

# Interim Report January–March 2024

## First quarter 2024 compared to first quarter 2023

- **Operating income** increased by 10 per cent to SEK 951 million. Net interest income rose, mainly due to higher market interest rates. Fund commissions and net currency-related income were also higher. Net brokerage income and other income decreased
- **Operating expenses** increased by 5 per cent to SEK 303 million, mainly due to higher personnel costs
- **Operating profit** amounted to SEK 647 million, an increase of 12 per cent
- **Profit for the period** was SEK 555 million, an increase of 11 per cent
- **Earnings per share** before dilution amounted to SEK 3.53, an increase of 10 per cent
- The Annual General Meeting on 11 April resolved to re-elect the Chairman of the Board and all board members with the exception of Catharina Eklöf, Hans Toll and Sofia Sundström, who declined re-election. John Hedberg was elected as Deputy Chairman of the Board. Julia Haglind and Lisa Åberg were elected as new board members. It was resolved to pay a dividend of SEK 11.50 per share, as proposed, corresponding to 91 per cent of profit for 2023

## Events during the quarter

- Gustaf Unger was appointed and took over as CEO of Avanza
- The option to place orders via Nasdaq's Nordic@Mid Darkpool directly through the platform was added. Trading via darkpools had previously been available mainly to institutional customers
- Avanza ranked in the top 100 on Equileap's gender equality list of companies in 27 countries

No. of customers

**+7%**

Total 1,950,800

Savings capital

**+20%**

Total SEK 859 bn

*"We begin the second quarter with a positive sentiment and with a strong quarter behind us. The stock market performed well in several markets in the first quarter, leading to increased customer activity and continued high net inflows of SEK 22 billion. All in all, this gave us our second strongest quarterly results ever. We have also launched many popular features for our customers,"*  
says CEO Gustaf Unger.

	Q1 2024	Q4 2023	Change %	Q1 2023	Change %
Operating income, SEK m	951	882	8	868	10
Operating expenses, SEK m	-303	-306	-1	-289	5
Operating profit, SEK m	647	580	12	579	12
Profit for the period, SEK m	555	499	11	501	11
Earnings per share before dilution, SEK	3.53	3.18	11	3.20	10
Operating margin, %	68	66	2	67	1
Return on shareholders' equity, %	36	36	0	38	-2
Net inflow, SEK m	22,000	18,100	22	17,000	29
No. of new customers (net)	49,800	27,900	79	41,100	21
No. of customers at the end of the period	1,950,800	1,901,100	3	1,817,800	7
Savings capital at the end of the period, SEK m	858,900	781,700	10	715,700	20
Income to savings capital ratio, %	0.46	0.47	-0.01	0.50	-0.04
Costs to savings capital ratio, %	0.15	0.16	-0.02	0.17	-0.02

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For key ratios reported in percentages, the change compared to previous periods are stated as percentage points. For definitions see page 25.

# Avanza in brief

## This is Avanza

Avanza was founded in 1999 and has since grown from a company, dealing solely in online stock broking, into Sweden's leading platform for savings and investments. Avanza offers the market's broadest range of savings products, competitive occupational pension solutions and mortgages.

Avanza challenges established structures of large banks and pension providers in the Swedish savings market and drives long-term development of financial products and services. Customers are offered to save in Swedish and foreign securities and in savings accounts, without fixed account charges and at a very low brokerage fee. Avanza primarily targets individual investors, but also offers services for professional traders and corporate customers, such as entrepreneurs, asset managers and those who want an occupational pension.

Avanza is covered by the state deposit guarantee and supervised by the Swedish Financial Supervisory Authority. The Parent Company Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Large Cap (short name AZA).

## An investment in growth

To create long-term shareholder value, growth in customers and savings capital is key since there is an underlying connection between growth in savings capital and income. Income in turn is driven and affected by:

- attractive offers and a strong user experience
- market conditions and its effects on trading activity and fund volumes
- interest rates and changes in deposit and lending volumes

The sensitivity in the event of a decrease in savings capital due to a stock market downturn is difficult to assess, as income is dependent on, among other things, how customers choose to invest their capital. To manage fluctuations in the market, the aim is to broaden the offering and increase the proportion of recurring revenues.

Avanza values a simple, transparent and capital-efficient balance sheet with low risk.

## Vision & business model

Avanza's vision is to create a better future for millions of people through a cheaper, better, and simpler offering. This is based on customer focus, a broad product range, good decision support, and on educating the public about saving and investing. Satisfied customers and a world-class customer experience are the key to Avanza's business.

Avanza is driven by a consistent focus on creating customer value, and the promise to customers is that they will have more left in their own pockets than with any other bank or pension company. This makes innovation, as well as scalability and efficiency, important to Avanza's strategy. Avanza's business model is built on scalability and high cost-efficiency. Strong customer growth, combined with low costs, leads to long-term growth, and enables Avanza to deliver value to both customers and shareholders. Continuous development, digitisation and internal efficiency also reduce operational risks and increase stability.

Avanza's sustainability work is focused on three areas: Sustainable investments, Educate & Challenge, and Sustainable organisation.

Delivering on our vision also requires engaged employees and a strong corporate culture that draws its energy from a willingness to change. Avanza's corporate climate is characterized by collaboration and humility, and by constantly challenging and thinking innovatively.

## Long-term targets 2025

### Satisfied customers

- Sweden's most satisfied savers according to SQI's (Swedish Quality Index) annual award

### Engaged employees

- eNPS (Employee Net Promoter Score) of at least 50

### Value growth

- Market share of 10 per cent of the Swedish savings market by the end of 2025
- Maximum costs to savings capital ratio of 12 basis points over time. Costs can be controlled, while savings capital is dependent on market conditions, which could impact the measure in individual years
- Annual return on equity of at least 35 per cent
- Dividend of 70 per cent of profit for the year, taking into account capital requirements, including Pillar 2 requirements and guidance, as well as the internal buffer requirement

### Sustainability

- Strengthen the Sustainability Score in customers' investments
- Increase equality in savings
- Net zero emissions according to Science Based Target

## Priorities for 2024

- Stability and availability
- A world-class user experience and offering for active and high-net-worth customers
- Help new customers to start saving
- Improved pension offering
- Internal efficiency improvements to free up resources for focus areas

For more information, see [avanza.se/ir](https://www.avanza.se/ir), and the Annual Report.



## CEO comment

### A unique culture with a strong customer focus

In the last week of the quarter I had the privilege of taking over leadership of Avanza. While it has not been long enough to draw any conclusions, I still want to share a few of my initial thoughts. Over the years, I have taken over leadership roles a number of times, but never have I been met with such open arms as I have here at Avanza. In my experience, new colleagues tend to keep their distance and don't want or dare to spontaneously make contact. At Avanza I have only experienced positive welcoming and an incredibly open atmosphere, which is not only socially enjoyable, but is also valuable since the likelihood of hearing truths is higher. The much-discussed customer focus has also been evident in the discussions I have had with my colleagues and the material I have read. The Avanza culture is truly unique, which will be important for me to consider and to benefit from as we continue to challenge an inefficient savings market.

### Increased customer activity

We are reporting our second highest quarterly result ever and income in line with the record start we had in 2021. We have seen stock markets gain ground both in Sweden and globally, driven by the hope of lower interest rates this year. The Stockholm Stock Exchange rose by nearly 8%, which together with a greater risk tolerance among our customers led to higher trading activity and continued strong net inflow of SEK 22 billion in the quarter. Growth in the customer base was also good at nearly 50,000, which shows the trust in Avanza.

The higher risk tolerance and rising foreign stock markets have also increased foreign trading, the share of which was the highest since early 2021 and where interest in AI was clearly evident during the quarter. The increased activity led to customers net buying securities to a greater extent, which reduced deposits and the return on the Treasury portfolio. This negatively impacted net interest income. At the end of the quarter, deposits increased due to the dividend season, which is now in full gear. The share of index funds continued to rise, although income per SEK of fund capital held fairly stable with only a minor decrease – partly due to increased interest in technology funds. The net inflow to funds was strong at SEK 11 billion in the quarter and Avanza captured the equivalent of just over 33% of the net inflow in the fund market.

### Many popular features launched in the quarter

Among our focus areas for the year are strengthening the user experience for more active customers, further improving our pension offering and helping new customers to more easily get started. With these themes in mind, we launched a number of appreciated features in the quarter, including news alerts and notifications on favourite companies directly to the customer's mobile phone, a new page with a better overview of options and futures, and an expanded order management process with the option to trade digitally via Nasdaq's Nordic@Mid Darkpool. The latter enables customers to remain anonymous in the market and trade larger volumes without impacting the share price, which had previously mainly been available for institutional customers. The pension offering has been improved with a clearer onboarding process designed to simplify getting started, especially for those new customers who haven't chosen Avanza themselves but where their employer has offered it to them as a benefit. The new process makes it easier for them to understand their occupational pension and its benefits and how they, for

example, can think about risk. Going forward, many additional improvements for our customers are in the works by our development teams.

### Stability improvements are producing results

Another focus area is the stability and availability of our services. A great deal of work has been devoted to this area in the last year and we are already seeing results in the form of the high availability of our services during the quarter. The underlying reason for the previous problems, where resolving efforts are being made, is that Avanza were early to adopt modern technology. The disadvantage of being on the technological forefront is that the tools we have needed have not been available and we have had to build our own solutions. We are now working on standardising the systems with solutions available in the market and are reviewing and improving the tools we use. A company of our size can never guarantee that problems won't arise, but what we are doing now aims to ensure that any disruptions that occur will not have the consequences we saw last summer.

To create a streamlined technology unit and a clear strategy for all of our technology, we will be implementing organisational changes during the year. The end result will also be a streamlined product unit with an even stronger focus on our customers. Right now we are out in the market recruiting a CTO and a CPO for these key roles, who will also be important additions to Group Management.

### Protect savers and maintain the interest deduction for margin lending

Lastly and with regard to new regulations in the savings market, I also want to express my concern about the government's proposal to limit the interest deduction for margin lending. This will hurt savers. These loans are in many ways safer than other loans and fundamentally different from consumer loans, which as I understand it is what the government actually wants to limit the deductibility of. Consumer lending let people consume for money they don't have, while margin lending is a way of investing and building value. Margin lending enables investors to leverage their savings and increases opportunities to raise their value over the long term. It is also an investment strategy that the state-owned Seventh AP Fund uses in its pre-selection fund alternative as part of the Swedish premium pension system and which has proven to be a successful strategy. As a member of the Swedish Bankers' Association, Avanza has recently submitted a response to a draft circulated by the government on the issue and I truly hope that it takes our argument into consideration – for the sake of savers!

### We continue to challenge the savings market

I very much look forward, together with my colleagues, to creating further value for customers and shareholders. Avanza is a fantastic company with passionate employees, and we can do much more by challenging in more areas where savers and investors today don't have enough cheap, good and simple solutions.

Stockholm, 18 April 2024



Gustaf Unger, CEO Avanza



# Operations during the quarter

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by nearly 8 per cent in the quarter. Volatility was still low.

Turnover on the Stockholm Stock Exchange including First North increased by 4 per cent and the number of transactions by 7 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 19 per cent and the number of transactions by 19 per cent. Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover, and increased its market shares compared to the previous quarter.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of just over SEK 33 billion in the quarter. Avanza's net inflow to mutual funds was over SEK 11 billion.

Market shares	2024 Q1	2023 Q4	2023 Q1	2023 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	20.3	18.3	19.1	19.1
Turnover, %	7.4	6.4	8.1	7.0
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	33.5	NM <sup>1)</sup>	26.4	35.2

1) For the fourth quarter 2023 the net outflow in the Swedish fund market was nearly SEK 400 million, whereas Avanza had a net inflow of SEK 5 billion.

Inflation is on its way to stabilising around the target but inflation pressures are still slightly elevated, which is why the Riksbank left the policy rate unchanged at 4.00 per cent in March. If the inflation outlook remains favourable, the Riksbank's forecast is that the policy rate probably can be cut in May or June. The risk of a setback remains, however. The SEK exchange rate, for example, creates uncertainty. The next policy rate decision will be published on 8 May 2024.

Data on the Swedish savings market for the fourth quarter of 2023 was published in February, which amounted to just over SEK 11,000 billion, an increase of nearly 5 per cent compared to a year earlier. The occupational pension market increased by 3 per cent and amounted to nearly SEK 4,000 billion. During the same period, Avanza's savings capital increased by 18 per cent and the occupational pension capital by 27 per cent.

Avanza's share of the Swedish savings market increased to 7.1 per cent. The market share of the net inflow for the fourth quarter was 100 per cent, a result of outflows in deposits and individual pensions at other institutions.

Market shares	Jan 2023- Dec 2023	Oct 2022- Sep 2023	Jan 2022- Dec 2022
<i>The Swedish savings market</i>			
Market share at the end of the period, %	7.1	6.5	6.4
Net inflow, % <sup>1)</sup>	22.5	13.6	5.8
<i>The Swedish life insurance market</i>			
Premium inflow, %	9.2	9.1	9.6
Premium inflow for non-collectively agreed occupational pension insurance, %	8.5	8.3	8.5

1) The market share in the fourth quarter 2022 was negatively affected by an outflow of SEK -4.4 billion linked to a cooperation with an asset management firm as well as insurance portfolio transfer of collectively agreed occupational pensions of SEK -2.4 billion to Futur Pension.

The market share regarding premiums paid for non-collectively agreed occupational pension for the last twelve-month period remained at the same level as the corresponding quarter of the previous year. The market share of premium inflow in the competitive pension and life insurance market, i.e. including endowment insurance, decreased.

## Launches and events

The user experience is updated continuously on the platform. The following is a sample of launches and other events during the quarter.

To improve the experience of our more active customers, we have launched the possibility to activate news alerts on companies and receive notifications directly by mobile phone. This makes it easier to actively follow events involving companies they are interested in. The stop loss feature, which has been available for a long time on the website and in the apps, was further improved to allow customers to set a trigger by percentage. The average purchase price for foreign securities is now shown in the original currency. A new, easier-to-navigate list of options and futures was also launched. The order management process was improved with the opportunity to trade larger volumes anonymously via Nasdaq's Nordic@Mid Darkpool and avoid affecting the share price.

To further improve the pension offering and help new customers get started, a new, customised onboarding process was launched for occupational pension customers who were added by their employer rather than choosing to become customers themselves.

The search function on the website was improved to increase the relevance of search results and also provide the option of adding search filters. Now there is also a page with updated information on product launches aimed at making it easier to follow all launches.

Internally, a theme week on financial crime was held with training and lectures to call attention to and spread knowledge on the topic.

On the theme of internal efficiency, existing corporate customers now can apply for endowment insurance without any manual processing, providing a more convenient customer experience at the same time that manual steps and internal involvement are reduced and the risk of errors is minimised. Forced sales for overleveraged customers have been automated as well. Efficiency improvements to free up time in operating units are continuing in order to further strengthen development resources.

Avanza ranked 69<sup>th</sup> among the top 100 companies in the world in gender equality according to the Equileap 2024 Gender Equality Report. Nearly 3,800 companies in 27 countries have been evaluated, representing 103 million employees. The assessment is based on 21 gender equality indicators.

## Development of customers and savings capital

The number of customers increased by 49,800 net in the quarter and amounted to a total of 1,950,800 as of 31 March. The share of women among new customers was 46 per cent during the first quarter, and women made up 39 per cent of the total number of customers as of 31 March, unchanged from 31 December 2023. Of the total number of customers, 9 per cent were occupational pension customers. Customer churn rolling 12 months was 0.6 per cent. The number of average daily active users on the platform increased during the quarter to 410,000, holidays and weekends included.

Net inflow in the quarter amounted to SEK 22 billion. Customers within the Standard segment still accounted for the vast majority of the net inflow in the quarter. New customers accounted for 32 per cent of the net inflow. The savings capital increased to SEK 859 billion, mainly as a result of the rising stock market. This results in a total increase in the savings capital of 10 per cent in the quarter.

Total recurring monthly savings by Avanza's customers, excluding occupational pensions, remained at SEK 1.5 billion. Recurring occupational pension premiums averaged SEK 353 million per month in the trailing 12-month period, an increase of 2 per cent compared to the corresponding period a year

earlier. The lower growth rate is a result of the economic situation and personnel reductions, especially within the tech industry.

At the end of the quarter, 33 per cent of customers' capital was invested in funds, 2 percentage points higher than at the beginning of the quarter. Nearly 36 per cent of the fund capital was invested in Avanza's own funds. Total fund capital increased by 15 per cent during the quarter and net inflow was just over SEK 11 billion.

Customers' deposits as a percentage of the savings capital, decreased to 12.1 per cent, a result of customers continuing to buy securities on a net basis. Deposits in Avanza's own savings account, where the interest rate was unchanged at 3.50 per cent during the quarter, amounted to SEK 27.8 billion. Deposits in accounts that pay interest represent 93 per cent of customers' total deposits excluding external savings accounts, compared to 93 per cent as of 31 December 2023.

Lending within internally financed mortgages increased slightly. Margin lending also increased, which is assessed to be a result of a positive stock market, higher trading activity, and increased risk appetite. The external mortgage volumes continued to decrease. The Swedish mortgage market's growth continues to be cautious.

	2024 Q1	2023 Q4	Change %	2023 Q1	Change %	2023 Jan-Dec
<b>Net inflow, SEK m</b>						
Standard	19,610	16,200	21	13,320	47	65,870
Private Banking	2,030	1,510	34	2,840	-29	4,770
Pro	360	390	-7	840	-57	1,660
<b>Net inflow</b>	<b>22,000</b>	<b>18,100</b>	<b>22</b>	<b>17,000</b>	<b>29</b>	<b>72,300</b>
Equity-, fund-, and savings accounts	15,770	19,040	-17	11,890	32	62,100
Pension- & insurance-based accounts	6,230	-940	-	5,110	22	10,200
of which endowment insurance	4,750	-2,660	-	3,310	44	3,510
of which occupational pensions	1,470	1,670	-12	1,690	-13	6,340
<b>Net inflow</b>	<b>22,000</b>	<b>18,100</b>	<b>22</b>	<b>17,000</b>	<b>29</b>	<b>72,300</b>

	31-03-2024	31-12-2023	Change %	31-03-2023	Change %
<b>Customers, savings capital and lending, SEK m</b>					
Standard, No.	1,914,380	1,865,590	3	1,784,480	7
Private Banking, No.	33,000	31,900	3	29,900	10
Pro, No.	3,420	3,610	-5	3,420	0
<b>No. of customers</b>	<b>1,950,800</b>	<b>1,901,100</b>	<b>3</b>	<b>1,817,800</b>	<b>7</b>
of which occupational pension customers, No.	168,700	165,300	2	153,600	10
Standard	490,500	446,500	10	406,900	21
Private Banking	311,600	285,600	9	264,800	18
Pro	56,800	49,600	15	44,000	29
<b>Savings capital</b>	<b>858,900</b>	<b>781,700</b>	<b>10</b>	<b>715,700</b>	<b>20</b>
Equity-, fund-, and savings accounts	611,600	559,600	9	511,700	20
Pension- & insurance-based accounts	247,300	222,100	11	204,000	21
of which endowment insurance	164,300	147,400	11	139,000	18
of which occupational pensions	65,100	58,300	12	49,900	31
<b>Savings capital</b>	<b>858,900</b>	<b>781,700</b>	<b>10</b>	<b>715,700</b>	<b>20</b>
Equities, bonds, derivatives, etc.	474,300	432,500	10	417,000	14
Mutual funds	280,800	243,100	15	208,500	35
Deposits	103,800	106,100	-2	90,200	15
of which savings account	27,800	26,800	4	6,760	311
of which external deposits (Savings account+)	41,900	42,700	-2	34,900	20
<b>Savings capital</b>	<b>858,900</b>	<b>781,700</b>	<b>10</b>	<b>715,700</b>	<b>20</b>
Internally financed lending	20,300	19,600	4	19,900	2
of which margin lending	8,740	8,100	8	8,500	3
of which mortgages (Bolån PB)	11,600	11,500	1	11,400	1
External mortgages (Bolån+)	19,600	20,300	-4	23,300	-16
<b>Lending</b>	<b>39,900</b>	<b>39,900</b>	<b>-</b>	<b>43,200</b>	<b>-8</b>
Return, average account since 1 Jan, %	7	7	0	5	2
OMX Stockholm GI since 1 Jan, %	8	19	-11	9	-1

## Financial overview

	2024 Q1	2023 Q4	Change %	2023 Q1	Change %	2023 Jan-Dec
<b>Income Statement, SEK m</b>						
Net brokerage income	217	161	34	229	-5	724
Fund commissions, net	166	150	11	144	16	594
Currency-related income, net	99	69	43	83	19	287
Net interest income	409	431	-5	349	17	1,574
Other income, net	60	72	-16	64	-6	258
<b>Operating income</b>	<b>951</b>	<b>882</b>	<b>8</b>	<b>868</b>	<b>10</b>	<b>3,437</b>
Personnel	-191	-189	1	-178	8	-704
Marketing	-10	-6	64	-11	-10	-28
Depreciation, amortisation and impairment	-22	-23	-2	-22	1	-88
Other expenses	-80	-89	-10	-79	1	-328
<b>Operating expenses before credit losses</b>	<b>-303</b>	<b>-306</b>	<b>-1</b>	<b>-289</b>	<b>5</b>	<b>-1,148</b>
<b>Profit before credit losses</b>	<b>648</b>	<b>576</b>	<b>12</b>	<b>579</b>	<b>12</b>	<b>2,289</b>
Credit losses, net	-1	3	-	0	-	3
<b>Operating profit</b>	<b>647</b>	<b>580</b>	<b>12</b>	<b>579</b>	<b>12</b>	<b>2,292</b>
Tax on profit for the period	-92	-80	15	-78	18	-310
<b>Profit for the period</b>	<b>555</b>	<b>499</b>	<b>11</b>	<b>501</b>	<b>11</b>	<b>1,982</b>
<b>Key ratios</b>						
Operating margin, %	68	66	2	67	1	67
Profit margin, %	58	57	2	58	1	58
Return on shareholders' equity, %	36	36	0	38	-2	38
Earnings per share before dilution, SEK	3.53	3.18	11	3.20	10	12.64
Earnings per share after dilution, SEK	3.53	3.18	11	3.18	11	12.64
Credit loss level, %	0.00	0.01	-0.01	0.00	-	0.00
Income to savings capital ratio, %	0.46	0.47	-0.01	0.50	-0.04	0.48
Costs to savings capital ratio, %	0.15	0.16	-0.02	0.17	-0.02	0.16
Savings capital per customer, SEK	440,270	411,190	7	393,730	12	411,190
Income per customer, SEK	1,970	1,870	6	1,930	2	1,870
Costs per customer, SEK	-630	-650	-3	-640	-2	-620
Net brokerage income/trading day, SEK m	3.5	2.6	35	3.6	-3	2.9
No. brokerage-generating notes/trading day	149,500	118,900	26	158,200	-5	134,900
Turnover in brokerage-generating securities /trading day, SEK m	3,720	2,890	29	4,020	-8	3,200
Turnover in brokerage-generating foreign securities /trading day, SEK m	720	470	53	570	26	510
Gross brokerage income /turnover in brokerage-generating securities, %	0.110	0.106	0.004	0.105	0.005	0.108
No. trading days	62.0	62.5	-1	63.5	-2	249.0
Investments, SEK m	3	5	-44	3	-6	24
Average no. employees	662	666	-1	642	3	654
Platform availability, %	100.0	99.9	0.1	99.9	0.1	99.8

<b>Key ratios</b>	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>Change %</b>	<b>31-03-2023</b>	<b>Change %</b>
Shareholders' equity per share before dilution, SEK	40.70	37.09	10	34.84	17
Outstanding no. shares before dilution, thousands	157,237	157,237	-	156,619	0.4
Outstanding no. shares after dilution, thousands	157,351	157,363	0.0	157,240	0.1
No. shares upon full dilution, thousands	160,012	160,837	-0.5	161,269	-0.8
No. employees	662	661	0	648	2
Share price, SEK	230.90	231.20	0	243.00	-5
Market capitalisation, SEK m	36,300	36,400	0	38,100	-5

## First quarter compared to the previous quarter

Operating profit for the first quarter increased by 12 per cent. This was mainly a result of increased operating income, even though operating costs decreased slightly.

The operating margin increased by two percentage points to 68 per cent and the return on shareholders' equity was 36 per cent.

### *Operating income*

Operating income increased by 8 per cent compared to the previous quarter. Net brokerage income and currency-related income as well as fund commissions increased, while the net interest income and other income decreased.

Net brokerage income rose by 34 per cent, mainly due to higher customer activity and increased trading in foreign markets, but also increased gross brokerage income per brokerage-generating turnover. The number of brokerage-generating customers rose by 14 per cent and the number of brokerage-generating notes and turnover increased by 25 per cent and 27 per cent, respectively. It was mainly customers in the lower brokerage fee classes, i.e. those who normally execute fewer trades, who increased their activity, which raised gross brokerage income per brokerage-generating turnover to 11.0 basis points (10.6). Private Banking and Pro accounted for a lower share of the brokerage income. Their share decreased to 26 per cent (27). The number of trading days was 0.5 fewer.

Net currency-related income increased by 43 per cent to SEK 99 million (69) due to higher turnover in foreign securities. Turnover in brokerage-generating foreign securities increased by 51 per cent. Brokerage-generating trading in foreign markets accounted for 19 per cent (16) of total brokerage-generating turnover in the quarter, the highest share since the first quarter 2021.

Net fund commissions increased by 11 per cent due to higher average fund capital. Fund capital volumes by the end of the quarter were 15 per cent higher than at the beginning of the quarter. Net inflow to funds amounted to SEK 11 billion. Average income per SEK of fund capital decreased to 26.1 basis points (26.4) as a result of a continued increased share of capital in index funds, which increased by 1.6 percentage points to just over 45 per cent. Income per SEK of fund capital was 25.9 basis points at the end of the quarter.

Net interest income decreased by 5 per cent, mainly due to higher interest expenses, which increased by 4 per cent. This was a result of higher volume in Avanza's own savings account for customers, although total liquidity decreased. Deposit expenses as well as the resolution fee and deposit guarantee fee were also higher. Interest income from internally financed lending increased, while income from the Treasury portfolio decreased due to the lower deposit volume. In total, interest income decreased by 1 per cent, mainly as a result of a smaller liquidity portfolio owing to lower deposits. The smaller Treasury portfolio was a result of an increased risk tolerance and larger net purchases of securities, although deposits increased at the end of the quarter as dividend season picked up. Market interest rates decreased slightly. The bond portfolio is tied to the 3M STIBOR. The return on surplus liquidity was SEK 480 million (485). Income from Avanza's internally financed lending increased and amounted to SEK 233 million (224). The mortgage rate was raised by 0.50 percentage points on 1 November 2023 and fully impacted earnings in the first quarter. The interest rate on mortgage loans is directly tied to the policy rate, so theoretically there is still a 0.25 percentage point hike to come, but that is unlikely since the Riksbank is forecasting rate cuts going forward. Margin lending volume increased by 8 per cent in the quarter and mortgages by 1 per cent. The average

interest rate on internally financed lending increased slightly to 4.66 per cent (4.59). Interest expenses increased due to the higher volume in Avanza's own savings account, while liquidity in other accounts decreased. The interest expense for deposits in the first quarter amounted to SEK 291 million (275). The average interest rate on deposits in the quarter was 1.86 per cent (1.76). The resolution fee and deposit guarantee fee increased to SEK 12 million (4). This was because the actual outcome for 2023 was lower than estimated, which resulted in a lower expense in the fourth quarter. In total, the resolution fee and deposit guarantee fee for 2024 have been estimated at SEK 50 million, compared to SEK 36 million for the full-year 2023.

Other income decreased by 16 per cent, which mainly was a result of lower income from Corporate Finance, which decreased to SEK 2 million (13). Both income from Avanza Markets of SEK 42 million (43) and income from stock lending of SEK 9 million (10) were in line with the previous quarter. Other commission expenses increased by 18 per cent due to increased customer activity and more logins, which contributed to higher costs for payment commissions of SEK 28 million (22).

### *Operating expenses*

Operating expenses decreased by 1 per cent, mainly as a result of lower other expenses, such as costs for external services and information costs. Personnel costs increased as a result of the yearly salary review from 1 January, as according to previous communication. Marketing costs were seasonally higher in the quarter.

### *Credit losses*

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. For more information, see Note 5.

### *Taxes*

In the quarter, the effective tax rate increased to 14.3 per cent (13.9). The fluctuation in the tax rate between quarters depends on how large a share of income generates corporate tax versus yield tax. The bank pays standard corporate tax, whereas the majority of the insurance company's income is subject to yield tax, which reduces the effective tax rate.

## First quarter 2024 compared to first quarter 2023

Operating profit increased by 12 per cent compared to the first quarter of 2023. Operating income as well as operating expenses increased.

The operating margin increased by one percentage point to 68 per cent. The return on shareholders' equity was lower at 36 per cent.

### *Operating income*

Operating income increased by 10 per cent, a result of higher net currency-related income, net interest income and fund commissions. Net brokerage income and other income decreased.

Net brokerage income decreased by 5 per cent due to lower customer activity. The number of brokerage-generating notes was 8 per cent lower and brokerage-generating turnover decreased by 10 per cent. Gross brokerage income per brokerage-generating turnover increased to 11.0 basis points (10.5). The number of trading days were 1.5 fewer.

Net currency-related income increased by 19 per cent as a result of higher turnover in brokerage-generating foreign securities, which increased by 23 per cent.

Net fund commissions increased by 16 per cent due to 35 per cent higher fund capital, while average income per SEK of fund capital decreased from 28.7 to 26.1 basis points. This was a result of a higher share of capital in index funds. The share of fund capital in index funds was just over 45 per cent, compared to nearly 41 per cent in the first quarter of 2023. Income per SEK of fund capital was 25.9 basis points by the end of the first quarter of 2024.

Net interest income increased by 17 per cent, mainly due to increased deposits, higher market interest rates and an increased return on the Treasury portfolio, which increased to SEK 480 million (279). Higher deposit volumes contributed to increased income from the Treasury portfolio as well as higher interest expenses. Income from internally financed lending also increased and amounted to SEK 233 million (176). The average interest rate on internally financed lending increased to 4.66 per cent (3.60). Interest expenses also increased due to a rising policy rate during 2023 and that Avanza as a result started paying interest on customers' deposits on 1 January 2023 and introduced its own savings account for all customers in February 2023. Interest expenses for deposits amounted to SEK 291 million (95). The average interest rate on deposits increased to 1.86 per cent (0.66). The resolution fee and deposit guarantee fee amounted to SEK 12 million (11).

Other income decreased by 6 per cent. Mainly income from stock lending decreased, while income from Avanza Markets increased to SEK 42 million (39). Income from stock lending decreased to SEK 9 million (18) as a result of lower lending volumes and interest rates. Higher other commission expenses also affected other income negatively. Commission expenses increased by 9 per cent mainly as a result of price increases from suppliers, which contributed to higher costs for payment commissions of SEK 28 million (25).

#### *Operating expenses*

Operating expenses increased by 5 per cent to SEK 303 million, mainly due to increased personnel. Personnel costs increased by 8 per cent as a result of more employees and the yearly salary review. The average number of employees increased by 3 per cent.

The costs to savings capital ratio decreased to 15 basis points (17). The long-term target to spotlight efficiency and the focus on costs remain unchanged with a maximum costs to savings ratio of 12 basis points over time. High cost-efficiency is prioritised and has during the last few years contributed to Avanza's resilience in various market conditions, at the same time that it constitutes an important competitive advantage.

The cost increase for 2024 is estimated at 9.5 per cent, as according to previous communication. More than half of the increase is higher personnel costs, the majority of which is attributable to total salary adjustments of 4 per cent, higher occupational pension premiums for employees and increased costs due to the replacement of the CEO. New personnel will not be added in 2024 other than in exceptional circumstances. The costs for licenses and information are increasing, mainly as a result of inflation adjustments, but also due to the increased number of employees. This portion accounts for approximately one third of the total cost increase.

#### *Credit losses*

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. For more information, see Note 5.

#### *Taxes*

The effective tax rate increased to 14.3 per cent (13.5). The fluctuation in the tax rate between quarters depends on how

large a share of income generates corporate tax versus yield tax. The bank pays standard corporate tax, whereas the majority of the insurance company's income is subject to yield tax, which reduces the effective tax rate.

#### **Net interest income sensitivity**

The policy rate was left unchanged at 4.00 per cent in March. If the inflation outlook remains favourable, the Riksbank's forecast is that the policy rate probably can be cut in May or June. The risk of a setback remains, however. The SEK exchange rate, for example, creates uncertainty. The Riksbank's next rate decision will be announced on 8 May 2024.

Changes in the policy rate affects the return on the Treasury portfolio, that is to say surplus liquidity, which mainly is invested in covered bonds, as deposits with the Riksbank as well as with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending constitutes of mortgage loans to Private Banking customers and margin lending. The mortgage rate is tied to the policy rate, but the latest hike from September 2023 has been postponed and probably will not be implemented since the Riksbank is signalling that it will cut rates going forward. The interest rate on margin lending is based on demand and the competitive landscape.

The cost side of net interest income mainly consists of interest payments on customer deposits. Avanza pays interest on deposits in equity and fund accounts, investment savings accounts (ISK), savings accounts and endowment insurance. Deposits in these accounts, represent 93 per cent of customers' total deposits excluding external savings accounts. Deposits in Avanza's own savings account amounted to SEK 27.8 billion as of 31 March 2024 and the interest rate is unchanged at 3.50 per cent since September 2023.

All else being equal, without accounting for changes in volume or customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or raise of the policy rate would affect full-year net interest income by between SEK -210 million and SEK 650 million. The calculation is based on rates by the end of the first quarter and only highlights the sensitivity in the net interest income. On the upside, Avanza has absorbed the entire increase without sharing with customers, which would be implausible, and on the downside lowered rates on both deposits as well as lending. The fact that the effect is lower on the downside is due to deposit rates in the Standard offer only amounting to 0.25 per cent and constituting a majority share of deposit volumes, excluding Avanza's savings account.

#### **Seasonal effects**

Avanza has no major seasonal variations, except that the third quarter is typically characterised by lower personnel costs due to the summer vacation as well as seasonally lower Corporate Finance activity. Marketing costs are usually higher during the first and third quarter, even though this may be affected by product launches in other quarters. Avanza's financial results are impacted by the stock market, volatility and the policy rate. Customer growth and net inflow are normally higher at the beginning of the year.



## Future outlook

Households' conditions for saving have changed due to high inflation in 2022 and 2023 and rising interest rates. At the same time, the understanding of as well as the need for saving is increasing in society. As a result of the macroeconomic conditions and market sentiment, market activity was lower during these years, but lower inflation as well as hopes that interest rates have peaked has contributed to increasing optimism and higher customer activity in the beginning of 2024. Different economic situations requires adaptability and also underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to parry, but also to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

### *A strong savings tradition and good opportunities for growth*

A high share of the population in Sweden has is owning stocks and funds. While Avanza already has a high market share of the equity-owning population, there is still good growth potential. Everyone in Sweden with a bank account who understands the importance of saving is a potential customer. Avanza's growth ambition includes attracting broader target groups, experienced and established investors as well as new ones – and to attract a larger share of existing customers' savings with new products and services. Growth among new customers is expected to increase Avanza's share of fund savings, which along with the growth targets in pensions and mortgages reduces the sensitivity to market fluctuations.

### *Greater responsibility for personal finances*

For some time, we have been shifting toward a society where individuals are expected to take on greater responsibility for their financial well-being. Everyone needs a buffer for unexpected events, in addition to which savings are needed for every stage of life. There is a great need for private pension savings, and it will remain that way as long as the pension system is designed according to today's model where the level of compensation is expected to decline in the coming decades. For the individual this means either delaying retirement or offsetting for the difference through personal savings. Another example is the structure of the housing market, where nearly 80 per cent of homeowners have a mortgage. High mortgage rates, inflation and real wage cuts, the incentive to save for a home increases. In addition, there is a big savings gap between men and women. Women save less compared to men, and put more of their money into savings accounts. Avanza is actively working to reach a broader audience and promote women's savings.

### *Digitisation and increased competition*

Digitisation is leading to a more agile financial market with a wider range of competitively priced products and services, as well as higher demands on the user experience. This along with macroeconomic conditions, as well as the insight on the potential for personal savings, have led to increased competition in the savings market, particularly as regards active traders with a high net worth. Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competitors enter the savings market. As Sweden's largest platform for savings and investments, Avanza also have a solid database and extensive expertise in personal savings, a competitive advantage in the development of new products and services. This helps to stay relevant and create personalised services, while also creating exciting opportunities in AI. Avanza's large customer base provide an

attractive platform for interesting collaborations that can strengthen the offering and Avanza's user experience further.

### *New regulations and stronger consumer protection*

The EU has been working for many years to strengthen the European capital markets and to harmonise and clarify regulations. Avanza is well positioned with respect to the rules on increased transparency, improved consumer protection and digital development. For Avanza, the interests of customers come first, and clarity and transparency are emphasized in pricing. Avanza has always advocated low fees and a long-term approach and avoided commission-driven advice, instead developing tools on the platform to help customers save based on their personal needs.

The government has for several years tried to make the transfer market in Sweden more efficient, which has been done by expanding transfer rights and limiting the fees charged on occupational pension transfers. At the same time, the complex and administratively time-consuming transfer process has not changed and more work is needed to create a well-functioning, freer pension market. Should the transfer market be simplified, Avanza has a competitive pension offering without platform fees, a wide range of investment opportunities and a strong user experience.

Since its introduction in 2012, the Investment savings account have quickly become the most popular account form for saving in securities. The introduction of the account has simplified investing in the stock market and reduced barriers to entry. In late 2023, the government presented a proposal on a tax-exempt basic level of SEK 300,000, which would further reduce the barriers to begin investing in the stock market and is expected to have a positive impact on savings. It is still uncertain, however, when the proposal will be approved.

### *Intergenerational wealth transfers*

The big generation born in the 1940s and 50s has built up tremendous wealth and today owns a large share of total savings capital. Within a few years there will be a major transfer of wealth from older to younger generations in several countries. Avanza has attracted a large share of young customers in the last ten years. Younger customers generally have fewer resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now. If Avanza continues to create attractive offerings and good reasons to stay on the platform, there is great potential in the young savers who have learned about and become interested in the savings market. Avanza has a low customer churn at less than 1 per cent.

### *The financial industry's role for sustainable development*

The financial industry, with its ability to steer capital to sustainable economic activities, has a key role to play in the transition to a sustainable economy. For Avanza, it is important to live up to this and have a platform with sustainable products in each area, as well as extensive support to help customers integrate ESG aspects in their investment decisions. This is becoming an increasingly important competitive advantage as demand for sustainable savings products steadily grows. Continuously improving our sustainability offering and increasing transparency on the platform also align with the EU Action Plan on Financing Sustainable Growth and many sustainability regulations that have been implemented in recent years, and which will enhance the basis of the tools and information available on Avanza's platform.

For more information on long-term trends, see Avanza's Annual Report at [avanza.se/ir](https://www.avanza.se/ir). Also see page 12 for more on significant risks and uncertainty factors.

## Nine quarters in summary

Quarterly overview, SEK m	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net brokerage income	217	161	162	172	229	196	216	215	328
Fund commissions, net	166	150	153	147	144	137	141	143	157
Currency-related income, net	99	69	71	65	83	65	80	86	133
Net interest income	409	431	404	390	349	369	222	115	83
Other income, net	60	72	64	59	64	81	81	58	66
<b>Operating income</b>	<b>951</b>	<b>882</b>	<b>854</b>	<b>833</b>	<b>868</b>	<b>847</b>	<b>740</b>	<b>618</b>	<b>768</b>
Personnel	-191	-189	-154	-183	-178	-166	-141	-170	-159
Marketing	-10	-6	-9	-2	-11	-7	-8	-5	-9
Depreciation, amortisation and impairment	-22	-23	-22	-22	-22	-21	-21	-21	-18
Other expenses	-80	-89	-80	-80	-79	-79	-68	-77	-63
<b>Operating expenses before credit losses</b>	<b>-303</b>	<b>-306</b>	<b>-266</b>	<b>-287</b>	<b>-289</b>	<b>-273</b>	<b>-238</b>	<b>-272</b>	<b>-249</b>
Credit losses, net	-1	3	0	0	0	-1	0	-1	2
<b>Operating profit</b>	<b>647</b>	<b>580</b>	<b>588</b>	<b>546</b>	<b>579</b>	<b>573</b>	<b>502</b>	<b>345</b>	<b>521</b>
<b>Adjusted operating profit <sup>1)</sup></b>	<b>647</b>	<b>580</b>	<b>588</b>	<b>546</b>	<b>579</b>	<b>573</b>	<b>502</b>	<b>345</b>	<b>521</b>
Operating margin, %	68	66	69	66	67	68	68	56	68
Earnings per share before dilution, SEK	3.53	3.18	3.25	3.02	3.20	3.16	2.78	1.90	2.85
Shareholders' equity per share before dilution, SEK	40.70	37.09	33.72	30.25	34.84	31.61	28.23	25.00	32.78
Return on shareholders' equity, %	36	36	41	37	38	42	42	26	36
Net inflow	22,000	18,100	21,200	16,100	17,000	-7,450	6,030	8,400	16,600
No. of new customers, net	49,800	27,900	31,300	24,000	41,100	12,700	24,100	19,700	60,100
No. of customers at the end of the period	1,950,800	1,901,100	1,873,200	1,841,900	1,817,800	1,776,700	1,764,000	1,739,900	1,720,200
Savings capital at the end of the period	858,900	781,700	715,400	736,900	715,700	663,900	639,900	652,700	740,900
Income to savings capital ratio, %	0.46	0.47	0.47	0.46	0.50	0.52	0.46	0.35	0.40
Costs to savings capital ratio, %	0.15	0.16	0.15	0.16	0.17	0.17	0.15	0.16	0.13

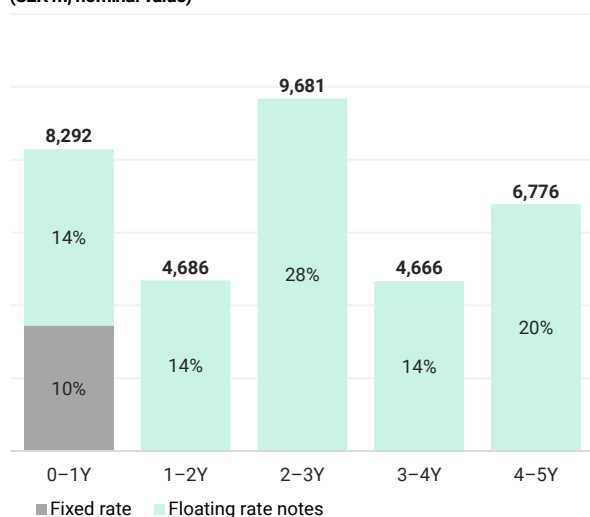
1) No items affecting comparability during reported periods.

## Financial position

Avanza is self-financed through equity and customer deposits. The majority of deposits from the public are covered by the government deposit guarantee and are spread across a very large number of households. As of 31 March 2024, deposits amounted to SEK 61.9 billion and loans to the public to SEK 21.3 billion. All lending is secured by listed securities or pledges on homes or tenant-owned apartments, and the credit quality is assessed to be good. The average loan-to-value ratio for mortgages amounted to 41 per cent as of 31 March 2024 and for margin lending to 25 per cent. Between 2001 and 31 March 2024, actual and expected credit losses amounted to SEK 12 million, or an average of 0.02 per cent per year. Avanza has no realised credit losses attributable to events after 2011. Lending as a share of deposits amounted to 34 per cent as of 31 March 2024.

Surplus liquidity, which as of 31 March 2024 amounted to SEK 46.2 billion, is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, and to a lesser extent

**Maturity structure of interest-bearing securities as of 31 March 2024 (SEK m, nominal value)**



Financial position <sup>1)</sup>	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Common Equity Tier 1 (CET1) capital, SEK m	3,594	3,574	3,696	3,572	3,504	3,402	3,148	2,979	3,000
Total capital, SEK m	3,594	3,574	3,696	3,572	3,504	3,402	3,148	2,979	3,000
Common Equity Tier 1 ratio, %	24.3	24.7	29.1	28.2	26.3	26.2	25.3	24.0	23.1
Total capital ratio, %	24.3	24.7	29.1	28.2	26.3	26.2	25.3	24.0	23.1
Total risk-based capital requirement, % <sup>2)</sup>	18.2	18.2	18.2	16.1	15.1	15.1	15.1	12.6	12.5
Leverage ratio, % <sup>2)</sup>	5.0	5.0	5.4	5.4	5.6	5.5	4.6	4.4	4.5
Lending/deposits, %	34.4	31.7	34.6	35.0	38.6	35.5	37.2	38.2	38.9

1) Refers to the consolidated situation.

2) As of Q3 2023, the SFSA decided on a risk-based Pillar 2 requirement of 5.71 per cent and a Pillar 2 guidance of 0.5 per cent regarding the leverage ratio.

bonds issued by the Swedish government and municipalities. All of Avanza's assets have high liquidity and all covered bonds have the highest bond rating with Standard & Poor's (AAA) or Moody's (Aaa). The average fixed interest term regarding interest-bearing securities is a maximum of 3 months. Interest-bearing securities with fixed interest terms, excluding Riksbank Certificates with just one week's fixed interest term, constituted 3 per cent of all interest-bearing securities as of 31 March 2024. Interest rate risk is limited as Avanza intends, and normally has the capacity, to hold its bonds to maturity. To cope with short-term fluctuations in deposits and lending from/to the general public, a significant share of the assets is held on account and is disposable immediately or the following business day. Avanza strives for a bond portfolio that has an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If Avanza still has to sell bonds in advance, the effect on earnings is limited. The amortised cost of the bonds as of 31 March was SEK 10 million higher than the fair value.

Avanza has a strong capital position with good margins to the regulatory requirements as well as low risk in the balance sheet. The dividend policy stipulates a dividend of 70 per cent of profit for the year, but considering Avanza's strong capitalisation the Annual General Meeting decided to resolve on a dividend of SEK 11.50 per share, corresponding to a dividend ratio of 91 per cent of profit for 2023. Unlike in previous quarters, Avanza has not asked its external auditors to audit the quarterly results, because of which the profit generated has not been added to own funds. As of 31 March, Avanza's leverage ratio for the consolidated situation was 5.0 per cent. With the current leverage ratio, deposits can increase by SEK 31 billion without risking to fall short of the requirement of 3.5 per cent. Details on own funds and capital requirements for the consolidated situation can be found in Note 8.

## Significant risks and uncertainty factors

Risk-taking is an integral part of Avanza's operations. Avanza's ability to identify, analyse, manage and monitor these risks is critical to the soundness, reputation and long-term profitability of the business.

A detailed description of the Group's risks, risk exposure and risk management can be found in Avanza's Annual Report for 2023, pages 4, 19–21, 46–48 and Note 34. No significant risks have arisen beyond those described in the Annual Report and in this report.

Avanza does not engage, and has not previously engaged, in proprietary trading in securities.

In January 2024, a draft law to protect against over-indebtedness was presented which would phase out the interest deduction on consumer loans without secure collateral. The memorandum also covers margin lending, which Avanza feels is excessive. The loan-to-value ratio for margin lending in practice never exceeds 90 per cent, and as with mortgages the collateral for margin lending tends to increase in value over time. In addition, there is access to market data and daily valuations of the collateral, which can be sold immediately to prevent over-indebtedness. The draft law also hurts savers who want higher exposure and greater potential returns on their savings capital. Avanza has together with other banks through the Swedish Bankers' Association submitted a response that rejects the proposal. If the proposal were nevertheless to pass, it would affect the attractiveness of Avanza's margin lending, which could impact volume growth or earnings from the product.

In May 2023, the EU Commission proposed a ban on commissions on all investment services without advice. Both the proposal banning commissions and the proposal for EU benchmarks for expenses and fees have been widely criticised by the industry within the EU. So far, the European Parliament has not been able to agree on a commission ban. Now it is up

to the Council to take a stance before negotiations between the institutions can begin. Various proposals have been presented that offer different versions of a commission ban, but all of them would distort the market and potentially hurt savers. Avanza has together with the Swedish Securities Markets Association and on its own made legislators aware of this. Sweden as a country has also announced that it does not support a partial ban. It will take several years before we know what the end result will be. If a commission ban were introduced, it would primarily affect Avanza's external fund business and Avanza Markets. In that case, Avanza has various alternatives to adapt its business model.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) due to a potential breach of the General Data Protection Regulation (GDPR). Avanza's assessment is that no customers were put at harm. The case by the Swedish Authority for Privacy Protection is under way and it is not possible to determine whether there will be any financial consequences, which however cannot be ruled out.

## The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group and does not conduct any operations beside the role as owner of its subsidiaries. The Parent Company does not report any revenues. The operating result for the first quarter 2024 was SEK –12 million (SEK –9m). The Parent Company's equity per the end of the first quarter 2024 amounted to SEK 2,630 million (SEK 2,642m as of 31 December 2023) and liquid assets amounted to SEK 6 million (SEK 6m as of 31 December 2023).

The dividend for 2023 of SEK 1,808 million (SEK 1,175m) was paid to shareholders in April 2024 following a resolution by the Annual General Meeting in April.

## Other corporate events

### Executive Management

Gunnar Olsson was appointed Acting CEO on 13 November 2023. On 25 March, Gustaf Unger took over as the new CEO. Gustaf has extensive banking experience from senior positions mainly at SEB and Nordea, where the focus was on savings and investments through wealth management and private banking as well as pensions.

On 11 March, Anders Karlsson stepped down as Chief Product & Technology Officer (CPTO) and a member of Group Management after a mutual agreement was reached between Anders and Avanza with regard to differing views on leadership.

In December 2023, Peter Almqvist, CIO, announced that he was leaving Avanza after 13 years. Peter stepped down from his post on 31 March and left Group Management on 31 January.

Avanza's Group Management currently consists of eight members, of which five are women.

In April, it was decided that Karin Åge has been recruited as new Chief Human Resource Officer. She will assume her position in May and will replace Camilla Hedenfelt who has had the position since 2019.

### Annual General Meeting 2024

The Annual General Meeting on 11 April 2024 resolved that the Board of Directors shall comprise nine members without deputies.

The Chairman of the Board and Board members were re-elected except for Catharina Eklöf, Hans Toll and Sofia Sundström who declined re-election. John Hedberg was elected as Deputy Chairman of the Board, a role that is new for this year. Julia Haglind and Lisa Åberg was elected as new board members.

The proposed dividend of SEK 11.50 per share was approved.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2023 were adopted.

Avanza's Annual and Sustainability Report for 2023 was published on 23 February 2024.

### Incentive programmes

The Annual General Meeting 2021 approved three incentive programmes based on warrants (2021/2024, 2022/2025 and 2023/2026). Each programme extends for three years and comprises a maximum of 1,200,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, it results in a dilution of 1.7 per cent.

The Annual General Meeting in April 2024 approved a new incentive programme based on warrants (2024/2027). The incentive programme extends for three years and comprises a maximum of 1,500,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, it results in a dilution of 0.95 per cent.

### Repurchase of the company's own shares

The Board of Directors' authorisation to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ), was renewed by the Annual General Meeting 2024. The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in 2024 and the company holds no repurchased shares as of 31 March 2024.

### New issues of shares

The Annual General Meeting 2024 resolved to authorise the Board of Directors, on one or several occasions prior to the next Annual General Meeting, with or without derogation from the shareholders' pre-emption rights, to resolve to issue new shares. The total number of shares that may be issued may not exceed a number that increases the share capital by more than 10 percent based on the total share capital of the company at the time of the Annual General Meeting 2024. Payment may be made in cash and/or with non-cash consideration or set-off against a claim or otherwise with conditions.

### Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2023, Note 35. No significant changes have subsequently taken place.

### Significant events after the end of the reporting period

The Annual General Meeting for Avanza Bank Holding AB (publ) took place on 11 April. Read more under the headings *Annual General Meeting 2024*, *Incentive programmes*, *Repurchase of the company's own shares* and *New issues of shares* on this page.

In mid-April, Avanza submitted supplementary data to the Swedish Tax Agency for customers with credit agreements in investment savings accounts (ISK). When the ISK was launched in 2012, the law limited the interest rate on deposits to the standard rate of capital income, i.e. the government borrowing rate on 30 November of the previous year, which was to prevent any arbitrage opportunities from arising. This means that interest exceeding the standard rate of capital income had to be reported as income from capital and thereby faced double taxation. In 2016, the standard rate of capital income was changed to the government borrowing rate plus one percentage point. However, when this was implemented, legislators neglected to make a corresponding change to how high an interest rate can be paid before double taxation is incurred. As worded, the law no longer aligned with the original purpose. No one noticed that a consequential change was needed in the Income Tax Act, nor was it mentioned in the act's drafts. Like the legislators, Avanza overlooked the fact that the interest rule had not been changed at the same time as the tax, which Avanza informed both the Government Offices of Sweden and the Swedish Tax Agency about. Legislators have now proposed that the law be reverted to its original purpose starting from 2025. It will then be permitted to pay savers an interest rate equal to the government borrowing rate plus one percentage point on ISKs. Avanza has therefore offered too high of an interest rate on ISKs since 2016. Only customers with credit agreements and which at some point have had unutilised credit in their ISKs are affected. Unutilised credit arises if the portfolio is leveraged, and securities are then sold. Less than 2 per cent of total number of customers utilise credit. It cannot be determined at this point how many customers will be re-audited by the Swedish Tax Agency, and in most cases minor amounts are involved. Avanza will reimburse customers who reach out and who can account for the Swedish Tax Agency imposing upon them extra tax.

## Consolidated Income Statement

SEK m	Note	2024 Q1	2023 Q1	2023 Jan-Dec
Commission income	1, 2	625	606	2,176
Commission expenses	2	-88	-85	-311
Interest income calculated using the effective interest method	3	715	507	2,537
Other interest and similar income	3	3	1	3
Interest expenses	3	-309	-159	-966
Net result of financial transactions		4	-1	-1
Other operating income		-	0	0
<b>Operating income</b>		<b>951</b>	<b>868</b>	<b>3,437</b>
General administrative expenses		-265	-251	-1,007
Depreciation, amortisation and impairment		-22	-22	-88
Other operating expenses		-16	-16	-53
<b>Operating expenses before credit losses</b>		<b>-303</b>	<b>-289</b>	<b>-1,148</b>
<b>Operating profit before credit losses</b>		<b>648</b>	<b>579</b>	<b>2,289</b>
Credit losses, net		-1	0	3
<b>Operating profit</b>		<b>647</b>	<b>579</b>	<b>2,292</b>
Tax on profit for the period		-92	-78	-310
<b>Profit for the period<sup>1)</sup></b>		<b>555</b>	<b>501</b>	<b>1,982</b>
Earnings per share before dilution, SEK		3.53	3.20	12.64
Earnings per share after dilution, SEK		3.53	3.18	12.64
Average no. shares before dilution, thousands		157,237	156,619	156,754
Average no. shares after dilution, thousands		157,297	157,297	156,838

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

## Consolidated statement of other comprehensive income

SEK m	2024 Q1	2023 Q1	2023 Jan-Dec
<b>Profit for the period</b>	<b>555</b>	<b>501</b>	<b>1,982</b>
<i>Items that will be reversed to the Income Statement</i>			
Changes in value of financial instruments <sup>1)</sup>	15	6	58
Tax on changes in value of financial instruments <sup>1)</sup>	-3	-1	-12
<i>Items that will not be reversed to the Income Statement</i>			
Changes in value of shares and participations	-	-	-99
Tax on changes in value of shares and participations	-	-	-
<b>Total other comprehensive income after tax</b>	<b>12</b>	<b>5</b>	<b>-53</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2)</sup></b>	<b>567</b>	<b>506</b>	<b>1,929</b>

1) Refers to financial instruments at fair value via other comprehensive income.

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

## Consolidated Balance Sheet, condensed

SEK m	Note	31-03-2024	31-12-2023
<b>Assets</b>			
Cash and balances with central banks		8,296	8,630
Treasury bills eligible for refinancing		2,299	4,698
Loans to credit institutions	4	3,508	2,599
Loans to the public	5	21,263	19,583
Bonds		32,082	31,195
Shares and participations		156	154
Assets in insurance operations		239,200	213,713
Intangible fixed assets		82	87
Right-of-use assets		92	96
Tangible fixed assets		54	58
Other assets		1,823	774
Prepaid expenses and accrued income		541	866
<b>Total assets</b>		<b>309,396</b>	<b>282,453</b>
<b>Liabilities and shareholders' equity</b>			
Deposits from the public		61,867	61,728
Liabilities in insurance operations		239,203	213,715
Lease liabilities		88	92
Other liabilities		1,677	922
Accrued expenses and deferred income		163	164
Shareholders' equity		6,399	5,832
<b>Total liabilities and shareholders' equity</b>		<b>309,396</b>	<b>282,453</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - December 2023</b>					
<b>Shareholders' equity 31-12-2022</b>	<b>78</b>	<b>579</b>	<b>65</b>	<b>4,229</b>	<b>4,950</b>
Profit for the period	-	-	-	1,982	1,982
Other comprehensive income	-	-	-53	-	-53
Total comprehensive income	-	-	-53	1,982	1,929
<b>Transactions with owners</b>					
Dividend paid	-	-	-	-1,175	-1,175
New issue (exercise of share warrants)	0	114	-	-	115
Warrants issue	-	8	-	4	13
<b>Shareholders' equity 31-12-2023</b>	<b>79</b>	<b>701</b>	<b>12</b>	<b>5,041</b>	<b>5,832</b>
<b>January - March 2024</b>					
<b>Shareholders' equity 31-12-2023</b>	<b>79</b>	<b>701</b>	<b>12</b>	<b>5,041</b>	<b>5,832</b>
Profit for the period	-	-	-	555	555
Other comprehensive income	-	-	12	-	12
Total comprehensive income	-	-	12	555	567
<b>Transactions with owners</b>					
Warrants issue	-	-6	-	6	-
<b>Shareholders' equity 31-03-2024</b>	<b>79</b>	<b>696</b>	<b>24</b>	<b>5,601</b>	<b>6,399</b>

There are no interests in holdings without controlling influence in shareholders' equity.

## Consolidated Cash Flow Statement, condensed

SEK m	2024 Q1	2023 Q1
<b>Operating activities</b>		
Operating profit	647	579
Adjustment for items not included in cash flow	23	22
Taxes paid	256	-569
Changes in operating activities' assets and liabilities	-1,871	-2,022
<b>Cash flow from operating activities</b>	<b>-946</b>	<b>-1,990</b>
<b>Investment activities</b>		
Acquisition and disposals of intangible and tangible fixed assets	-3	-3
Acquisition of shares and participations	-	-
Net investment in treasury bills eligible for refinancing	2,399	2
Net investment in bonds	-872	4,110
<b>Cash flow from investment activities</b>	<b>1,525</b>	<b>4,110</b>
<b>Financial activities</b>		
Amortisation lease liabilities	-11	-11
Cash dividend	-	-
New issue (exercise of share warrants)	-	-
Warrants issue	-	-
<b>Cash flow from financial activities</b>	<b>-11</b>	<b>-11</b>
<b>Cash flow for the period</b>	<b>568</b>	<b>2,109</b>
Liquid assets at the beginning of the period <sup>1)</sup>	11,211	6,942
Liquid assets at the end of the period <sup>1)</sup>	11,778	9,050
<b>Change</b>	<b>568</b>	<b>2,109</b>

1) Liquid assets are defined as cash and balances with central banks as well as loans to credit institutions excluding pledged assets. At the end of the period SEK 25 million (SEK 19m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement, condensed

SEK m	2024 Jan-Mar	2023 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-8	-6
Other operating expenses	-3	-3
<b>Operating profit/loss</b>	<b>-12</b>	<b>-9</b>
<b>Profit/loss from financial investments</b>		
Profit/loss from participations in Group companies	-	-
Interest income and similar items	1	0
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-11</b>	<b>-9</b>
<b>Appropriations</b>		
Group contribution	-5	-3
<b>Profit/loss before tax</b>	<b>-16</b>	<b>-12</b>
Tax on profit/loss for the period	3	2
<b>Profit/loss for the period</b>	<b>-13</b>	<b>-9</b>

## Parent Company statement of comprehensive income

SEK m	2024 Jan-Mar	2023 Jan-Mar
<b>Profit/loss for the period</b>	<b>-13</b>	<b>-9</b>
<i>Items that will not be reversed to the income statement</i>		
Changes in value of shares and participations	-	-
Tax on changes in value of shares and participations	-	-
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after tax</b>	<b>-13</b>	<b>-9</b>



## Parent Company Balance Sheet, condensed

SEK m	31-03-2024	31-12-2023
<b>Assets</b>		
Financial fixed assets	586	582
Current receivables <sup>1)</sup>	2,047	2,066
Cash and bank balances	6	6
<b>Total assets</b>	<b>2,638</b>	<b>2,653</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	79	79
Unrestricted shareholders' equity	2,551	2,564
Current liabilities	9	11
<b>Total shareholders' equity and liabilities</b>	<b>2,638</b>	<b>2,653</b>

1) Of which receivables from subsidiaries SEK 2,025 million (SEK 2,053m as of 31 December 2023).

## Notes

### Accounting principles

The Interim Report for the Group has been prepared in accordance with IAS 34 Interim Reporting, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulations and general guidelines issued by the Swedish Financial Supervisory Authority regarding annual reports at credit institutions and securities companies (FFFS 2008:25) and with the recommendation RFR 1 Complementary accounting rules for groups. The Interim Report for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act (1995:1544). Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR 2) has been applied.

The accounting principles and calculation methods for both the Group and the Parent Company are unchanged from those applied in the Annual Report 2023.

The information on pages 1-13 is an integrated part of this financial report.

### Note 1 Revenue from contracts with customers

SEK m	2024 Q1	2023 Q1	2023 Jan-Dec
Trading in commission-generating securities	345	342	1,125
Fund savings	178	157	639
Corporate services	2	0	16
Other commission income	100	107	395
<b>Total</b>	<b>625</b>	<b>606</b>	<b>2,176</b>
<i>Timing of revenue recognition</i>			
Service or goods transferred to customer at a specific point in time	625	606	2,176
Service or goods transferred to customer over time	–	–	–
<b>Total</b>	<b>625</b>	<b>606</b>	<b>2,176</b>

Revenue from contracts with customers largely comes from securities trading and includes profit from exchange income in the lines Trading in brokerage-generating securities and Fund savings.

### Note 2 Net commission income

SEK m	2024 Q1	2023 Q1	2023 Jan-Dec
<b>Commission income</b>			
Brokerage income	253	267	862
Fund commissions	171	149	615
Currency-related income	99	83	288
Other commission income <sup>1)</sup>	102	107	412
<b>Total commission income</b>	<b>625</b>	<b>606</b>	<b>2,176</b>
<b>Commission expenses</b>			
Transaction costs <sup>2)</sup>	–37	–38	–138
Payment services commissions	–28	–25	–94
Other commission expenses <sup>3)</sup>	–23	–22	–80
<b>Total commission expenses</b>	<b>–88</b>	<b>–85</b>	<b>–311</b>
<b>Total net commission income</b>	<b>538</b>	<b>520</b>	<b>1,864</b>

1) Includes mainly income from Avanza Markets, but also from Corporate Finance, stock lending, compensation for distribution, advertising sales, subscriptions and customers' add-on services.

2) Costs directly related to brokerage income.

3) Include application costs related to mortgages, SEO costs, costs for traders systems, refund of fund commissions, and a number of smaller costs.

**Note 3 Net interest income**

SEK m	2024 Q1	2023 Q1	2023 Jan-Dec
<b>Interest income</b>			
Interest income from loans to credit institutions	109	70	389
Interest income from loans to the public <sup>1)</sup>	238	228	986
Interest income from interest-bearing securities	368	210	1,162
Other interest income	3	1	3
<b>Total interest income</b>	<b>718</b>	<b>508</b>	<b>2,540</b>
<b>Interest expenses</b>			
Interest expenses for loans to credit institutions	0	0	0
Interest expenses for deposits from the public <sup>1)</sup>	-296	-146	-922
Resolution and state deposit guarantee fee	-12	-11	-36
Other interest expenses	-1	-2	-8
<b>Total interest expenses</b>	<b>-309</b>	<b>-159</b>	<b>-966</b>
<b>Total net interest income</b>	<b>409</b>	<b>349</b>	<b>1,574</b>

1) Q1 2024 includes interest income of SEK 5 million related to customers' credit accounts, which are matched by an equal interest expense. For Q1 2023, the corresponding amount was SEK 51 million and SEK 185 million for the full year 2023.

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 19 million (SEK 716m as of 31 December 2023) which are reported net against client fund payables of SEK 19 million (SEK 716m as of 31 December 2023). During the first quarter 2024, Avanza changed the terms for deposits on IPS accounts (Individual pension savings), resulting in those deposits no longer being classified as client funds. The reason for the change was that the old conditions for IPS accounts were not in line with industry standards. Of the liquid assets of SEK 11,804 million as per the end of the period, SEK 25 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

**Note 5 Lending to the public**

Lending to the public is reported after deduction of realised and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 6 million (SEK 6m as of 31 December 2023). Thus, the accumulated provision for expected credit losses has affected profits for the period by SEK -1 million.

SEK 968 million (SEK 0 million as of 31 December 2023) of lending to the public at the end of the period was covered in its entirety by cash pledged on endowment insurance accounts. This portion of lending does not affect net interest income since the deposit rate is the same as the lending rate. The remainder of lending to the public amounted to SEK 20,295 million, of which SEK 8,738 million (SEK 8,096m as of 31 December 2023) with collateral in the form of securities and SEK 11,557 million (SEK 11,486m as of 31 December 2023) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,821 million (SEK 12,809m as of 31 December 2023) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,261 million (SEK 1,319m as of 31 December 2023).

**Note 6 Financial instruments****Classification of financial instruments**

31-03-2024 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	-	8,296	-	-	8,296
Treasury bills eligible for refinancing	-	2,299	-	-	2,299
Loans to credit institutions	-	3,508	-	-	3,508
Loans to the public	-	21,263	-	-	21,263
Bonds	-	23,971 <sup>1)</sup>	8,111	-	32,082
Shares and participations	3	15	138	-	156
Assets in insurance operations	228,003	11,197	-	-	239,200
Intangible fixed assets	-	-	-	82	82
Right-of-use asset	-	-	-	92	92
Tangible assets	-	-	-	54	54
Other assets	-	1,823	-	-	1,823
Prepaid expenses and accrued income	-	424	-	117	541
<b>Total assets</b>	<b>228,007</b>	<b>72,796</b>	<b>8,249</b>	<b>345</b>	<b>309,396</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	-	61,867	-	-	61,867
Liabilities in insurance operations	239,200	-	-	2	239,203
Lease liabilities	-	-	-	88	88
Other liabilities	-	717	-	959	1,677
Accrued expenses and deferred income	-	74	-	88	163
<b>Total liabilities</b>	<b>239,200</b>	<b>62,659</b>	<b>-</b>	<b>1,138</b>	<b>302,997</b>

1) Fair value amounts to SEK 23,961 million.

**Financial instruments valued at fair value**

31-03-2024, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	122,542	–	138	122,680
Fund units	100,033	–	–	100,033
Bonds and other interest-bearing securities	10,031	115	–	10,146
Other securities	3,295	101	–	3,396
<b>Total assets</b>	<b>235,901</b>	<b>216</b>	<b>138</b>	<b>236,256</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	239,200	–	239,200
<b>Total liabilities</b>	<b>–</b>	<b>239,200</b>	<b>–</b>	<b>239,200</b>

*Fair value*

All financial instruments recognised at amortised cost with the exception of bonds (the portion of the bond portfolio measured at amortised cost) carry variable interest or have short maturities, because of which book value and fair value coincide. The fair value of those financial instruments reported at fair value, primarily assets in the insurance operations and bonds in Avanza's liquidity portfolio, is determined as shown below.

During the period, no transfers between the levels have taken place. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility (MTF), investment funds or securities on unlisted securities markets managed electronically by Avanza.

*Financial assets valued at fair value via the Income Statement or via Other comprehensive income*

The majority of securities in this category, mainly assets in the insurance business and bonds (the portion of the bond portfolio measured at fair value through other comprehensive income) in Avanza's liquidity portfolio, comprise listed securities, and fair value is determined using the official bid rate on the closing date. The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the net asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties.

Changes in the value of assets in the insurance operations correspond to changes in the value of liabilities in the insurance operations and the net result 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. Fair value is determined by using the official bid rate on the closing date. The majority of equities and funds pertaining to the insurance operations as well as bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility (MTF), investment funds or securities on unlisted securities markets managed electronically by Avanza.
- Level 2 – The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties. Bonds that are less liquid can be found at this level and are measured on the yield curve. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data). This category's stockholdings refer to an unlisted ownership in Stabelo Group AB. When there is a lack of active market, the choice of valuation model in level 3 is governed by what is deemed appropriate for the individual instrument. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge of valuation in financial markets. In cases where it is considered necessary, relevant adjustments are made to reflect fair value, in order to accurately reflect the parameters that exist in the financial instruments and that should be reflected in its valuation.

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. No instruments have been reclassified since the end of last year.

**Note 7 Capital requirement for the financial conglomerate**

The table below refers to the financial conglomerate, which includes Avanza Bank Holding AB (publ) and all of its subsidiary companies Avanza Bank AB (publ), Försäkringsaktiebolaget Avanza Pension, Avanza Fonder AB, Placera Media Stockholm AB and Avanza Förvaltning AB. The financial conglomerate's own funds and capital requirement have been calculated using the consolidation method (fully consolidated).

When calculating own funds for regulated units in the banking and investment services sector, only profits which have been subject to review by the auditors are included. If profit for the period has been subject to review, this is adjusted for any assumed or proposed dividend. For the first quarter 2024 profit for the period has not been subject to review by the auditors and consequently is not included in own funds.

<b>SEK m</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1)</sup>	3,686	3,532
Own funds for regulated units within the banking and investment services sector	3,169	3,138
<b>Total own funds</b>	<b>6,855</b>	<b>6,670</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1)</sup>	2,511	2,213
Capital requirement for regulated units within the banking and investment services sector	2,412	2,345
<b>Total capital requirement</b>	<b>4,923</b>	<b>4,557</b>
<b>Capital surplus</b>	<b>1,932</b>	<b>2,113</b>
<b>Own funds/Capital requirement</b>	<b>1.39</b>	<b>1.46</b>

1) Avanza Pension's solvency capital requirement and own funds are calculated using the Solvency 2 directive's standard model. The standard model requires assumptions that are determined partly by the authorities and partly by Avanza Pension's Board of Directors.

## Note 8 Capital adequacy and liquidity information

The information in this section refers to the consolidated situation, which consists of Avanza Bank Holding AB (publ), Avanza Bank AB (publ) and Avanza Fonder AB and presents the aggregate capital requirement and own funds. Disclosures are provided in accordance with the Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers, the general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, and Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and the regulation (FFFS 2010:7) on managing liquidity risks for credit institutions and securities companies. Further information provided annually can be found at [avanza.se/ir](http://avanza.se/ir).

Own funds must cover the minimum capital requirement (8 per cent), the Pillar 2 requirement and the combined buffer requirement. The combined buffer requirement consists of a capital conservation buffer (2.5 per cent) and a countercyclical capital buffer (2 per cent) and will be met with Common Equity Tier 1 capital. The SFSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2023. In conjunction, the SFSA decided on a risk-based Pillar 2 requirement of total 5.71 per cent for the consolidated situation distributed between credit related concentration risk (0.90 per cent) and interest rate risk in the banking book (4.81 per cent). Three quarters of the capital requirement shall be covered by Tier 1 capital, of which at least three quarters must be Common Equity Tier 1 capital. Furthermore, the SFSA has informed Avanza regarding the Pillar 2-guidance concerning leverage ratio, 0.5 per cent on group level, beyond the minimum requirement for the leverage ratio of 3.0 per cent. The guidance must be covered by CET1 capital. Avanza has considered the new level of the Pillar 2 requirement and Pillar 2 guidance in its capital planning. The liquidity buffer applied in calculating the LCR at the Group level, may consist of at most 50 percent covered bonds issued by Swedish issuing institutes.

Avanza has authorisation from the SFSA to include the revenue recognised during the year when calculating its capital adequacy ratio. For the quarter profit for the period has not been reviewed by external auditors, because of which quarterly profit is not included in own funds. The foreseeable dividend for the current year therefore is also zero.

In October 2021, the EU Commission published a proposal on implementation of parts of Basel 3 in the EU with amendments to the Capital Requirements Regulation and Directive 2013/36/EU. The parts that could impact Avanza's capital requirements mainly concern the revision of the standardised approach for credit risk related to mortgages and the standardised approach for operational risk. Other changes are considered to have a minor impact. To ensure that it meets the risk-based capital and leverage ratio requirements, Avanza monitors external as well as internal buffer requirements. Avanza is a well-capitalised to manage current and upcoming requirements.

Own funds, SEK m	31-03-2024	31-12-2023
<b>Common Equity Tier 1 (CET1) capital</b>		
Shareholders' equity according to the balance sheet	5,830	5,482
Foreseeable dividend	-1,808	-1,808
Interim results that have not been verified by persons in an independent position	-335	-
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,686</b>	<b>3,674</b>
Additional value adjustments	-11	-13
Intangible assets (net of related tax liability)	-82	-87
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-92</b>	<b>-99</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,594</b>	<b>3,574</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,594</b>	<b>3,574</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>3,594</b>	<b>3,574</b>

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>31-03-2024</b>		<b>31-12-2023</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,905		9,570	
of which exposures to institutions	689		499	
of which exposures to corporates	20		39	
of which retail exposures	232		237	
of which exposures secured by mortgages on immovable property	4,059		4,036	
of which exposures in default risk weight	29		17	
of which exposures to covered bonds	2,922		2,813	
of which exposures to equity	479		479	
of which exposures to other items	1,475		1,450	
Counterparty credit risk	1		1	
Market risk (position risk)	6		1	
Settlement risk	3		0	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	4,877		4,877	
<b>Total risk exposure amount</b>	<b>14,793</b>		<b>14,450</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	792	5.4%	766	5.3%
of which exposures to institutions	55	0.4%	40	0.3%
of which exposures to corporates	2	0.0%	3	0.0%
of which retail exposures	19	0.1%	19	0.1%
of which exposures secured by mortgages on immovable property	325	2.2%	323	2.2%
of which exposures in default	2	0.0%	1	0.0%
of which exposures in the form of covered bonds	234	1.6%	225	1.6%
of which equity exposures	38	0.3%	38	0.3%
of which other items	118	0.8%	116	0.8%
Counterparty credit risk	0	0.0%	0	0.0%
Market risk (position risk)	1	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	–	0.0%
Operational risk according to the standardised approach	390	2.6%	390	2.7%
<b>Capital requirement</b>	<b>1,183</b>	<b>8.0%</b>	<b>1,156</b>	<b>8.0%</b>
Total own funds	3,594	24.3%	3,574	24.7%
Minimum own funds requirement (Pillar 1)	1,183	8.0%	1,156	8.0%
Combined buffer requirement	666	4.5%	650	4.5%
Additional own funds requirement (Pillar 2) <sup>1)</sup>	845	5.7%	825	5.7%
Pillar 2 guidance	–	–	–	–
<b>Total risk-based capital requirement (desired level of own funds)</b>	<b>2,694</b>	<b>18.2%</b>	<b>2,631</b>	<b>18.2%</b>
Capital surplus after risk-based capital requirement	900	6.1%	943	6.5%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	71,659		71,011	
Leverage ratio, %	5.0%		5.0%	
Tier 1 capital	3,594	5.0%	3,574	5.0%
Minimum own funds requirement (Pillar 1)	2,150	3.0%	2,130	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	358	0.5%	355	0.5%
<b>Total leverage ratio requirement (desired level of own funds)</b>	<b>2,508</b>	<b>3.5%</b>	<b>2,485</b>	<b>3.5%</b>
Capital surplus after leverage ratio requirement	1,086	1.5%	1,089	1.5%

1) The additional own fund requirement are equivalent to the Swedish FSA's decided Pillar 2 requirements.

Key metrics, SEK m	31-03-2024	31-12-2023	30-09-2023	30-06-2023	31-03-2023	
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	3,594	3,574	3,696	3,572	3,504
2	Tier 1 capital	3,594	3,574	3,696	3,572	3,504
3	Total capital	3,594	3,574	3,696	3,572	3,504
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	14,793	14,450	12,718	12,676	13,314
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	24.3%	24.7%	29.1%	28.2%	26.3%
6	Tier 1 ratio (%)	24.3%	24.7%	29.1%	28.2%	26.3%
7	Total capital ratio (%)	24.3%	24.7%	29.1%	28.2%	26.3%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.7%	5.7%	5.7%	3.6%	3.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.2%	3.2%	3.2%	2.0%	2.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4.3%	4.3%	4.3%	2.7%	2.7%
EU 7d	Total SREP own funds requirements (%)	13.7%	13.7%	13.7%	11.6%	11.6%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%	2.0%	1.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	4.5%	4.5%	4.5%	4.5%	3.5%
EU 11a	Overall capital requirements (%)	18.2%	18.2%	18.2%	16.1%	15.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.6%	11.0%	15.4%	16.6%	14.7%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	71,659	71,011	69,009	66,318	62,607
14	Leverage ratio (%)	5.0%	5.0%	5.4%	5.4%	5.6%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	25,633	22,390	19,328	17,339	16,370
EU 16a	Cash outflows - Total weighted value	6,784	6,591	6,552	6,598	6,650
EU 16b	Cash inflows - Total weighted value	3,148	2,893	2,904	2,891	3,225
16	Total net cash outflows (adjusted value)	3,636	3,699	3,648	3,707	3,586
17	Liquidity coverage ratio (%)	710%	606%	531%	471%	469%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	58,277	58,699	57,120	55,097	50,924
19	Total required stable funding	29,696	29,341	29,187	28,347	28,731
20	NSFR ratio (%)	196%	200%	196%	194%	177%

#### Additional information on liquidity

Pursuant to FFFS 2010:7, Avanza reports its liquidity risk positions. Liquidity risk is the risk that Avanza cannot meet its payment obligations at maturity without the cost of obtaining means of payment rising significantly. Avanza's payment obligations mainly come from the deposits that Avanza Bank's customers do not place in various financial instruments or products. When this occurs, deposits arise that Avanza manages.

To manage the liquidity, Avanza's Board of Directors has established internal rules on selecting and approving counterparties as well as investment alternatives and maturities. The distribution of responsibilities and reporting have also mainly been predetermined.

The liquidity reserve is financed by deposits from the public and own equity. Avanza's liquidity is invested in covered bonds, bonds and issued by the Swedish government or Swedish municipalities. A smaller percentage is invested in systematically important Nordic banks and the Riksbank. Avanza Bank AB is a member of the Swedish Riksbank.

Avanza does not engage in proprietary trading in securities and all interest-bearing financial instruments are held to maturity. The overarching concern in liquidity management is that Avanza's customers can get their deposits back at any time. As a result, deposits are distributed across various counterparties, instruments and maturities, so that the portfolio matures consistently over time. Avanza's payment obligations are in SEK and surplus liquidity is therefore invested in SEK. Avanza does not take currency risk.

Liquidity reserve, SEKm	31-03-2024	31-12-2023
Liquid assets	9,688	10,484
Covered bonds and securities issued by governments and municipalities	31,613	33,094
<b>Total liquid assets</b>	<b>41,301</b>	<b>43,579</b>
Sources of funding, SEKm	31-03-2024	31-12-2023
Deposits and borrowing from the public	61,867	61,728
Lease liability	88	92
Other liabilities	1,640	1,562
Accrued expenses and deferred income	151	146
Shareholders' equity	5,830	5,482
<b>Total liabilities and shareholders' equity</b>	<b>69,576</b>	<b>69,011</b>

The CEO ensures that the Interim Report gives a fair overview of the company and Group activities, balance and results, and describes the material risks and uncertainties that the company and the companies of the Group is facing.

Stockholm, 18 April 2024

Gustaf Unger  
CEO

### For additional information



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This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CET) on 19 April 2024.

A webcast presentation will be held by Gustaf Unger, CEO, and Anna Casselblad, CFO, on 19 April 2024 at 10.00 (CEST). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at [avanza.se/ir](https://avanza.se/ir). Further information and registration for participation is available at [investors.avanza.se/en/ir/calendar/upcoming-events](https://investors.avanza.se/en/ir/calendar/upcoming-events).

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

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

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

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### Upcoming publication dates for monthly statistics

April 2024	6 May 2024
May 2024	5 June 2024
June 2024	3 July 2024

### Financial calendar

Interim Report January – June	12 July 2024
Interim Report January – September	18 October 2024
Preliminary Financial Statement 2024	21 January 2025



# Definitions

The measures and key ratios used in the financial report are defined below. Some key ratios are alternative performance measures (APM), which are financial measures that are not defined within IFRS or other applicable regulations such as capital adequacy and solvency. APM are applicable when relevant to describe Avanza's operations and financial situation. APM are not directly comparable to other corporations. Financial key ratios and APM are described in the note references below.

## Client funds<sup>2)</sup>

Liquid assets with Avanza which are held on behalf of a third party, and which consequently are not reported in the balance sheet.

## Costs per customer<sup>2)</sup>

Operating expenses on an annual basis in relation to the average number of customers during the period. The ratio shows how a focus on scalability and cost efficiency yields results.

## Costs to savings capital ratio<sup>2)</sup>

Operating expenses on an annual basis in relation to average savings capital during the period. The ratio shows how focus on scalability and cost efficiency yields results. A low relation indicates high competitiveness and is needed to be able to deliver high margins regardless of interest rate level.

## Credit loss level<sup>1)</sup>

Net credit losses in relation to opening balance for lending to credit institutions and lending to the public.

## Currency related income, net<sup>2)</sup>

Foreign exchange income generated from customer trading in securities, less repayment of foreign exchange expenses to customers in benefit level Start for funds.

## Customer<sup>2)</sup>

Individual or company with at least one account with holdings or an external mortgage.

## Deposits<sup>2)</sup>

Deposits by the public as per balance sheet with deduction for the portion which represents cash pledged on endowment insurance accounts and which entirely corresponds to the lending to the public, and the addition of client fund deposits and external deposits.

## Earnings per share<sup>2)</sup>

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

## eNPS

Employee Net Promoter Score, i.e., employees' recommendation level, according to Avanza's pulse surveys.

## Equity per share<sup>2)</sup>

Shareholders' equity in relation to the number of outstanding shares before dilution at the end of the period.

## External deposits<sup>2)</sup>

Savings accounts in external banks and credit market companies opened and managed via Avanza's platform.

## External mortgages<sup>2)</sup>

External mortgages in financial institutions opened and managed via Avanza's platform.

## Fund commissions, net<sup>2)</sup>

Distribution commission from fund management companies (comprising fund volume-based commissions) and management fees from Avanza funds, less repayment of fund commissions to customers in benefit level Start for funds.

## Gross brokerage income/Turnover in brokerage-generating securities<sup>2)</sup>

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of trading in various brokerage fee classes.

## Income per customer<sup>2)</sup>

Operating income on an annual basis in relation to the average number of customers during the period. The ratio shows the effect of trading activity, trading in various brokerage fee classes and price changes.

## Income to savings capital ratio<sup>2)</sup>

Operating income on an annual basis in relation to average savings capital during the period. There is a strong correlation between savings capital and income. This ratio shows the effect of price reductions, mix-effects in the savings capital and effects of interest rate changes.

## Internally financed lending<sup>2)</sup>

Lending to the public as per the balance sheet less the portion which is covered in its entirety by cash pledged on endowment insurance accounts, without deducting provisions for expected credit losses.

## Lending/Deposits<sup>1)</sup>

Lending to the public as per the balance sheet in relation to deposits by the public as per the balance sheet.

## Leverage Ratio<sup>3)</sup>

Leverage ratio is a non-risk-weighted measure showing Tier 1 capital and the total exposure amount according to Article 429 of the CRR.

## Note<sup>2)</sup>

A customer's buying and selling assignments involving a specific security. A note may comprise one or more transactions.

## Net brokerage income<sup>2)</sup>

Gross brokerage income less direct costs.

## Net inflow<sup>2)</sup>

Deposits, less withdrawals, of liquid assets and securities.

## Operating margin<sup>2)</sup>

Operating profit/loss in relation to operating income.

## Own funds<sup>3)</sup>

Equity adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies regarding the way

in which the own funds and the capital requirement are determined.

## P/E ratio<sup>2)</sup>

Share price in relation to earnings per share.

## Profit margin<sup>2)</sup>

Profit/loss after tax in relation to operating income.

## Return on shareholders' equity<sup>1)</sup>

Profit/loss after tax in relation to the average shareholders' equity during the period. Recalculated at an annual basis.

## Savings capital<sup>2)</sup>

The combined value of accounts held with Avanza. Savings capital is affected by in- and outflows as well as changes in value.

## Savings capital per customer<sup>2)</sup>

Savings capital in relation to the number of customers at the end of the period. The ratio shows how much savings capital an average customer has and how the customer base's capital develops over time.

## Solvency capital<sup>3)</sup>

Estimated future present value of the insurance company Avanza Pension's profits generated from policyholders' capital.

## Solvency capital requirement<sup>3)</sup>

Estimated capital requirements under Solvency 2 rules.

## Surplus liquidity<sup>2)</sup>

Surplus liquidity consists of cash and balances with central banks, treasury bills eligible for refinancing, loans to credit institutions, and bonds on the balance sheet, as well as client funds.

## The Swedish savings market

Total capital in the Swedish savings market according to Statistics Sweden's Savings Barometer, less Avanza's unaddressable assets. The data are published with a quarterly lag.

## The Swedish life insurance market

Total capital in the occupational pension market according to Statistics Sweden's Savings Barometer. Premium inflow according to data from Insurance Sweden. Non-collective agreement occupational private pension adjusted for undistributed premiums in plan agreements. The data are published with a quarterly lag.

## Turnover<sup>2)</sup>

Turnover in security trading.

1) Financial key ratios that are directly cited in the financial reports.

2) Financial or other key ratios that can be traced in Avanza's Excel spreadsheets with financial histories, published quarterly on [avanza.se/keydata](http://avanza.se/keydata).

3) Key ratios that are reported with respect to SFSA's regulations and general guidelines, see Note 7 and 8 of capital adequacy.