

# Interim Report January–March 2022

## First quarter 2022 compared to first quarter 2021

- **Operating income** decreased by 20 per cent to SEK 768 million. Mainly net brokerage income and currency-related income decreased due to lower trading activity. Other income, net interest income and fund commissions increased
- **Operating expenses** increased by 23 per cent to SEK 249 million, mainly due to higher personnel costs and other expenses. A reversal of a write-down of SEK 10 million was reported in the first quarter 2021. Excluding this reversal, expenses rose by 17 per cent. As previously announced, the full-year costs are estimated at between SEK 1,050 million and SEK 1,070 million. The costs to savings capital ratio was 13 basis points
- **Operating profit** amounted to SEK 521 million, a decrease of 31 per cent
- **Profit for the period** was SEK 443 million, a decrease of 30 per cent
- The Annual General Meeting in March resolved to re-elect all board members except for Viktor Fritzén, who declined re-election. After the end of the quarter, Mattias Miksche announced his resignation effective immediately. Linda Hellström and Sofia Sundström were elected as new board members. The dividend proposal of SEK 9.20 per share, corresponding to 70 per cent of profit for 2021, was approved

## Events during the quarter

- Avanza Fastighet by Norhammar, one of the cheapest actively managed real estate funds on the market, was launched
- "Pension Chase" was launched to make it easier for customers to find and consolidate their occupational pensions with Avanza
- During the quarter, fund fees of SEK 19 million related to 2021 were refunded to Start customers
- Due to the replacement of the backoffice system during the Easter holiday, there will be a few days delay in the publishing of the monthly statistics, in order to ensure the new routines; see page 22

### No. of customers

**+20%**

Total 1,720,200

### Savings capital

**+13%**

Total SEK 741 bn

*"The first quarter was overshadowed by Russia's horrific invasion of Ukraine. This, along with rising inflation and rate hikes, has impacted the capital markets. The uncertainty that has arisen is reflected in customer activity, which has been more cautious. Our focus during the quarter was on supporting and being there for our customers at the same time that we have continued to improve the customer experience,"* says CEO Rikard Josefson.

	Q1 2022	Q4 2021	Change %	Q1 2021	Change %
Operating income, SEK m	768	824	-7	957	-20
Operating expenses, SEK m	-249	-253	-2	-202	23
Operating profit, SEK m	521	571	-9	756	-31
Profit for the period, SEK m	443	483	-8	632	-30
Earnings per share before dilution, SEK	2.85	3.11	-8	4.08	-30
Operating margin, %	68	69	-1	79	-11
Return on shareholders' equity, %	36	41	-5	74	-38
Net inflow, SEK m	16,600	17,900	-7	30,500	-46
No. of new customers (net)	60,100	71,800	-16	152,800	-61
No. of customers at the end of the period	1,720,200	1,660,100	4	1,433,200	20
Savings capital at the end of the period, SEK m	740,900	809,600	-8	653,900	13
Income to savings capital ratio, %	0.40	0.43	-0.03	0.63	-0.23
Costs to savings capital ratio, %	0.13	0.13	0.00	0.13	0.00

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 23.

# 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, corporate customers, banks, and asset managers.

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 savings capital and income. Income in turn is driven and affected by:

- attractive offers and a strong user experience
- market conditions and the 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 savings capital. To manage fluctuations in the market, the aim is to broaden the offering and increase the proportion of recurring revenues.

## 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 get a better return on their savings with Avanza than any other bank. This makes innovation, as well as scalability and efficiency, important to Avanza's strategy. Avanza's business model is built on scalability and the industry's lowest costs to the savings capital ratio. 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 the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement

### Sustainability

- Strengthen the Sustainability Score in customers' investments
- Increase equality in savings
- Climate neutrality according to Science Based Target

The long-term targets were updated in conjunction with the Preliminary Financial Statements for 2021. For more information, see [avanza.se](http://avanza.se), [avanza.se/ir](http://avanza.se/ir) and the Annual Report.



## CEO comment

### A quarter marked by uneasiness and war

The first quarter was dominated by the fact that our neighbouring region is experiencing a full-scale war. Russia's invasion of Ukraine has overshadowed everything. It is a horrific act and many of us are concerned about Russia's decision to inflict such suffering. It has also brought uncertainty to the financial markets. The Russian market has been restricted by sanctions and trading was halted in several Russian funds. In our case, around 12,000 customers were invested in such funds with a total capital of less than SEK 500 million. We have done what we could to inform and support customers in this difficult-to-navigate market. As always, we responded to their questions on podcasts, in blogs and through customer service. Our analysis page, where customers can easily view their exposure to different geographic markets, has also helped.

### Savings are greatly needed but could be at risk due to market conditions

Inflation is the highest in 30 years. And it is not only energy and fuel prices that have soared. If you also add the much-anticipated rate hikes, there are tougher times ahead for households. The Riksbank will probably raise interest rates considerably earlier than previously announced. We can safely assume that some people will have to cut back on savings to meet their higher monthly expenses.

I have repeatedly said that Avanza has raised its lowest level in the last two years. We doubled our size during these years. Proof is the operating profit for the first quarter of SEK 521 million. We saw lower activity and more customers with a cautious strategy. Despite this, our net profit for the first quarter matched that of the full year 2019. We know that global factors affect interest in stocks and savings, and currently we are not experiencing the best of times. We cannot forget the structural need for savings, however, which people realise. Even if everyone saves a little less and does not trade as much, Avanza has good underlying growth. This is evidenced by the 60,100 new customers and a net inflow of SEK 16.6 billion in this quarter. At the same time, our net interest sensitivity adds over SEK 500 million to operating income should the repo rate be raised by 100 basis points. We at Avanza cannot influence the wider market. Instead, all our energy is devoted to supporting customers and focusing on consistently improving their experience.

### Product development to improve and simplify

We launched our third actively managed fund, Avanza Fastighet by Norhammar. It has been well received and provides a good complement for customers who want exposure to real estate but also want someone else to select the holdings. It is also one of the cheapest actively managed real estate funds on the market.

A letter of intent was signed with crypto broker Safello on potentially offering crypto asset trading on Avanza's platform via Safello. We are still at a very early stage and the goal is of course to form a partnership. It is still too early to say, however, when and if we will reach this goal.

We also launched the "Pension Chase", an easy way for customers to find transferable pensions with other companies and initiate a transfer to Avanza. Feedback has been positive, and many customers say they have found pensions they hardly knew they had or did not believe they could transfer. So far it is too early to talk about volumes. The pension market is

dysfunctional in many respects and far from as customer friendly as it should be. Pensions are an important form of savings and one area where we can grow in the future.

### Well-prepared for the future

Sometimes we get questions and hear comments about our technology strategy that show a misunderstanding. In the last decade, Avanza's strategy has been to avoid having obsolete technology by consistently, and rapidly, replacing old code and equipment. Put simply, with what I know today I would not exchange our technology platform for anyone else's. We work every day to upgrade our technology to avoid having to undertake major projects. Still, there are a few examples. About five years ago, we replaced our trading platform, for the last two years we have a completely new data platform, and we upgraded our technology and channel strategy at the same time. During the Easter holiday, we replaced the entire backoffice system. We have a modern, scalable platform and are ensuring that it is prepared for the future, and we work every day to be ready for new technology as it arrives. When it comes to technology investments, our philosophy is to expense everything we can through the income statement. In other words, we take the hit directly and do not push off the costs to the future. We want to maintain as clean and simple a balance sheet as possible.

During the quarter, we made some changes to the organisation to further improve efficiency. We have formed Product & Tech from parts of the previous development organisation and parts of our IT. This will help us maximize our development. Product & Tech is led by our former CIO, Peter Strömberg, who now holds the title CPTO. The recruitment of a new CIO is underway. Sofia Svavar, Head of IR, has been promoted to Group Management with broader responsibility for communication and IR, including marketing and sustainability.

To return to where I began, we hope the insanity of war will soon reach an end and the world will return to a more sensible place. Thank you to all our fantastic customers and employees. Right now I am especially proud of all my colleagues' heroic efforts, and for working late nights and early mornings, to complete the backoffice replacement. You are world-class!

Stockholm, 24 April 2022



Rikard Josefson, CEO Avanza



# Operations

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, fell by nearly 14 per cent in the quarter, but was down 22 per cent at its lowest. Volatility rose compared to the previous quarter.

Total turnover on the Stockholm Stock Exchange including First North increased by 6 per cent and the number of transactions increased by 3 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 1 per cent while the number of transactions on these marketplaces decreased by 6 per cent.

In the first quarter, Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of transactions and turnover even though market shares decreased. Market shares rose mainly among international institutional traders.

According to data from the Swedish Investment Fund Association, the fund market reported a net outflow in the quarter and all three months saw outflows. Avanza also reported a net outflow in total for the quarter. March recorded a net inflow, however.

The repo rate was unchanged at zero per cent. Although the Riksbank's forecast is that the rate will not be raised until the second half of 2024, there is uncertainty about inflation and most indications point to that a rate hike will come much earlier. The Riksbank's next rate decision will be published on 28 April 2022.

Market shares	2022 Q1	2021 Q4	2021 Q1	2021 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	17.6	19.2	20.7	19.7
Turnover, %	8.4	8.7	9.2	8.9
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	11.9	13.1	27.0	19.5

Data on the Swedish savings market for the fourth quarter of 2021 was released in February. The Swedish savings market amounted to SEK 11,600 billion, an increase of more than 17 per cent since the end of 2020. The occupational pension market increased by just over 11 per cent to SEK 3,970 billion. In the same period, Avanza's savings capital increased by 42 per cent and the occupational pension capital with 38 per cent.

Avanza's share of the Swedish savings market increased to 7 per cent, while the market share of the net inflow for the twelve-month period decreased slightly to 17.4 per cent. The market share in the occupational pension market was 1.3 per cent. Statistics from Insurance Sweden, which are published with a nine-month lag, show that Avanza's market share regarding non-collective agreement unit-linked insurance per the end of 2020 was 3.8 per cent (3.3).

Avanza's market share regarding premiums paid for non-collective agreement occupational pension insurance for the last twelve-month period increased slightly compared to the third quarter. Avanza remained the market leader in terms of premium inflow in the competitive pension and life market, i.e., including endowment insurance.

Market shares	Jan 2021- Dec 2021	Oct 2020- Sep 2021	Jan 2020- Dec 2020
<i>The Swedish savings market</i>			
Market share at the end of the period, %	7.0	6.6	5.8
Net inflow, %	17.4	18.0	19.0
<i>The Swedish life insurance market</i>			
Premium inflow, %	12.0	12.3	11.9
Premium inflow for non-collectively agreed occupational pension insurance, %	7.8	7.7	7.2

## Launches and events during the quarter

Avanza Fastighet by Norhammar, an actively managed real estate fund, was launched in the quarter in collaboration with fund manager and real estate expert Peter Norhammar, who has over 25 years of experience in the industry. The fund invests in listed Nordic real estate companies, with a focus on growth and urbanisation. The fund is actively managed and has a total fee of 1.10 per cent, making it one of the cheapest real estate funds on the market.

During the quarter, fund fees of SEK 19 million related to 2021 were refunded to Start customers, meaning customers with a savings capital less than SEK 50,000. This means all fees, including any exchange fees.

To make it easier for customers to find and consolidate their occupational pension savings at Avanza, the "Pension Chase" was launched. Through Avanza, the customer can find occupational pensions with other companies, see whether they are transferable, learn how much they can save, and request a digital transfer through the platform.

The apps are continuously improved and updated. The overview of customers' holdings now includes more information and options to sort them in various ways. "Right now" was updated with the ability to choose which indices, commodities, or currencies to follow as well as which accounts to include. The calendar tab where customers can monitor future events such as dividends, reports and monthly savings was also added to the site.

During the quarter, the ordering process in the apps was improved to include the option to select the latest price by clicking in the order book. A new app function, "Buy funds", makes it easier and more fun to find new funds through inspiration lists for various sectors and other categories, where the customer can also easily put various funds together in a basket for monthly savings or to trade directly.

To better track your savings outcome, the analysis page was improved so that performance can now be compared for different periods of time, including both deposits and returns.

Margin lending was further improved by raising the ceiling on how much customers can borrow at 0 per cent interest rate from SEK 50,000 to SEK 3 million, for lending on up to 10 per cent of the holding approved for rate discounts. It is also possible to see how much you can borrow based on your portfolio and at what interest rate even before submitting an application. The credit meter in the apps was expanded to enable customers to stress test their credit. Customers can also simulate their account performance and see how close they are to the next rate level. Credit information in the fund order process was improved with information on how much a customer can trade before a new rate level is reached.

In the first quarter, Avanza signed a letter of intent with Safello on a potential crypto asset partnership. Direct trading in crypto assets is a service customers are asking for and the goal of the letter of intent is to evaluate a possible partnership to distribute Safello's crypto asset services via Avanza's platform.



## Development of customers and savings capital

Customer growth during the first quarter amounted to 60,100. That is 78 per cent higher compared to the three-year average before the pandemic. The total number of customers at the end of the quarter was 1,720,200, of which 8 per cent were occupational pension customers.

The number of daily average active users on the website and in the apps was 405,200, holidays and weekends included.

The decline in share prices during the quarter affected the savings capital, which dropped to SEK 741 billion. The net inflow amounted to nearly SEK 17 billion, with new customers accounting for 42 per cent, compared to 54 per cent in the fourth quarter 2021. Recurring occupational pension premiums have averaged SEK 301 million per month in the last 12-month period, an increase of 17 per cent compared to the previous 12 months. The improved occupational transfer rights, which took effect in April 2021, have increased interest in transfers to Avanza. The net inflow of occupational pensions through transfers has increased by 73 per cent in the latest 12-month period compared to the previous 12 months.

The first quarter's turbulent market conditions led to a lower transfer inflow, however.

At the end of the quarter, 27 per cent of the customers' capital was invested in funds, which was nearly 1 percentage point lower than in the beginning of the year. Fund capital decreased by 10 per cent in the quarter, mainly as a result of the market downturn. Net fund outflow amounted to over SEK 3 billion. Just over 30 per cent of the fund capital was invested in Avanza's own funds. Total recurring monthly savings by Avanza's customers on a rolling 12-month basis amounted to SEK 1.7 billion, a SEK 0.1 billion decrease from the end of the previous quarter. This includes recurring monthly fund savings as well as deposits to savings and other accounts.

Customers' total deposits increased by 8 per cent during the quarter. Customers' liquidity, i.e., deposits as a share of savings capital, was 13 per cent, the same level as in the first quarter last year. Total lending increased, mainly as a result of increased mortgage volumes. Average bank mortgage rates were raised during the quarter, making Avanza's mortgage offers more competitive.

Net inflow, SEK m	2022 Q1	2021 Q4	Change %	2021 Q1	Change %	2021 Jan-Dec
Standard	15,780	18,640	-15	28,470	-45	81,520
Private Banking	430	-540	-	1,850	-77	8,170
Pro	390	-200	-	180	115	110
<b>Net inflow</b>	<b>16,600</b>	<b>17,900</b>	<b>-7</b>	<b>30,500</b>	<b>-46</b>	<b>89,800</b>
Equity-, fund-, and savings accounts	10,840	14,410	-25	23,890	-55	68,100
Pension- & insurance-based accounts	5,760	3,490	65	6,610	-73	21,700
of which endowment insurance	4,280	1,830	134	5,200	-18	15,600
of which occupational pensions	1,450	1,540	-5	1,240	17	5,470
<b>Net inflow</b>	<b>16,600</b>	<b>17,900</b>	<b>-7</b>	<b>30,500</b>	<b>-46</b>	<b>89,800</b>

  

Customers, savings capital and lending, SEK m	31-03-2022	31-12-2021	Change %	31-03-2021	Change %
Standard, No.	1,685,430	1,627,050	4	1,403,660	20
Private Banking, No.	31,200	29,500	6	26,400	18
Pro, No.	3,570	3,550	1	3,140	14
<b>No. of customers</b>	<b>1,720,200</b>	<b>1,660,100</b>	<b>4</b>	<b>1,433,200</b>	<b>20</b>
of which occupational pension customers, No.	133,100	127,200	5	112,600	18
Standard	416,300	461,400	-10	379,500	10
Private Banking	292,400	315,200	-7	249,000	17
Pro	32,200	33,000	-2	25,400	27
<b>Savings capital</b>	<b>740,900</b>	<b>809,600</b>	<b>-8</b>	<b>653,900</b>	<b>13</b>
Equity-, fund-, and savings accounts	530,400	581,700	-9	467,600	13
Pension- & insurance-based accounts	210,500	227,900	-8	186,300	13
of which endowment insurance	147,100	160,600	-8	131,300	12
of which occupational pensions	45,400	47,600	-5	38,400	18
<b>Savings capital</b>	<b>740,900</b>	<b>809,600</b>	<b>-8</b>	<b>653,900</b>	<b>13</b>
Equities, bonds, derivatives, etc.	441,900	495,100	-11	395,100	12
Mutual funds	202,200	225,100	-10	177,000	14
Deposits	96,800	89,400	8	81,800	18
of which external deposits (Savings account+)	31,400	29,700	6	29,000	8
<b>Savings capital</b>	<b>740,900</b>	<b>809,600</b>	<b>-8</b>	<b>653,900</b>	<b>13</b>
Internally financed lending	21,100	20,300	4	17,400	21
of which margin lending	10,400	10,100	3	7,830	33
of which mortgages (Bolån PB)	10,700	10,200	5	9,600	11
External mortgages (Bolån+)	21,700	19,800	10	15,500	40
<b>Lending</b>	<b>42,900</b>	<b>40,100</b>	<b>7</b>	<b>32,900</b>	<b>30</b>
Return, average account since 1 Jan, %	-10	24	-34	9	-19
OMX Stockholm GI since 1 Jan, %	-14	39	-53	14	-28

## Financial overview

	2022 Q1	2021 Q4	Change %	2021 Q1	Change %	2021 Jan-Dec
<b>Income Statement, SEK m</b>						
Net brokerage income	328	354	-7	439	-25	1,456
Fund commissions, net	157	176	-11	150	5	661
Currency-related income, net	133	135	-1	247	-46	625
Net interest income	83	82	1	76	9	321
Other income, net	66	78	-15	44	49	238
<b>Operating income</b>	<b>768</b>	<b>824</b>	<b>-7</b>	<b>957</b>	<b>-20</b>	<b>3,301</b>
Personnel	-159	-159	0	-137	17	-566
Marketing	-9	-7	18	-9	-6	-24
Depreciation	-18	-18	-2	-17	4	-70
Other expenses	-63	-68	-8	-39	59	-204
<b>Operating expenses before credit losses</b>	<b>-249</b>	<b>-253</b>	<b>-2</b>	<b>-202</b>	<b>23</b>	<b>-864</b>
<b>Profit before credit losses</b>	<b>519</b>	<b>571</b>	<b>-9</b>	<b>754</b>	<b>-31</b>	<b>2,437</b>
Credit losses, net	2	0	-	1	18	0
<b>Operating profit</b>	<b>521</b>	<b>571</b>	<b>-9</b>	<b>756</b>	<b>-31</b>	<b>2,437</b>
Tax on profit for the period	-78	-88	-11	-124	-37	-390
<b>Profit for the period</b>	<b>443</b>	<b>483</b>	<b>-8</b>	<b>632</b>	<b>-30</b>	<b>2,047</b>
<b>Key ratios</b>						
Operating margin, %	68	69	-1	79	-11	74
Profit margin, %	58	59	-1	66	-8	62
Return on shareholders' equity, %	36	41	-5	74	-38	50
Earnings per share before dilution, SEK	2.85	3.11	-8	4.08	-30	13.19
Earnings per share after dilution, SEK	2.81	3.06	-8	3.99	-30	13.00
Credit loss level, %	0.00	0.00	0.00	0.01	-0.01	0.00
Income to savings capital ratio, %	0.40	0.43	-0.03	0.63	-0.23	0.47
Costs to savings capital ratio, %	0.13	0.13	0.00	0.13	0.00	0.12
Savings capital per customer, SEK	430,700	487,670	-12	456,300	-6	487,670
Income per customer, SEK	1,820	2,030	-10	2,820	-36	2,210
Costs per customer, SEK	-590	-620	-6	-600	-1	-580
Net brokerage income/trading day, SEK m	5.3	5.6	-6	7.1	-26	5.8
No. brokerage-generating notes/trading day	208,600	219,800	-5	288,000	-28	234,300
Turnover in brokerage-generating securities/trading day, SEK m	5,840	6,030	-3	6,870	-15	5,930
Turnover in brokerage-generating foreign securities/trading day, SEK m	900	910	-1	1,600	-44	1,040
Gross brokerage income/turnover in brokerage-generating securities, %	0.104	0.106	-0.002	0.122	-0.018	0.114
No. trading days	62.5	63.5	-2	61.5	2	250.5
Investments, SEK m <sup>1</sup>	15	-28	-153	19	-22	56
Average no. employees	601	601	-	518	16	560
Platform availability, %	99.8	99.8	-	99.9	-0.1	99.9

1) A transfer was made in the fourth quarter 2021 to adapt to new interpretive guidance on accounting for intangible assets.

<b>Key ratios</b>	<b>31-03-2022</b>	<b>31-12-2021</b>	<b>Change %</b>	<b>31-03-2021</b>	<b>Change %</b>
Shareholders' equity per share before dil., SEK	32.78	30.21	8	23.68	38
Outstanding no. shares before dilution, thousands	155,572	155,572	-	154,954	0.4
Outstanding no. shares after dilution, thousands	157,386	158,115	-0.5	158,473	-0.7
No. shares upon full dilution, thousands	161,272	161,272	-	161,704	-0.3
No. employees	598	603	-1	526	14
Share price, SEK	242.00	332.20	-27	271.40	-11
Market capitalisation, SEK m	37,600	51,700	-27	42,100	-11

## First quarter compared to the previous quarter

Operating profit for the first quarter decreased compared to the previous quarter, mainly due to lower operating income.

The operating margin decreased to 68 per cent and the return on shareholders' equity was 36 per cent.

### Revenues

Operating income decreased by 7 per cent compared to the previous quarter. Mainly net brokerage income and net fund commissions decreased.

Net brokerage income decreased by 7 per cent as a result of lower trading activity and fewer brokerage-generating customers. The brokerage-generating turnover decreased by just under 5 per cent and the number of brokerage-generating notes decreased by nearly 7 per cent. The number of notes per brokerage-generating customer was unchanged, however. The gross brokerage income per SEK of turnover in brokerage-generating securities decreased slightly to 10.4 basis points, a result of an increased share of brokerage income generated by customers within Private Banking and Pro. The number of trading days were one less in the quarter.

Net currency-related income decreased to SEK 133 (135) million, a result of lower turnover in foreign securities. Turnover in brokerage-generating foreign securities decreased by 3 per cent, while turnover in foreign mutual funds increased by 35 per cent. Foreign mutual funds accounted for 10 per cent of total turnover in foreign securities during the first quarter. Brokerage-generating trading in foreign markets accounted for 15 per cent of total brokerage-generating turnover, the same level as in previous quarters.

Net fund commissions decreased by 11 per cent due to lower average fund capital, which was negatively affected by a declining stock market. Fund capital also decreased due to a net outflow of over SEK 3 billion during the quarter. March recorded a net inflow, however. In total, fund capital dropped by 10 per cent. Income per SEK of fund capital also decreased, from 33 to 31 basis points, mainly due to a higher share of capital in index funds. In late October, the management fee on Avanza's Auto funds was reduced by 15 basis points, which had its full effect in the quarter. Assets under management in the Auto funds amounted to just over SEK 9 billion at the end of March.

Net interest income increased by 1 per cent, mainly a result of higher margin lending volumes. The return on surplus liquidity decreased mainly as a result of an increased volume of surplus liquidity deposited in accounts, where returns are lower. In early November, the mortgage rate for Private Banking customers was cut by 10 basis points, which had its full effect in the quarter and resulted in unchanged income despite higher volumes. The resolution fee and deposit guarantee fee amounted to SEK 12 million (13).

Other income, primarily consisting of income from Avanza Markets and Corporate Finance, decreased by 15 per cent. The decrease is mainly due to lower income within Corporate Finance, which amounted to SEK 2 million (23) as a result of uncertain market conditions. Income from Avanza Markets increased to SEK 51 million (49). The costs for payment service commissions decreased as a result of lower customer activity.

### Operating expenses

Operating expenses decreased by 2 per cent, mainly as a result of lower other expenses. In the fourth quarter, interpretive guidance on intangible assets affected Avanza's accounting principles. Other expenses increased by SEK 18 million as a result.

### Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. More information in Note 5.

### Taxes

During the quarter, the effective tax rate decreased to 15.0 per cent (15.4). The tax rate fluctuates between the quarters depending on the share of revenues generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where most of the revenues are taxed according to tax laws applicable to life insurance companies, which reduces the effective tax rate.

### Investments

The investments in the first quarter primarily relates to the project to replace the backoffice system that enables Avanza to use smarter technology and solutions in order to increase efficiency while at the same time improving scalability and conditions for product development. The system was implemented in mid-April and will be amortized over five years. The total investment to replace the backoffice system was SEK 133 million during 2020, 2021 and 2022, of which SEK 23 million was expensed through profit or loss during 2021 and 2022.

## First quarter 2022 compared to first quarter 2021

Operating profit decreased by 31 per cent compared to the first quarter in 2021 when activity reached record levels. Operating income decreased, while operating expenses increased.

The operating margin decreased to 68 per cent and the return on shareholders' equity was 36 per cent.

### Revenues

Operating income decreased by 20 per cent compared to the corresponding quarter the previous year. This was primarily a result of lower net brokerage income and net currency-related income. Fund commissions, other income and net interest income increased.

Net brokerage income decreased by 25 per cent, a result of lower trading activity and fewer brokerage-generating customers. The number of brokerage-generating customers was 5 per cent lower compared to the first quarter in 2021, and the number of commission-generating notes decreased by 26 per cent. Turnover in brokerage-generating securities was 14 per cent lower. Gross brokerage income per SEK of turnover decreased from 12.2 to 10.4 basis points, a result of a higher share of brokerage income generated by customers within Private Banking and Pro. The share of brokerage income generated in Private Banking and Pro was 23 per cent, compared to 17 per cent in the first quarter of 2021.

Net currency-related income decreased by 46 per cent, a result of lower turnover in brokerage-generating foreign securities, which decreased by 43 per cent and accounted for 15 per cent (23) of the brokerage-generating turnover. During the first quarter 2021, trading activity in foreign securities reached record levels.

Net fund commissions increased by 5 per cent mainly due to higher average fund capital. The fund capital was 14 per cent higher than at the end of the first quarter 2021. On the other hand, income per SEK of fund capital fell from 38 to 31 basis points, which was due to an increased share of capital in index funds. The launch of the Start offer for funds in March 2021, which means that customers with less than SEK 50,000 in savings capital are refunded their fund fees, and the reduced

management fee for Avanza Auto funds of 15 basis points also had an effect.

Net interest income increased by 9 per cent due to higher income from mortgage lending, where lending volume grew by 33 per cent. Income from internally financed mortgages decreased slightly despite higher volumes due to a 10 basis point rate cut in November 2021. The return on surplus liquidity decreased mainly as a result of an increased volume of surplus liquidity deposited in accounts, where returns are lower. The deposit guarantee fee and resolution fee increased to SEK 12 million (10) due to higher volumes.

Other income increased by 49 per cent, mainly due to higher income from Avanza Markets and lower payment service commissions resulting from lower customer activity, as well as lower costs for keyword optimisation. Income from Avanza Markets was SEK 51 million (32), a result of increased compensation from Morgan Stanley, higher customer activity, as well as slightly higher average capital. Income from stock lending also increased and amounted to SEK 8 million (4). Income from Corporate Finance fell to SEK 2 million (23) due to the jittery market conditions.

#### *Operating expenses*

Operating expenses increased by 23 per cent. A reversal of rental costs in the first quarter 2021 positively affected other expenses by SEK 10 million. Excluding the reversal, expenses rose by 17 per cent compared to the first quarter 2021. Other expenses also increased due to higher IT-related costs. Personnel costs increased mainly as a result of additional hires mainly in IT and development as well as customer support. As of 1 January 2022, salary increases averaged 4 per cent. As previously announced, costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million.

The costs to savings capital ratio was unchanged at 13 basis points. The long-term target to spotlight efficiency and the focus on costs is a maximum costs to savings capital ratio of 12 basis points over time. In the first quarter 2022, the measure was affected by the impact of market fluctuations on savings capital, which can occur in individual quarters and years. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

#### *Credit losses*

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. More information in Note 5.

#### *Taxes*

The effective tax rate decreased to 15.0 per cent (16.4) as a result of a higher share of revenues generated in the insurance company, where most of the revenues are subject to yield tax, making the tax rate lower.

On 1 January 2022, a new "risk tax" was introduced for credit institutions, the so-called bank tax. The tax does not affect Avanza, since total liabilities in the bank fall below the threshold of SEK 150 billion.

### **Net interest income sensitivity**

The Riksbank's own forecast indicates that interest rates will not be raised until the second half of 2024, but the uncertainty surrounding the rising inflation suggests that a rate hike could come much earlier. The Riksbank's next rate decision will be published on 28 April 2022.

All else being equal, without taking into account changes in customer behaviour, a 1 percentage point change in the repo rate with today's volumes would affect full-year net interest

income by over SEK 525 million. The effect of a rate cut is lower due to the interest rate floor on internally financed mortgages of -0.20 per cent.

### **Seasonal effects**

Avanza has no major seasonal variations, except from the third quarter which is characterised by lower personnel costs, due to employees' summer vacation, and also seasonally low Corporate Finance activity. Avanza's financial results are rather impacted by stock market development, volatility, and the repo rate. Customer growth and net inflow are normally higher at the beginning of the year.

### **Future outlook**

The financial market is constantly changing, but Avanza is agile with a scalable business model well-suited to change. There are eight main areas that affect growth potential:

- The increased need for individual savings in recent years to buy a home, meet unforeseen events or for retirement are important growth factors.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competition enter the savings market. Cost leadership also puts Avanza in a strong position.
- Avanza is also well-positioned in terms of regulations on increased transparency and higher consumer protection. Avanza puts its customers first, at the same time that we maintain clear and transparent pricing. Avanza has always advocated low fees and a long-term approach and refrained from commission-driven advice, instead developing tools on the platform to help customers make their own investment decisions and customise savings to meet individual needs. Market conditions are expected to keep pressure on prices in the industry to the benefit of consumers, especially in unit-linked insurance savings.
- Avanza's pension offer with no fees, coupled with a broad offering and digital tools, are a strong competitive advantage when transfer rights for unit-linked insurance policies are strengthened. New technology and Open Finance regulations at the same time enable more tools and services to be developed.
- Over the last ten-year period, Avanza has attracted a large share of younger customers. Although they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if Avanza continues to create attractive offers and good reasons for them to stay on the platform. This is especially true as wealth is transferred to younger generations. Avanza will probably be positively affected by this. Avanza has a low churn of 1.9 per cent for 2021.
- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are also important factors as interest and demand for sustainable investments grows. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base provides an attractive platform for cost-effective diversification, at the same time that our customers gain access to investment opportunities that otherwise are available only to institutions and a select few individuals. Avanza is a party in most transactions on the Stockholm Stock Exchange.



- Although Avanza already has a high market share among the equity-owning portion of the population, there is still growth potential. Everyone in Sweden with a bank account who understands the importance of personal savings is a potential Avanza customer. Avanza's growth ambition includes attracting broader target groups – experienced and established investors as well as new ones – and with new products and services attract a larger share of existing customers' savings. Growth among new

customers is expected to increase the percentage of fund savings on the platform, which along with the growth ambition in pensions and mortgages reduces the sensitivity to market swings.

More information about the long-term trends can be found in Avanza's Annual Report at [avanza.se/ir](http://avanza.se/ir).

## Nine quarters in summary

Quarterly overview, SEK m	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net brokerage income	328	354	330	334	439	291	283	260	268
Fund commissions, net	157	176	173	161	150	125	109	88	96
Currency-related income, net	133	135	114	129	247	114	88	81	73
Net interest income <sup>1</sup>	83	82	83	80	76	73	74	73	64
Other income, net <sup>1,2</sup>	66	78	67	50	44	103	22	24	41
<b>Operating income</b>	<b>768</b>	<b>824</b>	<b>767</b>	<b>754</b>	<b>957</b>	<b>706</b>	<b>575</b>	<b>526</b>	<b>542</b>
Personnel	-159	-159	-125	-145	-137	-135	-103	-120	-111
Marketing	-9	-7	-5	-3	-9	-5	-7	-2	-8
Depreciation	-18	-18	-18	-17	-17	-34	-19	-17	-14
Other expenses	-63	-68	-45	-51	-39	-48	-49	-46	-45
<b>Operating expenses before credit losses</b>	<b>-249</b>	<b>-253</b>	<b>-192</b>	<b>-216</b>	<b>-202</b>	<b>-221</b>	<b>-177</b>	<b>-185</b>	<b>-179</b>
Credit losses, net	2	-0	-1	-1	1	1	-0	-5	1
Profit/loss from participations in associated companies	-	-	-	-	-	-	-1	-2	-2
<b>Operating profit</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>756</b>	<b>486</b>	<b>396</b>	<b>333</b>	<b>361</b>
<b>Adjusted operating profit<sup>3</sup></b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>746</b>	<b>439</b>	<b>409</b>	<b>333</b>	<b>361</b>
Operating margin, %	68	69	75	71	79	69	69	63	67
Earnings per share before dil., SEK	2.85	3.11	3.10	2.91	4.08	2.70	2.15	1.83	1.98
Shareholders' equity per share before dilution, SEK	32.78	30.21	30.04	26.58	23.68	20.47	16.88	14.13	11.95
Return on shareholders' equity, %	36	41	44	46	74	58	55	56	64
Net inflow	16,600	17,900	18,400	22,900	30,500	18,700	16,300	19,400	21,900
No. of new customers, net	60,100	71,800	70,100	85,100	152,800	85,600	79,200	53,000	86,100
No. of customers at the end of the period	1,720,200	1,660,100	1,588,400	1,518,200	1,433,200	1,280,300	1,194,700	1,115,500	1,062,500
Savings capital at the end of the period	740,900	809,600	735,000	713,600	653,900	570,500	514,200	444,600	368,200
Income to savings capital ratio, %	0.40	0.43	0.42	0.44	0.63	0.52	0.48	0.52	0.56
Costs to savings capital ratio, %	0.13	0.13	0.11	0.13	0.13	0.16	0.15	0.18	0.18

1) Income related to Savings account+ has been transferred from Net interest income to Other commission income. Historical figures have been adjusted.

2) Net currency-related income has been separated from Other income. Historical figures have been adjusted.

3) See table Items affecting comparability.

Items affecting comparability, SEK m	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Operating income</b>									
Other income (reduced holding in Stabelo AB)						63			
<b>Operating expenses</b>									
Depreciation (write-down of right-of-use assets Vasagatan)						-16			
Other expenses (relocation costs)							-13		
Other expenses (reversal of write-down Vasagatan)					10				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>47</b>	<b>-13</b>	<b>-</b>	<b>-</b>

## Financial position

Avanza is self-financed by equity and customer deposits. All of Avanza's assets have a high level of liquidity. A significant part of the assets can, therefore, be transferred within a couple of days.

The surplus liquidity is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, plus to a lesser extent in bonds issued by the Swedish Government and Municipalities.

Avanza does not conduct, and has not previously conducted, trading in securities on its own account.

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the first quarter 2022 total actual and expected credit losses amounted to SEK 13 million, which is equivalent, on average, to 0.02 per cent per year.

## 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 of the business, reputation, and long-term profitability.

A detailed description of the Group's risk exposure and risk management is provided in Avanza's Annual Report for 2021, Note 35 and pages 40–43. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this report.

The Swedish financial market has performed strongly for some time with a high level of savings. The recent surge in inflation could affect the savings ratio as customers become less able to save. Rate hikes in the wake of rising inflation could also affect savings. For more information on the risks in the savings market, see page 13 in the Annual Report.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) and the Swedish Financial Supervisory Authority (SFSA) due to a potential breach of the General Data Protection Regulation (GDPR). This was after Avanza inadvertently activated functions which enabled Facebook to collect personal data from Avanza's website in encrypted form. Facebook has confirmed that the information has not been used for its own or other firms' commercial purposes and that the data has been deleted. If Facebook has used the information, which we do not know, it has only related to Avanza's own marketing. Avanza immediately shut down the functions once the error was

detected. Avanza's assessment is that no customers were put at harm. In the first quarter, the SFSA announced that it is not opening a case. Avanza continues to dialogue with the Swedish Authority for Privacy Protection, where the case is still being investigated. It is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

Russia's invasion of Ukraine and the imposed sanctions have affected the financial markets. The financial impact on Avanza is very limited. Avanza holds no Russian or Ukrainian collateralised securities, nor any other exposure to these countries. Approximately 12,000 of Avanza's customers had holdings in Russian funds with a total value of less than SEK 500 million. The exposure to Russia and Ukraine in Avanza's own funds is very limited.

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

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for the first quarter 2022 was SEK –9 million (–8). The Parent Company does not report any revenues.

## Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a leverage ratio of 3 per cent, which was introduced at the end of the second quarter in 2021. In addition, the SFSA is introducing a leverage ratio guidance, resulting in an additional capital buffer. In 2021, the SFSA announced guidance for an industry peer of an additional 0.9 per cent. Guidance for Avanza is expected to be announced in the autumn of 2022, once the SFSA has completed its review and evaluation of Avanza. To ensure adequate headroom to the requirement regardless of market conditions, Avanza has set an internal leverage ratio target of 3.8 per cent for both the consolidated situation and the bank, which will be reviewed once the guidance has been announced. The leverage ratio is negatively affected by customers' increased deposits, resulting in fluctuations of the ratio during a market slump when deposits usually rise. As at 31 March 2022, Avanza's leverage ratio for the consolidated situation was 4.5 per cent. The leverage ratio is planned to be strengthened through the issuance of additional Tier 1 capital in 2022.

Details on own funds and the capital requirement for the consolidated situation can be found in Note 8.

Financial position <sup>1</sup>	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Common Equity Tier 1 (CET1) capital, SEK m	3,000	2,966	2,799	2,647	2,410	2,427	1,529	1,409	1,401
Total capital, SEK m	3,000	2,966	2,799	2,647	2,410	2,427	1,598	1,479	1,468
Common Equity Tier 1 ratio, %	23.1	24.0	26.2	25.0	23.9	24.4	17.9	16.3	17.3
Total capital ratio, %	23.1	24.0	26.2	25.0	23.9	24.4	18.8	17.1	18.1
Overall capital requirements, %	12.5	12.6	12.9	13.0	13.1	13.1	11.8	11.8	11.9
Leverage ratio, % <sup>2</sup>	4.5	4.8	4.5	4.7	4.3	4.9	3.1	2.8	2.5

1) Refers to the consolidated situation.

2) Regulatory requirement of 3 per cent effective as of 28 June 2021.

## Other corporate events

### Executive Management

Peter Westling, Chief Innovation & Marketing Officer and a member of Group Management since 2012, announced his resignation in February. Peter remains an advisor during his notice period but left Group Management in February. In connection to this, the organisational structure has been reviewed. Peter Strömberg, currently CIO, becomes head of the new organisation Product & Tech (CPTO), while also serving as Acting CIO until a replacement is appointed. Sofia Svavar, Head of IR since 2015, will be promoted to a new role as Chief Communications & IR Officer and member of Group Management. The changes took effect on 1 April 2022. Group Management thereby increases by one member.

### Annual General Meeting 2022

The Annual General Meeting on 31 March 2022 resolved that the Board of Directors shall comprise ten members without deputies.

The Chairman of the Board and Board members were re-elected, except for Viktor Fritzén, who declined re-election. Linda Hellström and Sofia Sundström was elected as new members of the Board.

As proposed, a dividend of SEK 9.20 per share was authorised.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2021 were adopted.

Avanza's Annual and Sustainability Report for 2021 was published on 25 February 2022.

### Incentive programmes

The Annual General Meeting 2021 resolved on three new incentive programs based on warrants (2021/2024, 2022/2025 and 2023/2026). Each incentive program runs for three years and comprises a maximum of 1,200,000 warrants that entitle the holder to subscribe for an equal number of shares. If all warrants are exercised, each incentive program will result in maximum dilution of 0.77 per cent.

### Repurchase of the company's own shares

The Board of Directors has from the Annual General Meeting 2022 been authorised to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in the first quarter 2022 and the company holds no repurchased shares as of 31 March 2022.

### Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2021, Note 36. No significant changes have taken place since then.

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

Following the resolution by the Annual General Meeting in March, the dividend for 2021 of SEK 1,431 million (591) was paid to the shareholders.

Mattias Miksche, who had been a member of Avanza Bank Holding AB's Board of Directors since 2008, has announced his immediate resignation for personal reasons. After his resignation, the board consists of nine members.

## Consolidated Income Statement

SEK m	Note	2022 Q1	2021 Q1	2021 Jan-Dec
<b>Operating income</b>				
Commission income	1, 2	783	1,010	3,419
Commission expenses	3	-97	-129	-439
Interest income calculated using the effective interest method		115	98	428
Other interest and similar income		-	-	-
Interest expenses		-32	-22	-106
Net result of financial transactions		-1	-1	0
Other operating income		-	-	-
<b>Total operating income</b>		<b>768</b>	<b>957</b>	<b>3,301</b>
<b>Operating expenses</b>				
General administrative expenses		-216	-172	-753
Depreciation		-18	-17	-70
Other operating expenses		-15	-13	-41
<b>Total operating expenses before credit losses</b>		<b>-249</b>	<b>-202</b>	<b>-864</b>
<b>Operating profit before credit losses</b>		<b>519</b>	<b>754</b>	<b>2,437</b>
Credit losses, net		2	1	0
<b>Operating profit</b>		<b>521</b>	<b>756</b>	<b>2,437</b>
Tax on profit for the period		-78	-124	-390
<b>Profit for the period<sup>1</sup></b>		<b>443</b>	<b>632</b>	<b>2,047</b>
Earnings per share before dilution, SEK		2.85	4.08	13.19
Earnings per share after dilution, SEK		2.81	3.99	13.00
Average no. shares before dilution, thousands		155,572	154,954	155,150
Average no. shares after dilution, thousands		157,650	158,332	157,456

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

## Consolidated statement of comprehensive income

SEK m	2022 Q1	2021 Q1	2021 Jan-Dec
<b>Profit for the period</b>	<b>443</b>	<b>632</b>	<b>2,047</b>
<i>Items that will be reversed to the Income Statement</i>			
Changes in value of financial instruments <sup>1</sup>	-55	-3	-3
Tax on changes in value of financial instruments <sup>1</sup>	11	1	1
<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>-44</b>	<b>-2</b>	<b>-3</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>	<b>399</b>	<b>629</b>	<b>2,044</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

SEK m	Note	31-03-2022	31-12-2021
<b>Assets</b>			
Cash and balances with central banks		3,003	2,939
Treasury bills eligible for refinancing		2,055	2,523
Loans to credit institutions	4	2,798	2,508
Loans to the public	5	22,422	20,300
Bonds		29,076	25,854
Shares and participations		237	237
Assets in insurance operations		203,692	218,990
Intangible fixed assets		118	107
Right-of-use assets		114	120
Tangible fixed assets		57	61
Other assets		4,887	4,952
Prepaid expenses and accrued income		333	491
<b>Total assets</b>		<b>268,792</b>	<b>279,082</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		57,602	53,659
Liabilities in insurance operations		203,694	218,992
Lease liability		112	122
Other liabilities		2,127	1,442
Accrued expenses and deferred income		158	167
Shareholders' equity		5,099	4,700
<b>Total liabilities and shareholders' equity</b>		<b>268,792</b>	<b>279,082</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 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	–	–	–	2,047	2,047
Other comprehensive income for the period	–	–	–3	–	–3
Total comprehensive income for the period	–	–	–3	2,047	2,044
Changed accounting principle interest-bearing securities	–	–	–	–	–
<b>Transactions with owners</b>					
Dividend paid	–	–161	–	–430	–591
New issue (exercise of share warrants)	0	62	–	–	63
Warrants issue	–	11	–	–	11
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
<b>January - March 2022</b>					
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
Profit after tax reported in the income statement	–	–	–	443	443
Other comprehensive income for the period	–	–	–44	–	–44
Total comprehensive income for the period	–	–	–44	443	399
<b>Transactions with owners</b>					
Warrants issue	–	–5	–	5	–
<b>Shareholders' equity 31-03-2022</b>	<b>78</b>	<b>472</b>	<b>113</b>	<b>4,436</b>	<b>5,099</b>

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



## Consolidated Cash Flow Statement

SEK m	2022 Q1	2021 Q1
<b>Operating activities</b>		
Operating profit	521	756
Adjustment for items not included in cash flow	18	18
Taxes paid	-614	-1,510
Changes in operating activities' assets and liabilities	3,131	3,015
<b>Cash flow from operating activities</b>	<b>3,056</b>	<b>2,279</b>
<b>Investment operations</b>		
Acquisition and disposals of intangible and tangible fixed asset	-15	-19
Investment in treasury bills eligible for refinancing	468	-1,276
Investment in bonds	-3,277	483
<b>Cash flow from investment operations</b>	<b>-2,824</b>	<b>-812</b>
<b>Financial operations</b>		
Amortisation lease liability	-10	-8
Cash dividend	-	-132
<b>Cash flow from financial operations</b>	<b>-10</b>	<b>-140</b>
<b>Cash flow for the period</b>	<b>222</b>	<b>1,326</b>
Liquid assets at the beginning of the period <sup>1</sup>	5,030	3,675
Liquid assets at the end of the period <sup>1</sup>	5,252	5,000
<b>Change</b>	<b>222</b>	<b>1,326</b>

1) Liquid assets are defined as cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 549 million (SEK 25m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2022 Jan-Mar	2021 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-5	-5
Other operating expenses	-4	-3
<b>Operating profit/loss</b>	<b>-9</b>	<b>-8</b>
<b>Profit/loss from financial investments</b>		
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-9</b>	<b>-8</b>
<b>Appropriations</b>		
Group contribution	-3	-
<b>Profit/loss before tax</b>	<b>-12</b>	<b>-8</b>
Tax on profit/loss for the period	3	1
<b>Profit/loss for the period</b>	<b>-10</b>	<b>-6</b>

## Parent Company statement of comprehensive income

SEK m	2022 Jan-Mar	2021 Jan-Mar
<b>Profit/loss for the period</b>	<b>-10</b>	<b>-6</b>
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total profit/loss and other comprehensive income after tax</b>	<b>-10</b>	<b>-6</b>

## Parent Company Balance Sheet

SEK m	31-03-2022	31-12-2021
<b>Assets</b>		
Financial fixed assets	663	663
Current receivables <sup>1</sup>	1,415	1,432
Liquid assets	3	5
<b>Total assets</b>	<b>2,082</b>	<b>2,100</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	1,992	2,002
Current liabilities	11	20
<b>Total shareholders' equity and liabilities</b>	<b>2,082</b>	<b>2,100</b>

1) Of which receivables from subsidiaries SEK 1,410 million (SEK 1,428m as of 31 December 2021).

## 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 2021.

The information on pages 1-11 is an integrated part of this financial report.

### Note 1 Revenue from contracts with customers

SEK m	2022	2021	2021
	Q1	Q1	Jan-Dec
Trading in commission-generating securities	500	740	2,260
Fund savings	176	174	735
Corporate services	2	23	89
Other commission income	105	73	335
<b>Total</b>	<b>783</b>	<b>1,010</b>	<b>3,419</b>
<i>Timing of revenue recognition</i>			
Service or goods transferred to customer at a specific point in time	783	1,010	3,419
Service or goods transferred to customer over time	-	-	-
<b>Total</b>	<b>783</b>	<b>1,010</b>	<b>3,419</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 Commission income

SEK m	2022	2021	2021
	Q1	Q1	Jan-Dec
Brokerage income	381	515	1,690
Fund commissions	162	152	679
Currency-related income	133	247	626
Other commission income <sup>1</sup>	107	95	424
<b>Total</b>	<b>783</b>	<b>1,010</b>	<b>3,419</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.

**Note 3 Commission expenses**

SEK m	2022	2021	2021
	Q1	Q1	Jan-Dec
Transaction costs <sup>1</sup>	-52	-77	-234
Payment services commissions	-26	-32	-118
Other commission expenses <sup>2</sup>	-19	-20	-88
<b>Total</b>	<b>-97</b>	<b>-129</b>	<b>-439</b>

1) Costs directly related to brokerage income.

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

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,596 million (SEK 1,540m as of 31 December 2021) which are reported net against client fund payables of SEK 1,596 million (SEK 1,540m as of 31 December 2021). Of the liquid assets of SEK 5,801 million as per the end of the period, SEK 549 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 8 million (SEK 9m as of 31 December 2021). Thus, the change in the accumulated provision for expected credit losses has positively affected profit for the period with SEK 2 million.

SEK 1,319 million (SEK 0m as per 31 December 2021) 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 rest of lending to the public amounted to SEK 21,102 million, of which SEK 10,363 million (SEK 10,076m as of 31 December 2021) with collateral in the form of securities and SEK 10,739 million (SEK 10,224m as of 31 December 2021) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 11,774 million (SEK 11,476m as of 31 December 2021) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,031 million (SEK 1,247m as of 31 December 2021).

## Note 6 Financial instruments

### Classification of financial instruments

31-03-2022 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	–	3,003	–	–	3,003
Treasury bills eligible for refinancing	–	2,055	–	–	2,055
Loans to credit institutions	–	2,798	–	–	2,798
Loans to the public	–	22,422	–	–	22,422
Bonds	–	21,813 <sup>1</sup>	7,263	–	29,076
Shares and participations	0	–	237	–	237
Assets in insurance operations	186,305	17,386	–	–	203,692
Intangible fixed assets	–	–	–	118	118
Right-of-use asset	–	–	–	114	114
Tangible assets	–	–	–	57	57
Other assets	–	4,887	–	–	4,887
Prepaid expenses and accrued income	–	294	–	39	333
<b>Total assets</b>	<b>186,306</b>	<b>74,659</b>	<b>7,500</b>	<b>328</b>	<b>268,792</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	–	57,602	–	–	57,602
Liabilities in insurance operations	203,692	–	–	2	203,694
Lease liabilities	–	–	–	112	112
Other liabilities	–	1,772	–	355	2,127
Accrued expenses and deferred income	–	85	–	74	158
<b>Total liabilities</b>	<b>203,692</b>	<b>59,458</b>	<b>–</b>	<b>543</b>	<b>263,693</b>

1) Fair value amounts to SEK 21,787 million.

### Financial instruments valued at fair value

31-03-2022, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	110,590	–	237	110,827
Fund units	71,349	–	–	71,349
Bonds and other interest-bearing securities	8,520	598	–	9,117
Other securities	1,868	643	–	2,512
<b>Total assets</b>	<b>192,327</b>	<b>1,241</b>	<b>237</b>	<b>193,805</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	203,692	–	203,692
<b>Total liabilities</b>	<b>–</b>	<b>203,692</b>	<b>–</b>	<b>203,692</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. The majority of the shares and funds pertaining to the insurance operations and bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). 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).

The level of the hierarchy for fair values where the valuation at fair value is categorized 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.

### Note 7 Capital requirement for the financial conglomerate

The below table 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).

SEK m	31-03-2022	31-12-2021
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	3,015	3,055
Own funds for regulated units within the banking and investment services sector	2,753	2,712
<b>Total own funds</b>	<b>5,768</b>	<b>5,767</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	2,052	2,229
Capital requirement for regulated units within the banking and investment services sector	1,484	1,435
<b>Total capital requirement</b>	<b>3,536</b>	<b>3,664</b>
<b>Capital surplus</b>	<b>2,232</b>	<b>2,103</b>
<b>Own funds/Capital requirement</b>	<b>1.63</b>	<b>1.57</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 Own funds and capital requirement for the consolidated situation**

The information stated in this section refers to the consolidated situation, which consists of Avanza Bank Holding AB, Avanza Bank AB, and Avanza Funds AB, and presents the overall total own funds requirement and own funds. The presentation follows chapter 8 of the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers, and general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, and article 447 in Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR). The information refers to both the risk-based own funds requirement and the leverage ratio requirement.

In October 2021, the EU Commission published a proposal on how parts of Basel 3 will be implemented in EU law with amendments to CRR and Directive 2013/36/EU. The parts that could affect Avanza's capital requirements mainly concern revisions to the standardised approach for credit risk related to mortgages and the standardised approach for operational risk. Other changes are expected to have less impact.

The Swedish FSA has not yet announced the institution-specific Pillar 2 guidance that will apply to Avanza, which is expected to be announced during the autumn of 2022. Consequently, these requirements are not reflected in the table below. To ensure that Avanza meets the risk-based own funds and leverage ratio requirements, the company follows both external and internal buffer requirements. Avanza is well-capitalised to manage current and upcoming requirements.

<b>Own funds, SEK m</b>	<b>31-03-2022</b>	<b>31-12-2021</b>
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	641	685
of which: Instrument type 1	78	78
of which: Instrument type 2	563	607
Retained earnings	3,873	1,465
Accumulated other comprehensive income (and other reserves)	-44	-3
Independently reviewed interim profits net of any foreseeable charge or dividend	-1,343	935
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,128</b>	<b>3,083</b>
Additional value adjustments	-10	-9
Intangible assets (net of related tax liability)	-118	-107
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>-127</b>	<b>-117</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,000</b>	<b>2,966</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,000</b>	<b>2,966</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>3,000</b>	<b>2,966</b>

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>31-03-2022</b>		<b>31-12-2021</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	10,134		9,492	
of which exposures to institutions	548		493	
of which exposures to corporates	124		123	
of which retail exposures	605		623	
of which exposures secured by mortgages on immovable property	3,779		3,606	
of which exposures in default risk weight	8		5	
of which exposures to covered bonds	2,784		2,480	
of which exposures to equity	689		689	
of which exposures to other items	1,597		1,474	
Market risk (position risk)	1		0	
Settlement risk	–		0	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	2,844		2,844	
<b>Total risk exposure amount</b>	<b>12,979</b>		<b>12,336</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	811	6.2%	759	6.2%
of which exposures to institutions	44	0.3%	39	0.3%
of which exposures to corporates	10	0.1%	10	0.1%
of which retail exposures	48	0.4%	50	0.4%
of which exposures secured by mortgages on immovable property	302	2.3%	288	2.3%
of which exposures in default	1	0.0%	0	0.0%
of which exposures in the form of covered bonds	223	1.7%	198	1.6%
of which equity exposures	55	0.4%	55	0.4%
of which other items	128	1.0%	118	1.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	–	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	227	1.8%	227	1.8%
<b>Capital requirement</b>	<b>1,038</b>	<b>8.0%</b>	<b>987</b>	<b>8.0%</b>
Total own funds	3,000	23.1%	2,966	24.0%
Minimum own funds requirement (Pillar 1)	–1,038	–8.0%	–987	–8.0%
Combined buffer requirement	–324	–2.5%	–308	–2.5%
Additional own funds requirement (Pillar 2) <sup>1,2</sup>	–260	–2.0%	–260	–2.1%
Pillar 2 guidance <sup>2</sup>	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	–1,623	–12.5%	–1,555	–12.6%
Capital surplus after risk-based capital requirement	1,378	10.6%	1,411	11.4%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	67,442		62,317	
Leverage ratio, %	4.5%		4.8%	
Tier 1 capital	3,000	4.5%	2,966	4.8%
Minimum own funds requirement (Pillar 1)	2,023	3.0%	1,870	3.0%
Additional own funds requirement (Pillar 2) <sup>2</sup>	–	–	–	–
Leverage ratio guidance <sup>2</sup>	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	2,023	3.0%	1,870	3.0%
Capital surplus after leverage ratio requirement	977	1.4%	1,096	1.8%

1) The additional own fund requirement are equivalent to the Swedish FSA's estimated Pillar 2 requirements. The quarterly internally estimated capital requirement in Pillar 2 is shown in a separate table.

2) For both the risk-based own funds requirement and the leverage ratio the Swedish FSA will in connection with the ongoing supervisory review and evaluation process (SREP) make an assessment and determine an additional own funds requirement in Pillar 2 and a Pillar 2 guidance. The next SREP is to be completed in the second half of 2022.

Key metrics, SEK m		31-03-2022	31-12-2021	30-09-2021	31-06-2021	31-03-2021
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	3,000	2,966	2,799	2,647	2,410
2	Tier 1 capital	3,000	2,966	2,799	2,647	2,410
3	Total capital	3,000	2,966	2,799	2,647	2,410
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	12,979	12,336	10,703	10,598	10,096
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	23.1%	24.0%	26.2%	25.0%	23.9%
6	Tier 1 ratio (%)	23.1%	24.0%	26.2%	25.0%	23.9%
7	Total capital ratio (%)	23.1%	24.0%	26.2%	25.0%	23.9%
<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 (%)	2.0%	2.1%	2.4%	2.5%	2.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1%	1.2%	1.4%	1.4%	1.4%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5%	1.6%	1.8%	1.8%	1.9%
EU 7d	Total SREP own funds requirements (%)	10.0%	10.1%	10.4%	10.5%	10.6%
<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 (%)	0.0%	0.0%	0.0%	0.0%	0.0%
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 (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	12.5%	12.6%	12.9%	13.0%	13.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.1%	13.9%	15.7%	14.5%	13.3%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	67,442	62,317	62,364	56,075	55,740
14	Leverage ratio (%)	4.5%	4.8%	4.5%	4.7%	4.3%
<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)	16,833	16,236	15,133	14,511	14,606
EU 16a	Cash outflows - Total weighted value	6,044	5,665	5,442	5,251	5,171
EU 16b	Cash inflows - Total weighted value	6,777	6,030	5,213	4,515	4,129
16	Total net cash outflows (adjusted value)	1,511	1,436	1,406	1,366	1,346
17	Liquidity coverage ratio (%)	1,061%	1,035%	921%	844%	838%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	53,670	50,814	49,930	44,829	
19	Total required stable funding	32,766	27,590	28,546	27,314	
20	NSFR ratio (%)	164%	184%	175%	164%	

Internal capital requirement in Pillar 2		31-03-2022	31-03-2021
<b>Credit-related concentration risk</b>			
Industry concentration		53	49
Geographical concentration		65	61
Name concentration		11	7
<b>Total credit-related concentration risk</b>		<b>128</b>	<b>118</b>
<b>Interest rate risks and other market risks in ancillary activities - credit spread</b>		<b>103</b>	<b>77</b>
<b>Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)</b>		<b>206</b>	<b>140</b>
<b>Pension risk</b>		<b>-</b>	<b>-</b>
<b>Total internal capital requirement in Pillar 2</b>		<b>437</b>	<b>335</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, 24 April 2022

Rikard Josefson  
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 (CEST) on 25 April 2022.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 25 April 2022 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](http://avanza.se/ir). Phone number for participants:

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- US: +1 63 191 314 22
- Confirmation code: 45680440#

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](http://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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Website: [avanza.se](http://avanza.se)  
Corporate web: [avanza.se/ir](http://avanza.se/ir)

### Upcoming publication dates for monthly statistics

April 2022	13 May 2022
May 2022	10 June 2022
June 2022	8 July 2022

### Financial calendar

Interim Report January – June 2022	14 July 2022
Interim Report January – September 2022	18 October 2022

# Definitions

The measures and key ratios used in the financial report are defined below. The majority of the financial key ratios are considered to be widely accepted and are such that they are expected to be presented in the financial report to provide an indication of the Group's results, profitability and financial position. Financial disclosures that are not defined in IFRS and are presented outside the financial statements, so-called alternative performance measures, follow 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

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

## Deposits

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>1)</sup>

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

## eNPS

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

## Equity per share<sup>1)</sup>

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

## External deposits

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

## External mortgages

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 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

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 bad debt.

## 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

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

Deposits, less withdrawals, of liquid assets and securities.

## Operating margin<sup>1)</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>1)</sup>

Profit/loss after tax in relation to operating income.

## Return on 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

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.

## 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 pension insurance adjusted for undistributed premiums in plan agreements. The data are published with a quarterly lag.

## Turnover

Turnover in security trading.

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

2. Financial 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.