an asset exceeds the recoverable value. A write-down is charged to the Income Statement.

Calculation of the recoverable value

The recoverable value of other assets is whichever is the higher of the fair value minus sale costs, and the value in use. When calculating the value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest rates and the risk associated with the specific asset. The recoverable value for the cash-generating unit to which the asset belongs is calculated for any asset that does not generate cash flows that are significantly independent of other assets.

Reversal of write-downs

Write-downs are reversed if a subsequent increase in the recoverable value can objectively be attributed to an event that occurred after the write-down had occurred.

Write-downs on goodwill are not reversed.

(m) Leased assets

Leasing is classified in the consolidated accounts as either financial or operational leasing. Financial leasing exists when the economic risks and benefits associated with ownership have, in every significant respect, been transferred to the lessee. If this is not the case, operational leasing is deemed to exist. The only type of leasing in which Avanza Bank is engaged is operational leasing.

Under operational leasing, the leasing charge is booked linearly over the duration of the lease, which can differ from the sum de facto paid as a leasing charge during the year.

(n) Dividend paid

Dividends are reported as liabilities once the Annual General Meeting of the shareholders of the company has approved the Board's dividend proposal.

(o) Remuneration to employees

Occupational pensions are obtained through defined contributed pension plans, in a manner corresponding to the ITP 1-plan. Pension costs refer primarily to health insurance contributions. Undertakings in respect of payments to defined-contribution plans are reported as a cost in the Income Statement as they arise.

(p) Provisions

A provision is reported in the Balance Sheet when the Group has an existing legal or informal undertaking as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to regulate the undertaking and a reliable estimate of the amount can be made.

(q) Taxes

Income taxes comprise current tax and deferred tax. Income taxes are reported in the Income Statement other than when the underlying transaction is reported under other comprehensive income or is reported directly to shareholders' equity, at which point the associated fiscal effect is reported in the corresponding manner.

Current tax is the tax payable or which is received in respect of the current year, applying the rates of taxation approved, or approved in practice, as of the closing day. This also includes adjustments of current tax attributable to previous periods.

Deferred tax is calculated using the Balance Sheet method on the basis of temporary differences between the reported and fiscal values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that arose in conjunction with the first reporting of goodwill, the first reporting of assets and liabilities that do not constitute operational acquisitions and which, at the time of the transaction, did not affect either the reported or the fiscal profit/loss. The valuation of deferred tax is based on the way

in which the reported values of assets or liabilities are expected to be realized or regulated. Deferred tax is calculated by applying the rates of taxation and taxation rules approved, or approved in practice, as of the closing day.

Deferred tax receivables in respect of deductible temporary differences and deficit deductions are only reported to the extent that it is likely that it will be possible to utilize them.

(r) Contingent liabilities

A contingent liability is reported when there is a possible undertaking that arises from events that have occurred and whose existence is only confirmed by one or more uncertain future events, or when there is an undertaking that is not reported as a liability or provision because it is not likely that an outflow of resources will be required or the size of the undertaking cannot be calculated with sufficient reliability.

(s) The Parent Company's accounting principles

The Parent Company has prepared its Annual Report in accordance with the provisions of the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2:3, Accounting for legal entities, of the Swedish Financial Reporting Board. Under RFR 2:3, the parent company, in its annual accounts for the legal entity, shall apply all IFRS regulations and statements approved by the EU, as far as possible, albeit with lower requirements with regard to supplementary information, within the framework of the Swedish Annual Accounts Act and with regard to the connection between accounting and taxation. The differences between the accounting principles of the Group and the Parent Company are shown below.

The accounting principles for the Parent Company described below have been applied consistently to all periods presented in the Parent Company's financial reports.

Participations In Group companies

Participations in Group companies are reported in the Parent Company in accordance with the acquisition value method of accounting. Dividends received are reported as income when the right to receive payment is adjudged to be certain.

Group contributions and shareholders' contributions

Group contributions that shall be equated to a dividend are reported as a dividend. Group contributions received, and their relevant fiscal effects, are consequently reported over the Income Statement. Group contributions, and their relevant fiscal effects, are reported directly to retained profits.

Group contributions that shall be equated to a shareholder's contribution are reported, taking into account the relevant fiscal effect, directly by the recipient against retained profits. The donor reports the Group contribution, and its relevant fiscal effect, as an investment in participations in Group companies, to the extent that write-downs are not required.

Notes that have no direct reference to Income Statements or Balance Sheets:

Note 31 Capital requirements and financial risks

Note 32 Associated parties

Note 33 Important estimates and evaluations

Note 34 Events after the closing day

Note 3 Commission income

SEK m	2010	2009
Brokerage	372	343
Fund commissions	81	48
Other commissions	88	73
Total	541	464

Note 4 Commission expenses

SEK m	2010	2009
Transaction costs	-43	-43
Payment services commissions	-6	-6
Other commissions	-19	-19
Total	-68	-68

Note 5 Net interest items

SEK m	2010	2009
<i>Interest income</i>		
Interest income from lending to credit institutions	43	61
Interest income from lending to the public	131	77
Other interest income	0	0
Total	174	138
<i>Interest expenses</i>		
Interest expenses for liabilities to credit institutions	0	0
Interest expenses for deposits from the public	-17	-20
Other interest expenses	0	0
Total	-17	-20
Net interest items	157	118

The average lending rate to account customers during the year was 3.48 per cent (3.82 %). The average deposits rate from accounts with surplus liquidity during the year was 0.19 per cent (0.28 %). SEK 0 million (SEK 0 m) of the Parent Company's interest income refers to income from Group companies and SEK 0 million (SEK 0 m) to interest expenses from Group companies.

Note 6 Net result of financial transactions

SEK m	2010	2009
Realised profit/loss in respect of shares, etc.*	0	1
Unrealised profit/loss in respect of Burgundy **	-9	0
Exchange rate fluctuations	0	0
Change in value of insurance operations assets**	3,905	4,931
Change in value of insurance operations liabilities**	-3,905	-4,931
Total	-9	1

* Financial instruments held for trading purposes.

** Have been identified, in conjunction with reporting, as financial instruments valued at fair value via the Income Statement.

Note 7 General administration costs

SEK m	2010	2009
Salaries and other remuneration	-119	-95
Pension costs	-2	-1
Social insurance charges	-35	-28
Other staff overheads	-10	-5
Consultancy services purchased	-18	-10
Market information costs	-12	-12
Other general administration costs	-45	-41
Total	-241	-192

Salaries, other remuneration and payroll overhead

SEK m	2010		2009	
	Salaries and other remuneration	Payroll overhead (of which pension costs)	Salaries and other remuneration	Payroll overhead (of which pension costs)
<i>The Group</i>	119	37	95	29
		(2)		(1)
of which the Board of Directors and senior executives	13	4	13	4
		(0)		(0)
<i>Parent Company</i>	2	1	2	1
		(-)		(-)
of which the Board and MD	2	1	2	1
		(-)		(-)

Average no. employees	No. employees	Of whom, men	No. employees	Of whom, men
Parent Company	1	1	1	1
Subsidiaries	224	144	184	115
Total	225	145	185	116

The Group has no employees outside Sweden. At the end of the year there was a total of 244 (194) Group employees. Normal employment terms comprise salary and benefits. Occupational pensions are obtained through defined contribution pension plans, in a manner corresponding to the ITP 1-plan. Pension costs refer primarily to health insurance contributions.

Information regarding senior executives

The term, senior executive, refers to the Managing Director and the five (four) other persons who hold senior positions. Together, they make up the Group management.

Remuneration to senior executives during the financial year

Fees are payable to the Chairman of the Board and Board Members in accordance with the resolutions of the 2010 Annual General Meeting. The Chairman of the Board has not received any remuneration in addition to Director's fees. Remuneration to the Managing Director and other senior executives comprises the basic salary and variable remuneration. Variable remuneration has been paid for performances over and above those normally expected. The variable remuneration paid to senior executives in 2010 totalled SEK 4.8 (SEK 5.3 m), of which SEK 2.4 million (SEK 2.5 m) was paid to the Managing Director.

Remuneration to the Managing Director for the 2010 financial year has been decided by the Board of Directors. Remuneration to other senior executives has been decided by the Managing Director after consultation with the Board's Remuneration Committee. The term, senior executives, refers to the five persons who, together with the Managing Director, comprise the Group management. For the composition of the Group management at the end of the financial year, see page 97. Members of the Group management have acquired warrants on market terms in accordance with the warrant programme approved by the Annual General Meeting held on 15th April 2008. The total remuneration paid to members of the Group management shall be on market terms. Details of the company's remuneration policy are provided on the avanza.com website.

SEK k	2010			
	Basic salary / Directors' fees	Variable remuneration	Pension cost	Total
The Group				
Chairman of the Board	177	–	–	177
Members of the Board	793	–	–	793
Managing Director	1,949	2,387	17	4,353
Other senior executives	6,371	2,387	113	8,871
Total	9,290	4,774	130	14,194

SEK k	2009			
	Basic salary / Directors' fees	Variable remuneration	Pension cost	Total
The Group				
Chairman of the Board	175	–	–	175
Members of the Board	861	–	–	861
Managing Director	1,773	2,548	19	4,340
Other senior executives	4,814	2,752	84	7,650
Total	7,623	5,300	103	13,026

Members of the Board

SEK k	2010		2009	
	Directors' fees	Other remuneration	Directors' fees	Other remuneration
Sven Hagströmer	177	–	175	–
Hans Bergenheim	153	–	151	–
Anders Elsell	214	–	211	–
Mattias Miksche	117	–	116	–
Mikael Nachemson	39	–	116	–
Andreas Rosenlew	117	–	116	–
Nicklas Storåkers	–	–	–	–
Jaqueline Winberg	153	–	151	–
Total	970	–	1,036	–

Directors' fees carried as expenses and not disbursed total SEK 18,000 for 2010.

There were 6 (5) senior executives in the Group during the greater part of the year, 5 (4) of whom were men. The Board has 7 (8) members, 6 (7) of whom are men.

The Managing Director has a 6-month period of notice if the contract of employment is terminated by the Managing Director himself, and 12 months if the contract of employment is terminated by the company. The period of notice for other senior executives if they themselves terminate their contracts of employment have 6 months, and 6 months if the contracts of employment are terminated by the company. There are no severance pay agreements for the Managing Director or senior executives. The retirement age for the Managing Director and other senior executives is 65. Avanza Bank has no pension commitments for senior executives.

Absence due to sickness

The Group	2010	2009
Absence due to sickness, %	2.0	2.6
men	1.6	1.8
women	2.9	3.8
Absence due to sickness by age interval		
Under 29 years old	2.4	2.4
30 to 49 years old	1.8	2.6
over 50 years old	2.3	3.7
Long-term absence due to sickness*	0.0	8.7

* Share of total absence due to sickness.

Financial instruments, warrants

Subsidiary programme 1	Warrants 2008–2011				Market value SEK k
SEK k	Number	Value*	Acquisition	Benefit	31st Dec 10
Managing Director	150,000	990	990	–	13,335
Other senior executives	127,880	844	844	–	11,386
Total	277,880	1,834	1,834	–	24,741

Subsidiary programme 2		Warrants 2009–2012			Market value SEK k
SEK k	Number	Value*	Acquisition	Benefit	31st Dec 10
Managing Director	50,070	275	275	–	3,757
Other senior executives	182,090	1,002	1,002	–	13,664
Total	232,160	1,277	1,277	–	17,421

Subsidiary programme 3	Warrants 2010–2013				Market value SEK k
SEK k	Number	Value*	Acquisition	Benefit	31st Dec 10
Managing Director	97,400	701	701	–	1,088
Other senior executives	164,950	1,188	1,188	–	1,842
Total	262,350	1,889	1,889	–	2,930

* Market value on acquisition date.

Subsidiary programmes 1, 2 and 3 were acquired at market price in May 2008, May 2009 and May 2010 respectively. The market value has been calculated in accordance with the Black & Scholes valuation model. For terms and exercise prices, see note 25.

Auditors' fees and reimbursement of expenses

The Group, SEK k	2010	2009
Ernst & Young		
Audit engagements	–1,031	–1,041
Audit business over and above audit engagements	–132	–
Tax consultancy	–982	–902
Other services	0	–
Total	–2,145	–1,943

The total cost of independent auditing carried out by external consultants during the year was SEK 475 thousand (SEK 287 k).

The Parent Company

The total remuneration payable for the financial year comprises SEK 417 thousand (SEK 516 k) for audit engagements and SEK 155 thousand (SEK 172 k) for other assignments.

The term, audit engagement, refers to the auditing of the Annual Report and the bookkeeping and of the administration by the Board of Directors and the Managing Director, to other duties incumbent upon the company's auditors, and to the provision of advice or other assistance occasioned by observations in conjunction with such audits or the performance of other such duties. All other activities are classified as Other engagements.

Note 8 Leasing charges for operational leasing

SEK m	2010	2009
<i>Assets held via operational leasing agreements (refers to leasing of premises)</i>		
Minimum leasing charges	-9	-8
Total leasing costs	-9	-8
<i>Agreed future minimum leasing charges in respect of uncancelable contracts and which fall due for payment</i>		
Within one year	-13	-9
Between one and five years	-60	0
Later than five years	-22	-
Total	-95	-9

Note 9 Depreciation of tangible and intangible fixed assets

SEK m	2010	2009
Depreciation of intangible fixed assets	-3	-3
Write-downs of goodwill	-3	-
Depreciation of tangible assets	-5	-5
Total	-11	-8

Note 10 Other operating expenses

SEK m	2010	2009
Marketing costs	-23	-22
Other operating expenses	-15	-13
Total	-38	-35

Note 11 Credit losses, net

SEK m	2010	2009
Year's depreciation of confirmed credit losses	0	0
Reversal of provisions previously made for anticipated credit losses reported in the annual accounts as confirmed losses	-	-
Year's depreciation of anticipated credit losses	-	-
Reversal of provisions for anticipated credit losses no longer required	-	-
Net cost of credit losses for the year	0	0

Note 12 Profit/loss on Group participations

Parent Company, SEK m	2010	2009
Dividend received (anticipated)	197	216
Group contribution received	6	7
Write-downs	-7	-
Reversal of write-downs (Avanza Bank AB)	200	-
Total	396	223

Note 13 Tax on profit/loss for the year

SEK m	The Group		Parent Company	
	2010	2009	2010	2009
<i>Current tax expense (-)/tax income (+)</i>				
Tax expense (-)/tax income (+) for the period	-61	-53	0	0
Total current tax	-61	-53	0	0
<i>Deferred tax expense (-)/tax income (+)</i>				
Deferred tax in respect of temporary differences	1	1	-	-
Total deferred tax	1	1	-	-
Total reported tax expense	-60	-52	0	0
<i>Reconciliation of effective tax</i>				
Profit/loss before tax	331	280	381	216
Tax at current rate of taxation	26.3 %	26.3 %	26.3 %	26.3 %
Non-deductible costs	0.1 %	0.4 %	0.0 %	0.0 %
Non-taxable income	0.9 %	-0.1 %	-26.3 %	-26.3 %
Other tax base in insurance operations	-9.2 %	-7.9 %	-	-
Adjustment of previous year's tax expense	0.0 %	0.0 %	-	-
Total deferred tax	0.1 %	0.0 %	-	-
Effective tax	18.1 %	18.7 %	0.0 %	0.0 %

There are no loss carry forwards in the Group.

Deferred tax in temporary differences and loss carry forwards

The Group	Amount at years end	
	2010	2009
Deferred tax receivable	1	1
Deferred tax liability	0	0
Net	1	1

The temporary differences refer to depreciation of computers which are, for accounting purposes, depreciated over three years, and for tax purposes, over five years.

As previously announced, Avanza Pension has applied for an advance ruling from the Council for Advance Tax Rulings on the way in which fund commissions from external fund managers will be taxed. A ruling on the issue was received on 31st May 2010 and was to Avanza Pension's detriment. Avanza Pension appealed the ruling to the Supreme Administrative Court in August 2010. If the Supreme Administrative Court confirms the ruling by the Council for Advance Tax Rulings, the company's tax expenses in relation to the 2006–2010 income years would increase by a total of SEK 15 million. A ruling detrimental to the company could entail an increase in the company's total tax expense in future.

Note 14 Earnings per share

SEK	2010	2009
Earnings per share before dilution	9.77	8.27
Earnings per share after dilution	9.62	8.24

Earnings per share before dilution

The calculation of earnings per share has been based on the profit/loss for the year after tax, which totalled SEK 271 million (SEK 228 m), relative to a weighted average number of shares outstanding before dilution in 2010, which figure totalled 27,738,621 (27,577,610).

Earnings per share after dilution

The calculation of earnings per share after dilution has been based on the profit/loss for the year, which totalled SEK 271 million (SEK 228 m), relative to a weighted average number of shares outstanding after dilution in 2010, which figure totalled 28,177,215 (27,655,267).

Avanza Bank has three outstanding warrant programmes: 2008–2011 (subsidiary programme 1), the exercise price of which is SEK 138.43 SEK per share, 2009–2012 (subsidiary programme 2), the exercise price of which is SEK 125.16 SEK per share, and 2010–2013 (subsidiary programme 3), the exercise price of which is SEK 268.46 per share. The market price, as of 30th December 2010, was SEK 234.00.

Number of shares	2010	2009
Average no. shares before dilution	27,738,621	27,577,610
Average no. shares after dilution	28,177,215	27,655,267
Outstanding no. shares before dilution	27,957,470	27,577,610
Outstanding no. shares after dilution	28,458,521	27,772,877
No. shares on full dilution	29,681,160	29,104,930

Note 15 Lending to the public

SEK m	31st Dec 10	31st Dec 09
Lending to the public	3,861	3,124
Total	3,861	3,124

Lending to the public is reported after deductions for confirmed and anticipated credit losses. At year-end 31st December 2010, there were no anticipated credit losses. All loans, known as account loans, are secured by collateral in the form of securities.

Provisions for bad debts

SEK m	31st Dec 10	31st Dec 09
Provisions at beginning of year	1	1
Provision for anticipated losses	0	0
Provisions at end of year	1	1

Note 16 Shares and participations

SEK m	31st Dec 10	31st Dec 09
Shares and participations, quoted	5	1
Shares and participations, unquoted	9	11
Total	14	12

Note 17 Insurance operations assets and liabilities

SEK m	31st Dec 10	31st Dec 09
<i>Financial assets, insurance operations</i>		
Shares and participations	26,801	16,862
Interest-bearing securities	363	348
Liquid assets	1,929	1,430
Total	29,093	18,640
<i>Financial liabilities, insurance operations</i>		
Conditional bonus	29,093	18,640
Net	0	0

All insurance operations' assets refer to assets for which the policyholders carry direct investment risk. All insurance operations liabilities refer to conditional bonuses for which the policyholders bear the direct risk. This means that the policyholders receive yields but also cover the risk entailed by the insurance operations assets and liabilities. The Group has no entitlement to the cash flow attributable to invested funds. Both the assets and liabilities are valued in accordance with the financial assets and liabilities category valued at fair value via the Income Statement. The net effect on profit/loss of securities acquired, unrealised changes in value, realised changes in value, interest and dividends received and premiums paid and changes in value of the liability is zero.

Note 18 Intangible fixed assets

SEK m	31st Dec 10	31st Dec 09
Goodwill		
<i>Acquisition values</i>		
At beginning of year	26	26
At end of year	26	26
<i>Write-downs</i>		
At beginning of year	–	–
Year's write-downs	–3	–
At end of year	–3	–
Reported value at end of year	23	26
Other intangible assets		
<i>Acquisition values</i>		
At beginning of year	29	30
Year's investments	0	0
Year's disposals	–2	–1
At end of year	27	29
<i>Depreciation</i>		
At beginning of year	–24	–21
Year's depreciation	–2	–4
Year's disposals	2	1
At end of year	–24	–24
Reported value at end of year	3	5
Total intangible fixed assets	26	31

The goodwill in the Group derives from the acquisitions in 2001 of parts of the operations now conducted within the Group and totalling SEK 23 million. Other intangible assets comprise software licences and customer relations deriving from the acquisition of Placera Media Stockholm AB.

The year's impairment testing has resulted in a write-down of goodwill in respect of Placera Media Stockholm AB totalling SEK 3 million. The banking operations' profit/loss exceeds the goodwill value by a good margin on a per year basis.

Note 19 Tangible assets

SEK m	31st Dec 10	31st Dec 09
The Group		
<i>Acquisition value</i>		
At beginning of year	30	29
Year's investments	12	4
Year's disposals	0	-3
At end of year	42	30
<i>Depreciation</i>		
At beginning of year	-23	-21
Year's depreciation	-5	-5
Year's disposals	0	3
At end of year	-28	-23
Reported value at end of year	14	7

Note 20 Other assets

SEK m	31st Dec 10	31st Dec 09
Securities trading receivables	542	481
Other	25	20
Total	567	501

Note 21 Prepaid costs and accrued income

SEK m	31st Dec 10	31st Dec 09
Prepaid costs	13	12
Accrued income	20	15
Total	33	27

Note 22 Deposits by the public

Over and above the deposits reported in the Balance Sheet, Avanza Bank had deposits in client fund accounts from third parties, corresponding to SEK 776 million (SEK 747 m), as of 31st December 2010.

Note 23 Other liabilities

SEK m	31st Dec 10	31st Dec 09
Securities trading liabilities	89	100
Accounts payable	10	6
Other	29	22
Total	128	128

Note 24 Accrued costs and prepaid income

SEK m	31st Dec 10	31st Dec 09
Personnel-related liabilities	22	15
Other	15	14
Total	37	29

Note 25 Shareholders' equity

As of 31st December 2010, the registered share capital comprised 27,957,470 (27,577,610) ordinary shares with a nominal value of SEK 2.50 per share. Avanza Bank has not acquired any of its own shares in 2010. There are a total of 27,957,470 outstanding shares. Other capital contributed refers to shareholders' equity contributed by the owners. The retained profit, including the net profit/loss for the year includes profits/losses earned in the Parent Company and its subsidiaries.

Dividend

After the closing day, the Board proposed a dividend of SEK 9.50 (SEK 8.00) per share, for a total of SEK 266 million (SEK 221 m). The dividend will be submitted by the Annual General Meeting, to be held on 14th April 2011.

Warrants

The warrants programme comprises 1,723,690 shares, which corresponds to a dilution of 6 per cent. The warrants programme is divided up into three subsidiary programmes and the warrants programme as a whole runs from July 2008 to May 2013. Outstanding warrants 2008–2011 (subsidiary programme 1) grant entitlement to subscribe for a total of 569,690 new shares at an exercise price of SEK 138.43 per share. The term runs up to and including 27th May 2011. The warrants can be exercised from 2nd May 2011 up to and including 27th May 2011. Outstanding warrants 2009–2012 (subsidiary programme 2) grant entitlement to subscribe for a total of 577,000 new shares at an exercise price of SEK 125.16 per share. The term runs up to and including 25th May 2012. The warrants can be exercised from 2nd May 2012 up to and including 25th May 2012. Outstanding warrants 2010–2013 (subsidiary programme 3) grant entitlement to subscribe for a total of 577,000 new shares at an exercise price of SEK 268.46 per share. The term runs up to and including 24th May 2013. The warrants can be exercised from 2nd May 2013 up to and including 24th May 2013. The warrants are issued at the market rate by using the Black & Scholes model to determine their value.

No. outstanding shares	
31-12-2009	27,577,610
New issue (exercise of warrants)	379,860
31-12-2010	27,957,470

Note 26 Shares and participations in Group companies

SEK m	2010	2009
<i>Acquisition value</i>		
At beginning of year	414	442
Shareholders' contribution	–	–28
Liquidation of subsidiaries	414	414
<i>Accumulated write-downs</i>		
At beginning of year	–200	–228
Reversal of write-down of shares in subsidiary (Avanza Bank AB)	200	–
Write-down of shares in subsidiary (Placera Media Stockholm AB)	–7	–
Liquidation of subsidiary	–	28
At end of year	–7	–200
Reported value at end of year	408	214

	Corporate ID no.	Registered office	No. shares	% of shares	Book value
Avanza Bank AB	556573-5668	Stockholm	550,000	100	366
Avanza Fonder AB	556664-3531	Stockholm	31,000	100	3
Försäkringsaktiebolaget Avanza Pension	516401-6775	Stockholm	350,000	100	39
Placera Media Stockholm AB	556642-9592	Stockholm	1,000	100	0
Total					408

Note 27 Segment information

Avanza Bank has no segments that meet the criteria of IFRS 8. All operations are conducted in Sweden and both income from external customers and fixed assets are attributable to Sweden.

The operating income breaks down into the following product areas/service groups:

SEK m	2010	2009
Direct savings products	376	314
Indirect savings products	188	123
Other services	21	15
Total income from external customers	586	452
Other income	36	63
Total operating income	621	515

Direct savings products refers to shares, investment fund and savings accounts. Indirect savings products refers to pension and insurance accounts. Other services includes asset management services, corporate finance, etc. Other income refers, primarily, to interest income from lending to credit institutions.

There is no single customer who generates income that exceeds 10 per cent of the Group's income. Avanza Bank offers a diversified portfolio of savings services in strongly competitively markets and the Group's reliance on individual customers is, therefore, limited.

Note 28 Terms for assets and liabilities

Remaining term (book value)

SEK m 31st Dec 10	Upon request	<3 months	3–12 months	1–5 yrs	>5 yrs	Per- petual	Total
<i>Assets</i>							
Treasury bills eligible for refinancing	–	300	–	–	–	–	300
Lending to credit institutions	6,334	–	–	–	–	–	6,334
Lending to the public	–	3,861	–	–	–	–	3,861
Shares and participations	–	–	–	–	–	14	14
Assets in insurance operations*	–	22,041	218	2,050	4,784	–	29,093
Intangible assets	–	–	–	–	–	26	26
Tangible assets	–	–	–	–	–	14	14
Other assets	–	567	–	–	–	–	567
Deferred tax receivables	–	–	–	1	–	–	1
<i>Accrued income and prepaid costs</i>							
prepaid costs	–	33	–	–	–	–	33
Total assets	6,334	26,802	218	2,051	4,784	54	40,243
<i>Liabilities</i>							
Deposits by the public	10,159	–	–	–	–	–	10,159
Insurance operations liabilities*	–	22,041	218	2,050	4,784	–	29,093
Current tax liability	–	13	–	–	–	–	13
Deferred tax liabilities	–	–	–	0	–	–	0
Other liabilities	–	128	–	–	–	–	128
<i>Accrued costs and prepaid income</i>							
prepaid income	–	37	–	–	–	–	37
Total liabilities	10,159	22,219	218	2,050	4,784	–	39,430

* 100 per cent of the distribution of endowment insurance terms is within <3 months. 3 per cent of the terms for endowment pensions are within <3 months, 8 per cent are between 3–12 months, 68 per cent are of 1–5 years, and 21 per cent are >5 years. 10 per cent of private pension insurance terms are 1–5 years and 90 per cent are >5 years. 5 per cent of the terms for occupational pensions are 1–5 years and 95 per cent are >5 years.

Remaining term (book value)

SEK m 31st Dec 09	Upon request	<3 months	3–12 months	1–5 yrs	>5 yrs	Per- petual	Total
<i>Assets</i>							
Lending to credit institutions	5,452	–	–	–	–	–	5,452
Lending to the public	–	3,124	–	–	–	–	3,124
Shares and participations	–	–	–	–	–	12	12
Assets in insurance operations*	–	13,564	–	2,089	2,987	–	18,640
Intangible assets	–	–	–	–	–	31	31
Tangible assets	–	–	–	–	–	7	7
Other assets	–	501	–	–	–	–	501
Deferred tax receivables	–	–	–	1	–	–	1
Accrued income and prepaid costs	–	27	–	–	–	–	27
Total assets	5,452	17,216	–	2,090	2,987	50	27,795
<i>Liabilities</i>							
Deposits by the public	8,294	–	–	–	–	–	8,294
Insurance operations liabilities*	–	13,564	–	2,089	2,987	–	18,640
Current tax liability	–	11	–	–	–	–	11
Deferred tax liabilities	–	–	–	0	–	–	0
Other liabilities	–	128	–	–	–	–	128
Accrued costs and prepaid income	–	29	–	–	–	–	29
Total liabilities	8,294	13,732	–	2,089	2,987	–	27,102

* 100 per cent of the distribution of endowment insurance terms is within <3 months. 75 per cent of the terms for endowment pensions are of 1–5 years and 25 per cent are >5 years. 10 per cent of the private pension insurance terms are 1–5 years and 90 per cent are >5 years. 5 per cent of the terms for occupational pensions are 1–5 years and 95 per cent are > 5 years.

Note 29 Financial instruments

Classification of financial information

SEK m, 31st Dec 10	Financial instruments valued at fair value via Income Statement	Loan recepta- bles and accounts receivable	Other financial liabilities	Non- financial instru- ments	Total
<i>Assets</i>					
Treasury bills eligible for refinancing		300			300
Lending to credit institutions	–	6,333	–	–	6,333
Lending to the public	–	3,861	–	–	3,861
Shares and participations	14*	–	–	–	14
Insurance operations assets	29,093**	–	–	–	29,093
Intangible fixed assets	–	–	–	26	26
Tangible assets	–	–	–	14	14
Other assets	–	568	–	–	568
Deferred tax receivables	–	–	–	1	1
Prepaid costs and accrued income	–	20	–	13	33
Total assets	29,107	11,082	–	54	40,243
<i>Liabilities</i>					
Deposits by the public	–	–	10,159	–	10,159
Insurance operations liabilities	29,093**	–	–	–	29,093
Current tax liability	–	–	–	13	13
Deferred tax liabilities	–	–	–	–	–
Other liabilities	–	–	128	–	128
Accrued costs and prepaid income	–	–	21	16	37
Total liabilities	29,093	–	10,308	29	39,430

* SEK 5 million held for trading purposes (on the customer's behalf).

** Have been identified, in conjunction with initial reporting, as financial instruments valued at fair value via the Income Statement.

Financial instruments valued at fair value

SEK m, 31st Dec 10	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	17,875	161	9	18,045
Fund units	1,384	6,950	–	8,334
Bonds and other interest-bearing securities	563	218	–	781
Other securities	2	16	–	18
Liquid assets	–	–	–	1,929
Total assets	19,824	7,345	9	29,107
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	29,093	–	29,093
Total liabilities	–	29,093	–	29,093
Level 3				
31-12-2009				11
Buy				7
Change in value, unrealised				–9
31-12-2010				9

Classification of financial information

SEK m, 31st Dec 09	Financial instruments valued at fair value via Income Statement	Loan receiva- bles and accounts receivable	Other financial liabilities	Non- financial instru- ments	Total
<i>Assets</i>					
Lending to credit institutions	–	5,452	–	–	5,452
Lending to the public	–	3,124	–	–	3,124
Shares and participations	12*	–	–	–	12
Insurance operations assets	18,640**	–	–	–	18,640
Intangible fixed assets	–	–	–	31	31
Tangible assets	–	–	–	7	7
Other assets	–	501	–	–	501
Deferred tax receivables	–	–	–	1	1
Prepaid costs and accrued income	–	15	–	12	27
Total assets	18,652	9,092	–	51	27,795
<i>Liabilities</i>					
Deposits by the public	–	–	8,294	–	8,294
Insurance operations liabilities	18,640**	–	–	–	18,640
Current tax liability	–	–	–	11	11
Deferred tax liabilities	–	–	–	–	–
Other liabilities	–	–	128	–	128
Accrued costs and prepaid income	–	–	15	14	29
Total liabilities	18,640	–	8,437	25	27,102

* SEK 1 million held for trading purposes (on the customer's behalf).

** Have been identified, in conjunction with reporting, as financial instruments valued at fair value via the Income Statement.

Financial instruments valued at fair value

SEK m, 31st Dec 09	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	11,123	252	11	11,386
Fund units	989	4,322	–	5,311
Bonds and other interest-bearing securities	472	37	–	509
Other securities	2	14	–	16
Liquid assets	–	–	–	1,430
Total assets	12,586	4,625	11	18,652
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	18,640	–	18,640
Total liabilities	–	18,640	–	18,640

Fair value

All financial instruments are initially reported at the instrument's fair value, which corresponds to the acquisition cost. Subsequent reporting is determined by the valuation category within which the financial instrument have been classified.

The book value and fair value of financial instruments reported at accrued acquisition value and which carry a variable interest rate, or where the term is short, correspond.

The fair value of those financial instruments that are reported at fair value via the Income Statement, primarily comprising assets and liabilities within the insurance operations, is determined on the basis of the listed bid prices on the closing day of the assets in question. If no active market exists, the valuation methods described in Note 2 to Avanza Bank's annual accounts are used.

Not 30 Pledged assets and contingent liabilities

SEK m	31st Dec 10	31st Dec 09
Pledged assets		
<i>in the form of assets pledged on behalf of customers</i>		
Securities loans	54	33
Collateral requirement, OM derivatives	149	148
<i>Other pledged collateral and security</i>		
Securities liquidation, Euroclear	200	200
Securities liquidation, EMCF	154	105
Securities liquidation, EMCF, clearing fund	9	10
Securities liquidation, Finska APK	9	10
Securities liquidation, Norges Bank	8	9
Securities liquidation, Danmark VPS	24	28
National Bank of Sweden clearing	100	100
Total pledged assets	707	643

Pledged assets total SEK 707 million, of which SEK 698 million refers to lending to external credit institutions and SEK 9 million to other assets. Assets pledged on behalf of customers refer to security loans. Counterparties to equity loans are Swedish credit institutions. Collateral requirement, OM derivatives, refers to collateral for customers' derivative positions. Securities liquidation EMCF refers to liquid assets pledged as collateral for undertakings arising as a result of the collateral requirements calculated for the participants in the winding up of transactions via a central clearing counterparty. These funds are held in accounts in Swedish banks. Payments to the clearing fund at EMCF comprise a receivable from EMCF.

Other liquidation-related items and National Bank of Sweden clearing refer to liquid assets pledged as collateral for external banks' pledging.

Assets managed on behalf of third parties (client trust accounts) not reported in the Balance Sheet total SEK 776 million (SEK 747 m).

Contingent liabilities

A Swedish securities company, CTA Lind & Co Scandinavia AB, was declared bankrupt in 2004, and funds were paid out to investors from the Swedish investor protection scheme. Funded monies were not available under the investor protection scheme and the National Debt Office has consequently begun requiring payments in arrears from all institutions that were members of the investor protection scheme at the time of the bankruptcy, in order to cover its costs. All of these institutions have submitted information to the National Debt Office during the third quarter 2010 regarding the customer assets held by the respective institutions as of 31st December 2004. The size of the amount that will ultimately be payable by Avanza Bank is still unclear. A preliminary calculation of the total amount yields a figure of SEK 140 million, which will be divided between the 190 institutions that were members of the investor protection scheme when the bankruptcy occurred.

If the clearing fund, in which monies have been deposited by all participants in the central counterparty clearing to EMCF, proves insufficient to cover losses caused by another clearing member, Avanza Bank is obliged, together with other members, to top up the clearing fund. The undertaking is limited to the amount previously paid into the fund, currently SEK 9 million, per failing clearing member.

Note 31 Capital requirements and financial risks

Information on capital adequacy and risk management in accordance with FFFS 2007:5

The information on Avanza Bank's capital adequacy provided below comprises the information that must be provided at least once a year in accordance with the Swedish Financial Supervisory Authority's regulations and general guidelines concerning the publication of information on capital adequacy and risk management (FFFS 2007:5) and regulations (FFFS 2010:12) regarding amendments to FFFS 2007:5. The information refers to the circumstances on the closing day for the consolidated annual accounts. The information also contains information disclosed in accordance with IFRS 7 Financial Instruments: Disclosures.

The financial conglomerate

In 2008, the Swedish Financial Supervisory Authority ruled that Avanza Bank Holding AB (corporate ID no. 556274-8458) and its subsidiary companies constitute a financial conglomerate. As a result of this ruling, the financial corporate group ceased to exist. The financial conglomerate comprises all companies within the Group. Capital adequacy has also been calculated at a solo level for the Avanza Bank AB (corporate ID no. 556573-5668) and Avanza Fonder AB (corporate ID no. 556664-3531) subsidiary companies.

The biggest financial sector for Avanza Bank is the banking and securities sector, while the smallest financial sector is the insurance sector.

The conglomerate's capital base shall cover the prescribed minimum capital requirements, which comprise the capital requirements for credit risks, market risks and operating risks, as regulated in the Swedish Capital Adequacy and Large Exposures Act, and the solvency requirements regulated in the Swedish Insurance Operations Act. The regulations help boost the Group's resistance to financial losses and thereby protect the customers.

The conglomerate's capital base and capital requirements

The Swedish Financial Conglomerates (Special Supervision Act) (2006:531) and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2006:6) concerning special supervision of financial conglomerates apply when determining the statutory capital requirement of the financial conglomerate. The conglomerate's capital requirement has been calculated using the consolidation method. The conglomerate's capital base complies with the capital requirements for the financial conglomerate.

The financial conglomerate

SEK m	31st Dec 10	31st Dec 09
Capital base		
Shareholders' equity, the Group	813	693
Proposed dividend	-266	-221
Shareholders' equity, the financial conglomerate	547	472
Less		
Intangible assets and deferred tax receivables	-27	-33
Capital base	520	439
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	242	212
Capital requirement for regulated units in the insurance sector	36	33
Theoretical capital requirement for non-regulated units	4	11
Capital requirement	282	256
Capital surplus	238	183
Capital base/Capital requirement	1.84	1.71

Insurance

Insurance has been taken out for all companies in the conglomerate to cover crimes directed against the company or its customers. Insurance cover has also been taken out to cover any damage caused by the companies to their customers. The insurance cover has been taken into account when calculating the shareholders' equity set aside to cover operational risks.

Strategy and method

Capital assessment policy

Almost all operations that require capital are conducted within the banking and securities sector in the biggest company within the financial conglomerate, Avanza Bank AB. Avanza Bank AB also has its own capital assessment policy which states that the capital base shall also comprise the estimated capital requirement for additional operating risks identified.

Capital plan

Avanza Bank has an established plan to determine the size of the capital base in a few years' time and which is based on:

- the company's risk profile
- so-called stress tests and scenario analyses
- anticipated lending expansion and financing opportunities, and
- new legislation, the behaviour of competitors, and other external changes.

The review of the capital plan is an integral part of the work on the company's annual operating plan. The plan is followed up as required and an annual review is carried out to ensure that the risks are taken into account correctly and reflect the company's true risk profile and capital requirement. Every change and addition to the policy/strategy documents adopted by the Board shall, as with more important lending decisions and investments, always be related to the institute's current and future capital requirements.

Ongoing monitoring is carried out with regard to the insurance sector to ensure that the capital base complies with the legal solvency requirements. All insurance contracts within the Avanza Bank Group have conditional bonuses in which the policyholder bears the risk of changes in value, and hence no insurance risks exist.

Capital base and capital requirements at solo level

The Swedish Capital Adequacy and Large Exposures Act (2006:1371) and the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2007:1) concerning capital adequacy and large exposures (including revisions up to and including FFS 2010:10) govern the determination for calculating the capital requirement of Avanza Bank AB and Avanza Fonder AB. The capital base exceeds the capital requirements to cover credit risks, market risks and operating risks for both institutions.

Avanza Bank AB

SEK m	31 st Dec 10	31 st Dec 09
Share capital	55	55
Profit carried forward	311	301
Net profit/loss for the year less estimated dividend	88	16
Total shareholders' equity	454	372
<i>Less</i>		
Intangible assets and deferred tax receivables	-3	-5
Deferred tax receivables	-1	-1
Capital base, net	450	366
Capital requirements		
<i>Credit risk using standard method</i>		
Exposures to governments and central banks	-	-
Institutional exposure	101	87
Corporate exposure	8	6
Household exposure	56	36
Other items	9	15
Total capital requirement for credit risks	174	144
<i>Risks in trading portfolio</i>		
Share price risks		
- Specific risk	0	0
- General risk	0	0
Settlement risks	0	0
Total capital requirement for risks in trading portfolio	0	0
<i>Operating risks</i>		
Base method	67	68
Total capital requirement	241	212
Capital surplus	209	154
Capital adequacy ratio	1.86	1.73
Start-up capital	47	47

Avanza Fonder AB

SEK m	31st Dec 10	31st Dec 09
Share capital	3	3
Profit carried forward	0	0
Net profit/loss for the year less estimated dividend	–	–
Total shareholders' equity	3	3
<i>Less</i>		
Intangible assets and deferred tax receivables	–	–
Deferred tax receivables	–	–
Capital base, net	3	3
Capital requirements		
<i>Credit risk using standard method</i>		
Exposures to governments and central banks	–	–
Institutional exposure	0	0
Corporate exposure	–	–
Household exposure	–	–
Other items	0	0
Total capital requirement for credit risks	0	0
<i>Risks in trading portfolio</i>		
Share price risks		
– Specific risk	–	–
– General risk	–	–
Settlement risks	–	–
Total capital requirement for risks in trading portfolio	–	–
<i>Operating risks</i>		
Base method	1	1
Total capital requirement	1	1
Capital surplus	2	2
Capital adequacy ratio	4.16	3.67
Start-up capital	1	1

Internal capital assessment (IKU)

An internal capital assessment (IKU) is also drawn up every year for Avanza Bank AB, reflecting the company's perception of the size of the equity required to conduct the company's current and future operations securely. Consideration is given, with regard to the future operations, to both planned operational changes and unexpected external changes. The result of the assessment is approved by the Board of Directors of Avanza Bank AB and submitted to the Swedish Financial Supervisory Authority. The IKU is used as the basis for decisions regarding the capital structure in conjunction with decisions to utilise the Annual General Meeting's authorisation with regard to the buy-back of the companies own shares and decisions on dividend payments, for example.

The most recent internal capital assessment for Avanza Bank AB, which was carried out in January 2011 in respect of December 2010, has resulted in a total capital requirement of SEK 279 million. The legal requirement for Avanza Bank AB totalled SEK 241 million on 31st December 2010. The shareholders' equity consequently fulfils both the objective of covering the credit risk and operating risks and of constituting credibility capital in relation to banks and other investors.

No advanced models have been used to assess the capital requirement. The assessment is conducted on the basis of the capital required to enable Avanza Bank AB to fulfil its commercial objectives. The following risks have been assessed:

- | | |
|----------------------|---------------------------|
| ▪ Credit risk | ▪ Residual risk |
| ▪ Market risk | ▪ Interest risk |
| ▪ Operational risk | ▪ Commercial risk |
| ▪ Liquidity risk | ▪ Reputation risk |
| ▪ Insurance risk | ▪ Strategic risk |
| ▪ Concentration risk | ▪ Other identified risker |

The assessment has concluded that capital needs to be allocated to the following risks:

- Credit risk
- Concentration risk
- Operational risk
- Financing risk, including safety margin to cover legal requirements
- Market risk

The market risks are insignificant and Avanza Bank AB is, in every significant respect, only obliged to manage credit risks, concentration risks and operational risks in the course of its day to day operations, and these three main areas are assumed to be completely uncorrelated. Operational risks have been assessed by the respective departments, which have set probability and worst-case scenario parameters. The most important thing, alongside the need to comply with the legal capital requirement, is deemed to be ensuring that the company is sufficiently capitalised to be a credible borrower and a good counterparty. Avanza Bank AB is currently financed using its shareholders' equity and customers' deposits. This financing has, historically, exceeded the financing requirement by a wide margin.

Risk management objectives and guidelines per risk category

FFFS 2007:5 states that Avanza Bank shall describe the risk management objectives and guidelines for every individual risk category. The strategies and procedures for managing risks, the way in which the risk management function is organised, the scope and structure of the risk reporting and risk measurement systems, the guidelines for risk hedging and risk reduction, and the company's strategies and procedures for the ongoing evaluation of their effectiveness, are described below.

Risk management

The nature of Avanza Bank's operations entails exposure, primarily to credit and counterparty risks, market risks, liquidity risks and operational risks. The way in which Avanza Bank identifies, follows up and manages its risks is crucial in terms of the commercial health of the company and its long-term profitability.

The Board determines the general goals for capital adequacy ratio and liquidity, and for exposure to credit risks and other financial risks. The Board has also ultimate responsibility for ensuring the establishment of functions that monitor and manage the Group's risks. Authority with regard to these issues is dispersed throughout the organisation with the aid of the Group's risk policy, credit policy, financial policy and other parts of the internal regulatory framework. The guidelines for risk management are evaluated and updated on an ongoing basis. Risk management is an independent function for the monitoring and control of all risks. The function is independent of the commercial operations and reports to the CFO. The risk management function and the Compliance Officer have permanent items on the agenda at Board Meetings, and can report directly to the Chairman of the Board.

Risk management is carried out within every department under the supervision of and in communication with the risk management function and the Managing Director. Operational responsibility for follow up and control work with regard to all risks lies with the risk management department. Risk management monitors a number of variables in order to control the quality of both the business flow and the subsequent administrative work. The Credit and Finance function is responsible for counterparty and credit risks. All decisions with regard to major loans and significant new counterparties are taken by the Board or the company's credit committee. Responsibility for compliance with regulations lies with the Compliance Officer and the Chief Legal Counsel.

Internal audit

An independent audit function evaluates and carries out reviews on behalf of the Board of Directors, ensuring that the respective companies within the Avanza Bank corporate group comply with the Swedish Financial Supervisory Authority's general guidelines (FFFS 2005:1) concerning the control and monitoring of financial companies, its regulations (regarding securities operations FFFS 2007:16), and those regarding investment funds (FFFS 2008:11). The independent audit was carried out in 2010 by the external consulting company, Grant Thornton Sweden AB, who were directly commissioned by the Board of Directors.

Risks

Avanza Bank's operations have grown in scale in 2010 but no major changes to the orientation of the operations have occurred. The growth is primarily focused on savings products.

Interest in the insurance products developed by Försäkringsaktiebolaget Avanza Pension continues high. The products all have conditional bonuses, which means that the insurance liabilities, by definition, track the performance of the insurance assets' values. The value of insurance operations assets and liabilities through the construction of the insurance products is monitored and these products, hence, have no effect on the financial risks. As a consequence, the products primarily entail legal risks, which are adjudged to have declined because the depository insurance product is well established in the market.

Investment fund management is conducted within Avanza Fonder AB. Management is carried out by Avanza Zero – the no fee fund. This is an index fund that tracks SIX30RX. The management consequently replicates the index performance and is not based on the manager's personal view of the market performance. Customers' investments in funds within the PPM system are also managed. The management replicates the index performance and is not based on the manager's personal view of the market performance. Management of customers' investments in funds within the PPM system.

Information on the credit portfolio

Credit and counterparty risks

The risk inherent in lending to account customers is the most significant credit risk. All customers are checked and assigned a credit limit. All loans are secured by pledges in listed securities. Avanza Bank carries out its own internal assessment of appropriate lending levels, based on the security's liquidity, volatility and net worth. The securities pledged can be called upon when the customer's debt exceeds the lending value of the securities pledged. Avanza Bank is entitled to sell securities to the extent required to rectify the over-borrowing that has occurred. Lending to account customers is monitored on a daily basis. Any over-borrowing that occurs is regulated in accordance with a special routine within a maximum of three to four days. When markets are unstable or other external events dictate, the over-borrowing is regulated through the sale of securities immediately on the date when the over-borrowing occurred. The aim is to avoid credit losses.

All lending to customers has a one month notice period. The interest rate is a floating one and is only adjusted, during normal market conditions, in conjunction with changes to lending rates by the Riksbank. Credit is only granted to customers resident outside the Nordic region in exceptional circumstances. The majority of all exposures are to customers resident in Sweden and there is no reason to break this down to a lower level. The composition of the securities received is of considerable importance. Avanza Bank is also entitled, provided that the terms are no stricter, to pledge securities received as security for its own undertakings. This option has not been exercised, as of 31st December 2010.

Securities (SEK m)	31st Dec 10	31st Dec 09
Fair value of securities accepted	6,050	4,671
Of which fair value of re-pledged securities	–	–

Breakdown of lending over the ten most pledged securities

Hennes & Mauritz B	276
Volvo B	244
Ericsson B	190
Swedbank A	108
Skanska B	102
Boliden	78
Diamyd Medical B	75
Hexagon B	71
Lundin Mining	66
Xact Bull	65
Total	1,275

Lending to credit institutions comprises receivables from the major Nordic credit institutions. The Group's financial policy states that liquidity may be invested in government securities and with selected major Nordic banks. All of these banks have been assigned the best or second best level rating for short-term holdings by all of the leading ratings institutions.

As of 31st December 2010, Avanza Bank had major investments with SHB and Danske Bank, both of which banks have the best or second best rating.

Exposures to these banks are risk weighted at 20 per cent. Avanza Bank's institutional exposures comprise lending to credit institutions and totalled SEK 6,334 million (SEK 5,452 m) on the closing day. The average lending to credit institutions in 2010 totalled SEK 5,974 million (SEK 6,387 m).

The effect of insolvency on the part of individual customers is declining due both to the collateral pledged and to the broad lending spread. There is no major concentration of credit risks. There were 19 (18) loans exceeding SEK 10 million, as of 31st December 2010. The combined sum for these loans was SEK 410 million (SEK 361 m), and the largest single loan was for SEK 65 million (SEK 66 m), spread over four customers who are jointly limited.

A lending value is set for shares and funds and varies between 0 per cent and 80 per cent. Over-borrowing, i.e. amounts borrowed in excess of the lending value, totalled SEK 6 million (SEK 4 m), as of 31st December 2010. Provision for these receivables totalled SEK 2 million, as of 31st December 2010, of which SEK 1 million was charged to 2010. There are no changes in value as a result of exchange rate differences or other revaluations.

Write-downs	SEK m
Opening balance	1
Year's write-downs	1
Year's reversals	–
Closing balance	2

Lending to customers continues as long as over-borrowing does not occur. Over-borrowing is classified as a past due receivable and the customers in question are contacted as soon as it occurs with details of the date by which the over-borrowing must be rectified. The customer can action the over-borrowing by depositing money or securities or by selling securities. If the customer fails to take action, Avanza Bank will settle the over-borrowing by selling securities.

Receivables that are no longer covered by the market value of pledged securities may entail a write-down requirement. The write-down is determined on the basis of individual reviews of the amount deemed recoverable from every borrower.

Lending to the public totalled SEK 3,861 million (SEK 3,124 m) on the closing day. The average lending in 2010 totalled SEK 3,698 million (SEK 2,046 m).

Information on the calculation of risk-weighted exposure amounts for credit risks

Credit risk protection

- The credit risk protection applied comprises the 95 or so most liquid shares on the Stockholm Stock Exchange. They are included in the Stockholm Benchmark Index and are discounted by just over 78 per cent of the market value.
- Securities received are re-valued daily in line with the current market value. The lending value comprises a fixed percentage of this market value. The way in which any over-borrowing that occurs is managed is described above under "Information on the Credit portfolio".
- The majority of the securities comprise shares and fund units.
- No guarantees are received or issued for customers or other parties. Nor are there any OTC dealings with regard to any types of derivative.
- The lending spread is substantial; see above under "Information on the Credit portfolio".
- There are, however, certain concentrations of securities received; see table above under "Information on the Credit portfolio".
- The total discounted exposure amount dependent on discountable securities is SEK 2,803 million.

Lending to the public totalled SEK 3,861 million (SEK 3,124 m). The amounts include exposures to both households and companies. The corporate exposure before deducted collateral totals SEK 526 million (SEK 405 m). All lending is made against collateral in the form of financial instruments. Companies and households provide collateral in the same way and are subject to the same lending routines. A guarantee undertaking from the owner to the company also exists for the vast majority of the corporate exposures.

Information on counterparty risks

Avanza Bank is a member of the Stockholm, Oslo, Copenhagen and Helsinki stock exchanges. Counterparty risks primarily arise as a result of the business flow in these marketplaces. The risks are limited by Avanza Bank's use of recognised clearing organisations in the respective countries, e.g. Euroclear and OMX in Sweden, for settlement of completed transactions.

Avanza Bank is a member of the EMCF-based central counterparty clearing system offered for transactions in Sweden, Finland and Denmark in types of securities selected by the stock markets. The clearing means, amongst other things, that EMCF collects collateral from the clearing members in order to cover the market risk in, as yet, unliquidated securities transactions. This situation is an improvement on that previously obtaining and entails a reduction of the counterparty risks in this respect.

Avanza Bank only trades on customers' behalf in standardised derivatives liquidated over OMX and there are no OTC dealings of any kind.

Information on operational risks, including legal risks

Operational risks are defined as "risk of losses as a result of inexpedient or failed internal processes, human error, faulty systems or external events, including legal risks". During 2010, trading volumes and the number of transactions increased.

An extensive external and internal regulatory framework applies to operations. Over and above this, there are general external requirements that operations are conducted in such a way as to maintain confidence.

The competence and training of employees is central as regards management of operational risks. All employees whose work assignments require it, are licensed in accordance with the requirements that SwedSec AB have imposed. Over and above this, certain other employees have been licensed, and at the turn of the year, a total of 41 (41) employees were licensed. A further 14 (18) employees have also received special training in insurance broking.

The capital requirement for operational risks is calculated using the base method. The requirement comprises 15 per cent of the last three financial years' operating income.

Market risks

Exchange rate risks

Avanza Bank takes negligible direct exchange rate risks since the company only conducts trading activities on behalf of customers. Avanza Bank does not conduct proprietary trading activities of any kind.

Interest risks

The Balance Sheet's financial assets and liabilities primarily apply a floating interest rate. The Board has set a limit on the amount of interest risk that may be taken in conjunction with liquidity investment, in order to enable efficient investment. The maximum collective change in value of treasury bills, certificates of deposit, or fixed term investments with approved banks permitted is SEK 10 million in conjunction with a change in market interest rates of 1 percentage points.

Currency risks

Assets and liabilities in the Balance Sheet are primarily valued in SEK and there are hence no currency risks. The exception to this is that customers can hold foreign currencies in their accounts. These foreign currency balances are still relatively small and their value on 31st December 2010 totalled SEK 133 million (SEK 58 m). Such currency balances are matched in their entirety by corresponding balances in Avanza Bank's bank accounts. There is no significant currency exposure outside the Balance Sheet.

Share risk

The total exposure in respect of shares not included in the trading portfolio is SEK 9 million and refers to Burgundy after a value adjustment in 2010 of SEK 9 million. The accounting principles are shown in Note 2.

Liquidity risks

Good current liquidity requires liquidity on the part of the assets side of the Balance Sheet. Avanza Bank's assets primarily comprise liquid assets or lending against collateral in listed securities. These securities can, under the terms of agreements with the customers, be pledged as security for Avanza Bank's own financing.

None of the larger Balance Sheet items have any notice period and can, instead, be liquidated immediately (on demand) or on the following day. The only exceptions to this are that some of the bank balances have fixed withdrawal terms and that lending has a one-month notice period.

The deposits are distributed amongst numerous clients and the current liquidity is, therefore, adjudged to be very good. 62 per cent of the deposits can be paid out immediately, and the remaining 38 per cent can be paid after one month.

See the table below for the input data in SEK m:

	Amount	Term
Deposits, excluding client funds	10,159	On demand
Lending	3,861	1 month
Bank balances	6,334	1 day

SEK 698 million of the bank balances has been pledged as collateral. As a consequence, bank balances of, excluding pledged collateral, of SEK 5,636 million comprise the amount that can be withdrawn immediately by the customers.

Sensitivity analysis

Since Avanza Bank has no positions for their own account, changes in market prices have no direct impact on the profit/loss.

As of 31st December 2010, there were no fixed term investments. Changes in interest rates hence have no direct impact in that the fixed interest terms are the same for both assets and liabilities. The previous margin between customers' deposit rates and the interest rate on bank balances cannot be maintained given current interest rate levels, and this has had a negative effect on net interest items.

Exchange rate fluctuations also have no impact on the profit/loss, because Avanza Bank has no currency exposure.

Risk concentrations

There are no significant risk concentrations, other than that the liquidity is concentrated on a few large Nordic banks. With regard to lending to customers, a limit is set for all borrowers. All borrowers who belong to the same corporate sphere are issued a collective limit in conjunction with lending. The spread of the lending is very good – see above.

Note 32 Related parties

Related parties have been defined in accordance with IAS 24 Disclosure of Related Party Transactions. Transactions with related parties are priced on market terms.

Related party transactions with subsidiaries

The Parent Company's income and expenses from Group companies during the year are shown in Note 5. The Parent Company's receivables from Group companies totalled SEK 271 million (SEK 232 m) at the end of the year, at which time its liabilities to Group companies totalled SEK 0 (SEK 0 m).

Related party transactions with key individuals in senior positions and other related parties

No transactions, over and above normal account management, have been effected with the management, Board of Directors, close family members of the same, or companies over which any of these persons exercise a controlling influence. Nor have any provisions or costs for bad debts been reported during the financial year. Remuneration to related parties is shown in Note 7. Senior executives participate in the Group's warrant programme on market terms – see Note 7.

Loans to related parties totalled SEK 7 thousand (SEK 549 k) at the year-end. Deposits from related parties totalled SEK 52,741 thousand (SEK 69,523 k) at the year-end. Income and expenses from transactions with related parties comprise SEK 347 thousand (SEK 795 k) in brokerage, SEK 9 thousand (SEK 10 k) in interest income, and SEK 191 thousand (SEK 582 k) in interest expenses. Invoicing from related parties' limited companies totals SEK 309 (SEK 204 k).

Note 33 Important estimates and assessments

Preparing the financial reports in accordance with IFRS requires the company management to make judgements and assessments and make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and costs. The actual outcome can deviate from these assessments and judgements.

The assessments and assumptions are reviewed regularly. Changes in assessments are reported in the period in which the change is made if the change has only had effect during that period, or in the period in which the changes made and future periods if the change affects both the period in question and future periods.

The company management has discussed performance, the choice of and information regarding the Group's important accounting principles and estimates, together with the application of these principles and estimates.

Note 34 Events after the closing day

No significant events have occurred after the closing day.



Joakim, Internet department.

Proposed appropriation of profits

Comments by the Board of Directors on the proposed profit distribution

Avanza Bank's Board of Directors proposes that the Annual General Meeting approve a cash dividend of SEK 9.50 per share for 2010. This corresponds to a dividend payment totalling SEK 266 million and a dividend ratio of 98 per cent.

Avanza Bank Holding AB shall pay a dividend to its shareholders comprising that part of the company's profits which is not deemed necessary to meet the requirements that the nature of the operations, their scope and risks placed on the size of shareholders' equity, and the company's consolidation requirements, liquidity and position in general, or to develop the operations. Dividends can be combined with other measures, such as redemption or buy-back of the company's own shares. The Board is of the opinion that in the long-term, the dividend can comprise a minimum of 70 per cent of the profit for the year.

The Board is of the opinion that the proposed dividend is justified with regard to the above considerations*.

The Board of Avanza Bank has acquired none of the company's own shares in 2010 in accordance with the authorisation received at the Annual General Meeting of the Company's shareholders held on 21st April 2010.

One condition of the authorisation of the Board to implement the acquisition of its own shares is that both the company's capital adequacy ratio and its liquidity, even after the acquisition of its own shares, will be adequate in relation to the requirements of the field in which the Group operates.

The maximum number of shares that the company may acquire shall be one tenth of all of the company's shares.

The authorisation expires in conjunction with the 2011 Annual General Meeting.

* Reference to Note 31 on page 73, Capital requirements and financial risks.

The Parent Company

The following profits are at the disposal of the Annual General Meeting:	SEK k
Share premium reserve	107,061
Retained profit	127,882
Net profit for the year	380,891
	615,834
The Board of Directors and the Managing Director propose that:	
a dividend of SEK 9.50 per share be paid to the shareholders, totalling	265,596
that the following sum be carried forward,	243,177
and that the following sum be retained in the share premium reserve	107,061
	615,834

The undersigned hereby attest that the consolidated and annual accounts have been prepared in accordance with IFRS international accounting standards, as adopted by the EU, and with generally accepted accounting principles, and that they provide a fair presentation of the Group's and the company's position and results, and that the consolidated Directors' Report constitutes a fair review of the performance of the Group's and the company's operations, position and results, and describe significant risks and uncertainty factors faced by the company's that make up the Group.

Stockholm, 22nd February 2011

Sven Hagströmer
Chairman of the Board

Hans Bergenheim
Board Member

Anders Elsell
Board Member

Mattias Miksche
Board Member

Andreas Rosenlew
Board Member

Nicklas Storåkers
Managing Director
Board Member

Jacqueline Winberg
Board Member

Our Audit Report was submitted on 22nd February 2011

Ernst & Young AB

Lars Träff
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Avanza Bank Holding AB (publ.)
Corporate ID No. 556274-8458

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Avanza Bank Holding AB (publ.) for the financial year of 2010. The company's Annual Report is included in the printed version of this document on pages 29–85. These accounts and the administration of the company are the responsibility of the Board of Directors and the Managing Director, as is ensuring that the provisions of the Swedish Annual Accounts Act are applied when preparing the annual accounts, and that the international accounting standards, IFRS, as adopted by the EU, and the provisions of the Swedish Annual Accounts for Credit Institutions and Securities Companies Act are applied in conjunction with the preparation of the consolidated accounts. Our responsibility is to express an opinion of the annual accounts, the consolidated accounts and the administration, based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in Sweden. Those standards require that we plan and perform the audit to obtain a high, albeit not absolute, level of assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director when preparing the annual accounts and consolidated accounts, and appraising the significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts and the consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board Member or the Managing Director. We also examined whether any Board Member or the Managing Director has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and, thereby, give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and the provisions of the Swedish Annual Accounts for Credit Institutions and Securities Companies Act and, thereby, give a true and fair view of the Group's financial position and results of operations. The Directors' Report is compatible with the other portions of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the Income Statement and the Balance Sheet for the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Directors' Report, and that the Members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 22nd February 2011

Ernst & Young AB
Lars Träff
Authorised Public Accountant

Definitions

Account

An open account with holdings.

Brokerage income

Brokerage income less direct costs.

Brokerage per commission note

Gross brokerage for accounts 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 summary of the buying and selling assignments by a customer involving a specific security. A commission note may comprise one or more transactions. A commission note constitutes the basis on which brokerage charges are levied.

Cost/income ratio

Costs in relation to income.

Deposits

Deposits including client trust accounts.

Earnings per share

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

Equity/assets ratio

Shareholders' equity as a percentage of the Balance Sheet total.

Equity per share

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

External deposits

Savings accounts in external banks and credit market companies opened and managed by customers via Avanza Bank's website.

Investment fund commission

Kickbacks from fund management companies. Comprises entry commission and commission based on fund volume.

Net deposits/Savings capital

Deposits, including client trust 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 the 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 a yearly basis in relation to the savings capital at the end of the period.

Non-brokerage income

Income, excluding brokerage income, less direct costs.

Operating income/Savings capital

Operating income in relation to the 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.

Profit/loss per employee

Operating profit/loss in relation to the average number of employees.

Return on equity

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

Savings capital

The aggregate value of accounts with Avanza Bank.

Stock market

Refers to the OMXSPI share index, which comprises all shares listed on the Stockholm Stock Exchange.

Transactions

Buying and selling transactions carried out in different markets and involving different securities.

Corporate Governance Report

Avanza Bank Holding AB (publ.) ("Avanza Banks") is governed by means of the Annual General Meeting of the shareholders of the company, the Board of Directors and the Managing Director, pursuant to the provisions of the Swedish Companies Act (SFS 2005:551), the Swedish Annual Accounts Act (1995:1554), and in accordance with the Articles of Association and the Swedish Corporate Governance Code ("the Code"). The Corporate Governance Report has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and the Code. For further information on corporate governance, see www.bolagsstyrning.se.

Annual General Meeting

Avanza Bank's supreme decision-making body is the Annual General Meeting. The Annual General Meeting elects the company's Board of Directors and appoints Avanza Bank's auditors, in accordance with the Articles of Association. The Annual General Meeting's duties also include adopting the company's Balance Sheets and Income Statements, amending the Articles of Association, determining the appropriation of operational profits/losses, and deciding on discharges from liability for the Members of the Board and the Managing Director.

165 shareholders participated in Avanza Bank's Annual General Meeting held on 21st April 2010 in Stockholm, representing 51 per cent of the total number of shares and votes in the company. Every share grants entitlement to one vote and there are no limitations on the number of votes that a shareholder may use. The company's auditors and the entire Board of Directors, with the exception of Mattias Miksche, were present at the Meeting. Avanza Bank has only one owner, Investment AB Öresund, which, either directly or indirectly represents at least one tenth of the total number of votes for all shares in the company. Investment AB Öresund represented 21.35 per cent of Avanza Bank's shares and votes, as of 31st December 2010. The section of the Directors' Report entitled "Buy-back of the company's own shares", notes that the 2010 Annual General Meeting authorised the Board to approve the acquisition of the company's own shares.

Details of impending Annual General Meetings and of the way in which shareholders can exercise their right of initiation can be found on the company's website no later than in conjunction with the publication of the Q3 Interim Report before the Annual General Meeting is held. Minutes of previous Annual General Meetings are also available on the website.

The Board of Directors

Avanza Bank's Board of Directors decides on issues that relate to Avanza Bank's strategic orientation, investments, financing, organisational issues, acquisitions and disposals, the more important policies, guidelines and instructions. The Board's work is regulated by, amongst other things, the Swedish Companies Act, the Articles of Association, and the rules of procedure adopted by the Board for their work and that of the Managing Director.

The Articles of Association state that the Board shall comprise a minimum of five and a maximum of eight Members. Avanza Bank's Board initially comprised eight Members elected by the Annual General Meeting and no Deputy Members, but the number of Members fell to seven when Mikael Nachemson prematurely resigned his seat on 26th May. The Chairman of the Board is Sven Hagströmer. The Company's Managing Director, Nicklas Storåkers, is also a Member of the Board. The Board held its first meeting following election on 21st April 2010. See the company's website, avanza.se, for details of the individual Board Members.

The work of the Board in 2010

The Board held a total of 17 meetings during the year, 6 of which were ordinary meetings, one was the Board Meeting following election, and 10 were per capsulam. All of the Members of the Board were present at all of the Meetings. Mikael Nachemson was present at 6 of the 6 regular meetings held before he left the Board at his own request on 26th May.

The following items are always on the agenda at ordinary Board Meetings: operational reports, financial reports, reports from the Risk Management function, reports from Compliance, and credit reporting.

Directors' fees

The 2010 Annual General Meeting set the Directors' fees at SEK 886,000. An annual fee of SEK 178,000 is paid to the Chairman of the Board, with fees of SEK 118,000 payable to the other Members. Members of the companies' Boards who attend when the company's management has reporting meetings with the company's Auditor shall receive a further fee of SEK 25,000. The Board Members of the subsidiary companies, Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension, shall, furthermore, be entitled to receive a fee of SEK 36,000 each for their respective Board duties. Members who are salaried employees of the company, whether of the parent company or a subsidiary company, shall not, however, receive any fee.

The Board's rules of procedure

The Board's work is governed by annually adopted rules of procedure that regulate the Board's internal division of labour, the decision-making structure within the company, company signatories, the format of Board meetings, and the duties of the Chairman.

The Board's work follows an agenda plan that fulfils the Board's requirement for information. The agenda plan is otherwise governed by the rules of procedure adopted by the Board with regard to the division of labour between the Board and the Managing Director. The company's auditors also report their assessments of the company's monitoring in person at certain Board Meetings, after completion of a review. Company employees participate in the Board Meetings to present reports or as secretaries.

Attendance at minuted Board Meetings

Board Members' attendance at minuted Board Meetings.

	Present	Not independent/Independent*
Sven Hagströmer, Chairman	17/17	Independent Member
Hans Bergenheim	17/17	Independent Member
Anders Ellsell	17/17	Independent Member
Mattias Miksche	17/17	Independent Member
Andreas Rosenlew	17/17	Independent Member
Jacqueline Winberg	17/17	Independent Member
Nicklas Storåkers, Managing Director	17/17	Not independent Member
Mikael Nachemson	6/6	Independent Member

* Independent is defined as independent of the company and its management.

Four of the Board Members who are independent of the company and the company's management are also independent of the company's major shareholders. They are: Hans Bergenheim, Mattias Miksche, Andreas Rosenlew and Jacqueline Winberg.

The Managing Director and Group Management

The Managing Director manages the operations in accordance with the rules of procedure for the Managing Director. The Managing Director is responsible for keeping the Board informed of the company's operations and for ensuring

that the Board has, as far as possible, the necessary and comprehensive basis it requires for decision-making. The Managing Director also maintains an ongoing dialogue with the Chairman of the Board in order to keep the Chairman informed with regard to the Group's performance.

The Managing Director and other members of the Group management hold formal meetings once a month, together with a number of informal meetings in between, to review the previous month's results and to discuss strategic issues. Avanza Bank's Group management has during 2010, consisted of six persons, of whom five are male and one, female.

The Avanza Bank Group comprises the parent company, Avanza Bank Holding AB (publ.), and four subsidiary companies. All subsidiary companies report continuously on a monthly basis. The Members of the subsidiaries' Boards are, preferably, members of the Group management and the Avanza Bank Board of Directors.

The 2010 Annual General Meeting determined that the fees for the Group management shall consist of a fixed portion and a variable, performance-based portion. The variable portion may be disbursed for performances that exceed those normally expected of members of the Group management after an evaluation of individual performances. The extent to which previously adopted goals for the company and the senior executive have been met is taken into account when determining the variable remuneration.

Persons included in the Group management have been allocated warrants in accordance with the warrant programme approved at the Extraordinary General Meeting of 4th July 2005 and at the Annual General Meeting of 15th April 2008. The warrants are issued on market terms.

The total remuneration for persons in the company management shall be on market terms.

Nomination Committee

A Nomination Committee comprising representatives of the four largest owners and the Company's Chairman of the Board was appointed in accordance with the resolution of Avanza Bank's 2010 Annual General Meeting. These owners decided that the Nomination Committee shall comprise Erik Törnberg, who represents Investment AB Öresund, Johan Lannebo, who represents Lannebo Fonder, and Magnus Dybeck, who represents the Dybeck family and its companies, and the Chairman of the Board, Sven Hagströmer, who represents the Hagströmer family and its companies. Erik Törnberg is the Chairman of the Nomination Committee.

The Nomination Committee held its first minuted meeting in January 2011, which was attended by all members.

The Nomination Committee is tasked with, amongst other things, conducting an evaluation of the Board and its work. The size of the Board and its composition, with regard, for example, to industry experience and competence, shall also be evaluated. The Nomination Committee also receives an account of the way in which the Board's work was conducted during the financial year from the Chairman of the Board of the company.

The Nomination Committee is tasked with discussing the fees payable to the Chairman of the Board of the company and the Members of the Board, in which context comparisons are made with companies operating in similar spheres and of a similar size and complexity. Emphasis is placed, in this content, on the importance of the fee being reasonable with regard to the responsibility and the work required and to the contribution the Board can make to the development in the value of the company. The Nomination Committee also submits proposals regarding the election of Auditors and the fees payable to them.

The Nomination Committee also evaluates the need of remuneration for committee work. Finally, Avanza Bank's Nomination Committee discusses who should chair the company's Annual General Meeting and whether the principles governing the structure of the Nomination Committee should be amended.

Remuneration Committee

For the 2010 financial year, this Committee has comprised Sven Hagströmer, Anders Ellsell and Jacqueline Winberg. The Committee is tasked with reviewing and issuing recommendations to the Board with regard to the principles governing remuneration, including performance-based remuneration for the company's senior executives. Issues relating to the Managing Director's terms of employment, remuneration and benefits are also prepared by the Remuneration Committee and decided by the Board.

The pay structure for the Managing Director comprises a fixed portion and a variable portion. The variable portion, which is reviewed annually, is dependent on the Managing Director achieving the goals set for the Managing Director.

The Remuneration Committee has held one minuted meeting, which was attended by all members, and has maintained ongoing contact during the year.

Audit Committee

The provisions of the Swedish Companies Act and the Code require the Boards of public limited companies to appoint an Audit Committee. The majority of the Audit Committee members should be independent of the company and senior management and at least one member of the committee shall be independent of the company's major shareholders. The Board may, under the provisions of the Swedish Companies Act, decide not to appoint an Audit Committee if at least one Member is independent and has accounting or auditing expertise. The Board of Directors of Avanza Bank is of the opinion that the composition of the Board is such that the exception specified in the Swedish Companies Act is applicable and has, therefore, elected not to establish an Audit Committee in that the Board is of the opinion that this type of issue is best addressed by the entire Board of Directors. The 2006 Annual General Meeting resolved, however, that one member of the company's Board shall participate when the senior management of the company has reporting meetings with the company's auditors. The Board has appointed Board Member, Anders Ellsell, to be present at such reporting meetings.

The Board found no cause, during 2010, to exclude the company's Managing Director from meetings in which the Board carried out the duties which are incumbent upon an Audit Committee.

The Board has ongoing contact with the company's auditors in order to familiarise itself with the scope of the audit and to discuss views of the company's risks.

External auditors

Avanza Bank's auditors are elected by the Annual General Meeting for a period of four years. Ernst & Young AB were elected as Avanza Bank's auditors at the 2007 Annual General Meeting, with Public Authorised Accountant, Lars Träff, as the auditor in charge, for the next four-year period.

The auditors audit the Board's and the Managing Director's administration of the company and the quality of the company's accounting documents and the Corporate Governance Report.

The auditors report the results of their audit to the shareholders in the form of the Audit Report and a report detailing their review of the administration of the company, which is presented at the Annual General Meeting. The auditors also submit detailed accounts to the Board at least twice a year, or as necessary.

Internal controls

The Board of Directors is responsible for ensuring the existence of an efficient system for internal control and risk management. The Board has delegated responsibility for generating good conditions for working with internal controls and risk management to the Managing Director. Both the Group management and managers at various levels within the company are assigned this responsibility within their respective areas. Authority and responsibilities are defined in policies, guidelines, descriptions of responsibilities, and authorisation rights instructions.

The internal control work is divided up as follows:

Risk Management

Risk Management is Avanza Bank's function for independent risk monitoring. The head of the function reports directly to the CFO and has a permanent item on the agenda at Board meetings, and can report directly to the Chairman of the Board. Risk Management is responsible for providing the Board, management and other in need thereof with information on risk-related issues. Risk Management is also responsible for the establishment and monitoring of a fit for purpose risk policy and of rules and routines for the company's risk management.

Risk management is carried out within every department under the supervision of and in communication with Risk Management. The bank's risks are divided into the following categories: credit and counterparty risks, market risks, liquidity risks and operational risks (the risk of losses resulting from internal processes and routines that are incorrect or not fit for purpose, human error, incorrect systems, or external events, including legal risks).

Compliance

Compliance is responsible for ensuring that those operations for which licences are required are conducted in accordance with legislative and regulatory requirements, internal regulations, and good practice. The head of the function reports directly to the CFO and has a permanent item on the agenda at Board meetings, and can report directly to the Chairman of the Board. Compliance proposes to the Managing Director and the Board of Directors the guidelines, routines and measures that must be introduced in order to minimise the risk of deficient regulatory compliance and in order to enable the Swedish Financial Supervisory Authority to exercise efficient supervision. Compliance monitors and

regularly assesses whether the measures and routines that Avanza Bank has introduced are appropriate and efficient and evaluates measures taken to rectify any deficiencies in the company's regulatory compliance. When performing services in operations monitored by Compliance, the work is carried out independently of such operations.

Compliance shall inform the Managing Director, the Board of Directors and employees of the rules obtaining at any given time with regard to the operations conducted by Avanza Bank and which require licencing. Knowledge of applicable regulations can be disseminated through the company's internal instructions, training programmes and other types of information.

Compliance's responsibility does not extend to accounting regulations or tax regulations.

Independent review

Avanza Bank's Internal Audit function comprises an independent review function which is commissioned by the Board to investigate and determine whether systems, internal control mechanisms and routines are appropriate and effective, and which issues recommendations, checks that these recommendations are followed, and reports at least once a year to the Managing Director and the Board.

The independent review is carried out by a group of external consultants in order to ensure the quality and independence of the evaluation and review. The Board of Directors has commissioned the external consulting company, Grant Thornton Sweden AB, to carry out this independent review.

The independent review in respect of the 2010 financial year focused on a review of compliance, risk management, measures to counter fraud and internal improprieties, continuity planning and the incidence of infringement tests. The review also focused on the management of conflicts of interest, engagement agreements and the composition of the Board.

Grant Thornton Sweden AB reported the results of its independent review to the various Boards within the Avanza Bank Group at the Board Meeting held on 13th December 2010.

The Finance Department's controller function

Avanza Bank's Controller Function compiles and reports financial and operating figures and analyses to department managers, management and Boards of Directors. The Accounting and Controller Department works actively with ongoing monitoring of the business' operating costs in relation to budgets and forecasts. The work is carried out in close cooperation with the management group and the managers throughout the organisation. Avanza Bank has also, in addition to the above-mentioned control functions, established an internal manager organisation to monitor internal control and risk management with regard to financial reporting – see below for further details.

The Board of Directors' report on internal controls and risk management in relation to financial reporting for the 2010 financial year

The Board is responsible, under the provisions of the Swedish Companies Act (SFS 2005:551), the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Conduct for Corporate Governance ("the Code"), for internal controls of both the Avanza Bank Group and Avanza Bank Holding AB (publ). This report has been prepared in accordance with sections 10.5 and 10.6 of the Code and is, therefore, limited to internal controls with regard to financial reporting. The report constitutes part of the Corporate Governance Report which, under section 11 of the Code, shall be appended to the company's Annual Report but which does not constitute part of the formal annual accounts documents.

System of internal controls and risk management in relation to financial reporting

Internal control in relation to financial reporting is a process which is formulated in order to give reasonable security with regard to the reliability of the external financial reporting, and the extent to which the financial reporting is produced in conformity with good accounting practice, applicable laws and regulations, and other requirements in relation to companies whose transferable securities are listed for trading in a regulated market.

The internal control activity is included in Avanza Bank's administrative routines. Internal control in relation to financial reporting in Avanza Bank can be described in accordance with the following framework:

Control environment

Internal control in Avanza Bank is based on a control environment which covers values and management culture, follow-up, a clear, transparent organisational structure, division of work assignments, the principle of duality, quality and efficiency in internal communication, and an independent evaluation process.

The basis of internal control in relation to financial reporting consists of a control environment with organisation, decision-making pathways, authority and responsibility, which are documented and communicated in steering documents such as internal policies, guidelines and instructions, and job descriptions of controlling functions. Examples include the work procedures for the Board and Managing Director, instructions on Risk Management and Compliance, instructions on internal control and reporting, information policy, authorisation instructions and reporting instructions.

Risk assessment

Risk assessment within Avanza Bank is proactive and carried out on a follow-up basis, with the emphasis on ongoing checks and training input. Avanza Bank maintains a high risk management standard, and applies available techniques and methods in a cost-effective way. Risk management is considered to be an integral part of business operations.

Control activities

Control activities cover both general and more detailed controls, intended to prevent, discover and correct faults and deviations. Control activities are worked out and documented at company and departmental level. The respective department managers within Avanza Bank are the individuals who are primarily responsible for managing the risks which are connected to their own department's operations and financial reporting processes. Risk Management carries out ongoing controls to ensure that this risk management works efficiently.

Information and communication

The company has information and communication pathways intended to promote full coverage and correctness in the financial reporting, e.g. through steering documents in the form of internal policies, guidelines and instructions in relation to financial reporting being made available and known to the persons affected, via Avanza Bank's Intranet. Internal rules and regulations regarding policies, guidelines and instructions constitute the most important tool for providing information and instructions in order to ensure a high standard of financial reporting.

Following up

At the end of 2006, Avanza Bank established an internal management organisation in order to ensure monitoring of the quality of the financial reporting, the efficiency of the control structure, and the compliance with steering documents in the form of internal policies, guidelines and instructions in relation to the financial reporting. The internal management organisation, which has held four minuted meetings in 2010, comprises representatives of Accounts, Back office, Trading, Risk Management and Compliance. The Board receives monthly financial reports, and the company's and Group's financial situation is addressed at each Board Meeting. Prior to each Board Meeting, the Board receives a report from Risk Management and Compliance. All of these reports are based on an evaluation of the Group's activities and the reporting covers the entire organisation.

Internal control in relation to financial reporting is one of many processes involved in evaluating the operations.

The Board also reviews the financial quarterly reports and annual accounts, and the observations and conclusions of the external auditors and those carrying out independent reviews.

Evaluation of and position on internal audits

Avanza Bank' internal audit function comprises an independent audit function which evaluates and reviews the company's compliance with the general guidelines issued by the Swedish Financial Supervisory Authority with regard to the management and control of financial companies (FFFS 2005:1), the regulations issued by the Swedish Financial Supervisory Authority concerning securities operations (FFFS 2007:16) and with regard to investment funds (FFFS 2008:11), at the behest of the Board of Directors. This independent review is carried out by external consultants at the direct request of the Board, and the purpose of the Board's decision to use external auditors, rather than establishing an internal audit within the company, is to ensure the quality and independence of the evaluation and review process.



Top row from left: Anders Elsell, Mattias Miksche, Jacqueline Winberg and Sven Hagströmer.
Bottom row from left: Nicklas Storåkers, Hans Bergenheim and Andreas Rosenlew.

Board of Directors

Chairman of the Board

Sven Hagströmer, born 1943.
Studied at Stockholm University.
Elected: 1997.
Chairman of the Boards of Investment AB Öresund and Klarna Holding AB.
Member of the Boards of eWork Scandinavia AB and Insplanet AB.
Holdings on 31st December 2010 (incl. family and companies):
Shares: 2,039,416.

Members of the Board

Hans Bergenheim, born 1960.
Accountancy degree from School of Business, Economics & Law at Gothenburg University.
Elected: 2007.
Managing Director of Lateus AB. Chairman of the Boards of STF Ingenjörsutbildning AB and PTK's Educational Foundation, Djurönåset. Member of the Boards of AB Svenska Spel, White Intressenter AB and White Arkitekter AB.
Holdings on 31st December 2010:
Shares: 3,000.

Anders Elsell, born 1957.
Degree in Civil Engineering, Royal Institute of Technology, Stockholm, and degree in Business Economics and Management from Stockholm University.
Elected: 2001.
Financial Analyst, Investment AB Öresund.
Holdings on 31st December 2010 (incl. family):
Shares: 334,433.

Mattias Miksche, born 1968.
Degree in Economics and Business Administration from the Stockholm School of Economics.
Elected: 2008.
Managing Director of Stardoll AB. Member of the Boards of Eniro AB, Dustin Group AB, Celebmedia Posh24 AB and Sportamor AB.
Holdings on 31st December 2010:
Shares: 1,000.

Andreas Rosenlew, born 1962.
MSc in Economics & Business Administration, The Swedish School of Economics & Business Administration, Helsinki.
Elected: 2005.
Managing Partner and Chairman of the Board of Grow Partners AB.
Member of the Boards of Polarica Holding AB and Innograf OY.
Holdings on 31st December 2010 :
Shares: 3,600.

Nicklas Storåkers, born 1974.
Degree in Economics and Business Administration from the Stockholm School of Economics and legal studies at Stockholm University.
Managing Director.
Elected: 2000.
Chairman of the Board of Jajja Communications AB. Member of the Board of the Swedish Securities Dealers Association.
Holdings on 31st December 2010 (incl. family):
Shares: 307,475.
Warrants: corresponding to 297,470 shares.

Jacqueline Winberg, born 1959.
Degree in Economics and Business Administration from the Stockholm School of Economics.
Elected: 2003.
Partner at Stanton Chase International.
Holdings on 31st December 2010 (incl. family):
Shares: 1,700.



Top row from left: Birgitta Hagenfeldt, Ronnie Bodinger and Henrik Källén.
Bottom row from left: Carl Norinder, Nicklas Storåkers and Hans Toll.

Management

Ronnie Bodinger, born 1973.
Degree in Civil Engineering, Royal Institute of Technology, Stockholm and economics studies at Södertörn University, Stockholm.
Employed: 1999.
IT Manager
Holdings on 31st December 2010:
Shares: 29,000.
Warrants: corresponding to 148,860 shares.

Birgitta Hagenfeldt, born 1961.
Degree in Economics and Business Administration from Örebro University.
Employed: 2008.
CFO.
Holdings on 31st December 2010 (incl. family):
Shares: 13,040.
Warrants: corresponding to 67,140 shares.

Henrik Källén, born 1968.
LL.B., Stockholm University
Employed: 2000.
Managing Director of Försäkringsaktiebolaget Avanza Pension.
Holdings on 31st December 2010:
Shares: 15,000.
Warrants: corresponding to 144,120 shares.

Carl Norinder, born 1974.
Degree in Economics and Business Administration from the Stockholm School of Economics.
Employed: 2008.
Customer Relations Manager
Holdings on 31st December 2010:
Shares: –
Warrants: corresponding to 95,270 shares.

Nicklas Storåkers, born 1974.
Degree in Economics and Business Administration from the Stockholm School of Economics and legal studies at Stockholm University
Employed: 1999.
Managing Director
Holdings on 31st December 2010 (incl. family):
Shares: 307,475.
Warrants: corresponding to 297,470 shares.

Hans Toll, born 1970.
Degree in Economics and Business Administration from the Stockholm School of Economics.
Employed: 2010.
Deputy Managing Director of Avanza Bank AB and Bank & Investments Manager.
Holdings on 31st December 2010:
Shares: –
Warrants: corresponding to 19,530 shares.

Auditors

Ernst & Young AB
Auditor in charge:
Lars Träff, born 1954.
Authorised Public Accountant.

Stockholm, 22nd February 2011

Sven Hagströmer
Chairman of the Board

Hans Bergenheim
Member of the Board

Anders Ellsell
Member of the Board

Mattias Miksche
Member of the Board

Andreas Rosenlew
Member of the Board

Nicklas Storåkers
Managing Director
Member of the Board

Jacqueline Winberg
Member of the Board

Auditors' statement concerning the Corporate Governance Report

To the Annual General Meeting of Avanza Bank Holding AB (publ)
Corporate ID no. 556274-8458

The Board of Directors is responsible for the Corporate Governance Report and for ensuring that it is prepared in accordance with the provisions of the Swedish Companies Act.

As a basis for our statement that the Corporate Governance Report has been prepared and that it is consistent with the annual accounts and the consolidated annual accounts, we have read the 2010 Corporate Governance report on pages 88-98 and have evaluated its statutory content on the basis of our knowledge of the company.

We consider that a Corporate Governance Report has been prepared and that its statutory information is consistent with the annual accounts and the consolidated annual accounts.

Stockholm, 22nd February 2011

Ernst & Young AB

Lars Träff
Authorised Public Accountant

Annual General Meeting

The Annual General Meeting of the shareholders of Avanza Bank will be held in the Auditoriet hall of the Moderna Museet building in Stockholm at 15.00 (CET) on Wednesday, 14th April 2011.

Entitlement to participate in the Annual General Meeting

Shareholders shall be entitled to participate in the Annual General Meeting if they:

- are listed in the register of shareholders no later than Thursday, 8th April 2011.
- have submitted notice of their intention to participate in the Annual General Meeting to Avanza Bank no later than 16.00 (CET) on Thursday, 8th April 2011.

How to register as a shareholder?

Avanza Bank's register of shareholders is maintained by Euroclear Sweden AB. Only owner-registered holdings are listed in the shareholder's own name in the register of shareholders. In order for shareholders with nominee-registered shares to be entitled to participate in the Annual General Meeting, the shares must be registered in the shareholder's own name by Thursday, 8th April 2011.

The nominee can assist with re-registration.

How to submit an application?

Applications to participate at the Annual General Meeting can be submitted by e-mail at: arsstamma@avanzabank.se or by telephone on +46 (0)8 562 250 02.

Applications shall contain the name, Civic ID no./Corporate ID no., and e-mail address or daytime telephone number of the shareholder, together with the number of assistants he or she may wish to have accompany them, and the number of shares owned.

Any powers of attorney shall be sent by letters in the post to Avanza Bank at Box 1399, SE-111 93 STOCKHOLM, Sweden. Please mark the envelope "Årsstämma" (Annual General Meeting). Power of attorney forms are available from avanza.com.

Entitlement to submit for inclusion in the Meeting's agenda

Shareholders are entitled to submit items for inclusion in the agenda of Avanza Bank's Annual General Meeting, provided that a written request is submitted to the Board in sufficient time for the item to be included in the Notice convening the Meeting. The shareholders' written request should be submitted to Avanza Bank's Board of Directors no later than Thursday, 24th February 2011 and should be sent to Box 1399, SE-111 93 STOCKHOLM, Sweden. Please mark the envelope "Styrelsen i Avanza Bank Holding AB" [The Board of Directors of Avanza Bank Holding AB].

Financial calendar

Annual General Meeting	14th April 2011
Interim Report, January–March 2011	14th April 2011
Interim Report, January–June 2011	12th July 2011
Interim Report, January–September 2011	13th October 2011
Preliminary Financial Statement, 2011	January 2012



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