



# Interim Report

## January-March 2019

Avanza Bank Holding AB (publ)

### First quarter 2019 compared to first quarter 2018

- **Customer growth** was good and 33,600 (42,400) new customers were added
- **Net inflow** in the quarter was SEK 7,570 million (7,960), a decrease of 5 per cent
- **Operating income** decreased by 1 per cent due to lower brokerage income and other income. The brokerage income decreased due to lower brokerage per commission note. Net interest income was improved.
- **Operating expenses** increased by 8 per cent, mainly due to higher personnel cost. The long-term guidance on Avanza's annual cost increase is 9–12 per cent, the current budget figure for 2019 is 10.5 per cent
- **Net profit** amounted to SEK 87 million, a decrease of 16 per cent
- In February, the Swedish Financial Supervisory Authority decided to issue a warning and an administrative fee of SEK 35 million on Försäkringsaktiebolaget Avanza Pension for previous non-compliance. The fee was reported in 2018 and is fully excluded from the communicated cost growth for 2019
- The Annual General Meeting in March resolved to re-elect the board members, with the exception of Sophia Bendz who declined re-election. The dividend, as proposed SEK 10.50 per share, was authorised corresponding to 91 per cent of the profit for 2018
- Today, 16 April, is the record date for the Annual General Meetings's resolved share split in Avanza Bank Holding AB (publ), whereby each existing share has been divided into five shares
- The AVA Gender Equality Tracker was launched to make it easier to invest in gender equal companies
- Avanza Emerging Markets, Sweden's cheapest emerging market fund for individual investors, was launched
- Made it easier for customers to transfer securities through Open Banking
- Jesper Bonnavier took over in April as CEO of Avanza Fonder and a member of Group Management
- Malin Nybladh, Head of HR and a member of Group Management, left Avanza. The recruitment process to find a new Head of HR is underway

### Quote from Rikard Josefson, CEO Avanza

*"Trading activity increased during the quarter, but income was affected by customers' trading patterns and lower average fund capital. Short-term performance by both customers and Avanza is largely dependent on market conditions. We are confident that our efforts in the long run will lead to a better future for our customers and shareholders."*

	Q1 2019	Q4 2018	Change %	Q1 2018	Change %
Operating income, SEK m	268	267	0	271	-1
Operating expenses, SEK m <sup>1</sup>	-164	-190	-13	-152	8
Operating profit, SEK m <sup>1</sup>	100	76	31	120	-16
Net profit, SEK m <sup>1</sup>	87	60	45	104	-16
Earnings per share before dilution, SEK <sup>1</sup>	2.87	1.98	45	3.45	-17
Operating margin, % <sup>1</sup>	37	29	9	44	-7
Net inflow, SEK m	7,570	6,360	19	7,960	-5
No. of new customers (net)	33,600	28,600	17	42,400	-21
Savings capital at the end of the period, SEK m	335,700	300,000	12	288,700	16

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated.

## Avanza in brief

### This is Avanza

Avanza was founded in 1999 and has since grown from a small 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 inflow and income. Income in turn is driven and affected by:

- attractive offers
- market conditions such as trading activity, fund volumes and interest rates
- 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, where the contribution is a cheaper, better and simpler offering. This is based on price leadership, a broad product range and effective decision-making support tools, and by education increase knowledge about savings and investments. The promise is to give customers a better return on their savings than any other bank, due to lower fees and better tools. Satisfied customers and a world-class user experience are key to Avanza's business idea and critical to future growth. Avanza is driven by a consistent focus on creating customer value.

To deliver shareholder value, while the customer promise is fulfilled, cost efficiency is crucial. Avanza's business model is therefore built on scale and the market's lowest cost per transaction and customer. Strong customer growth and the market's lowest cost to savings capital ratio are what lead to long-term growth. Cost effectiveness and economies of scale are achieved through continuous development, digitisation and internal efficiencies. This also reduces operational risks and increases stability.

To deliver on the vision also requires engaged employees and a strong corporate culture that draws its energy from a willingness to change. The corporate climate is characterised by collaboration and humility, and to constantly challenge and think differently.

### Long-term targets

Satisfied customers:

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

Satisfied employees:

- eNPS (Employee Net Promoter Score) of at least 45

Long-term value growth:

- Market share of at least 10 per cent of the total net inflow to the Swedish savings market
- 1 million customers 2020
- Cost increase shall not exceed income growth
- Dividend of at least 70 per cent of the profit of the year

For more information about Avanza, see [investors.avanza.se/en](https://investors.avanza.se/en) and the Annual Report.

## CEO comment

### Decent quarter

The quarter began with low activity before accelerating in February. We saw a net inflow of SEK 7.6 billion and the number of customers rose by 33,600 to 870,800. Net brokerage was affected by lower brokerage income per SEK of turnover and fund commissions decreased slightly compared to the fourth quarter due to lower average fund capital – although the capital is now back at record levels. Net interest income was positively affected by the higher interest rates. Costs are in line with the budget and are expected to rise by 10.5% for the full-year due to the increased spending on development. At Avanza, we handle all development work internally, and the higher costs will help us to stay innovative as the pace of change in the world around us speeds up. Cost efficiency and conserving resources have always been an important part of our strategy. This means that when we want to invest a little extra, there aren't many areas to cut from in order to offset the increased expenditure. We remain convinced that the higher costs will contribute to increased growth over time.

### Stinging sanction, but strong confidence in the pension company

One thing we were greatly affected by during the quarter was of course the administrative fee of SEK 35 million issued to the pension company for shortcomings in implementing the Solvency 2 regulations. We agree with the Swedish Financial Supervisory Authority's criticism and have been working since 2017 to address these shortcomings, but the work has not gone fast enough. From the summer of 2018, I feel confident that Avanza Pension is a well-managed company with a strong future ahead of it. Since the sanction was issued on 20 February and the annual report for 2018 was supposed to be signed the following day, we were forced by regulation to expense the sanction in the fourth quarter of 2018, as expressed in the financial section of this interim report.

### Product launches that appeal to a broader audience and make it easier for customers to consolidate their savings with Avanza

In collaboration with Tink, we introduced a new, fully digital process for customers to transfer securities to Avanza. We have made it as easy as possible for our customers. Without having marketed the service, we are seeing positive effects in terms of transfers to Avanza when the user experience is significantly improved. This service aligns well with our aim to make it easier for customers to consolidate their savings with Avanza. We also launched a new startpage for customers, which has proven popular for its simplicity and clarity, and which makes it easier to get the most out of Avanza.

Another perhaps not quite as fun, but still very important, improvement is the "My fees" page, where customers in my opinion get an extremely clear and transparent update on the various bills they pay. This is made possible by the new Mifid2 regulation, and which I hope Avanza isn't alone on. We finished the quarter by launching Avanza Emerging Markets, a new, low-priced index fund, on 29 March. This fund is a good

complement to Avanza Global and could be an exciting addition for our customers' portfolios.

### More employers are realising the effect of high pension fees

We often talk about the pension transfer market as an opportunity for Avanza, and we are constantly helping our customers fight through a process that the industry should be ashamed of. There is no reason in today's digital world that customers shouldn't have a fully digital and simple way to invest their pension money wherever they want. But of course with so many parties charging high fees, there is a strong resistance to change. At the same time, retirement feels far off for many people, which may be why they don't bother to learn the true impact of these fees over a working life. For an individual who begins saving with Avanza in their thirties, it can actually mean around SEK 1 million more in pension. An amendment to limit transfer fees was supposed to take effect last summer but never did, and since then the political initiatives have been lacking. We had not seen anything that could be interpreted as a move in a customer-friendly direction, until in early April when we thought we saw a glint of light as the proposal was taken up again. Unfortunately, the proposal turned out to be a deterioration regarding fees from the original proposal.

Another part of our pension business is corporate customers that pay occupational pension premiums for their employees. This business is becoming more and more digital, which, coupled with our fantastic employees at Avanza Pension, is creating steady growth. Monthly premium payments averaged SEK 200 million last year, an increase by 24% compared to a year earlier. The number of companies that put their employees first when it comes to fees and selection is steadily increasing.

### Engaged employees make a big difference

Short-term performance by both customers and Avanza is largely dependent on market conditions. We are confident that our efforts long term will lead to a better future for our customers and shareholders. We are building our business every day with a focus on our customers to make a difference. This means that employee satisfaction is absolutely essential. It's our employees that make Avanza what it is. Today we have an employee Net Promoter Score (eNPS) of 53, when our wonderful employees are asked whether they would recommend Avanza as a place to work. This is an improvement from 33 in 2017 to 44 at the end of 2018, and is now higher than ever. This is an excellent score and clearly exceeds the industry average. With that I wish you a Happy Easter.

Stockholm, 16 April 2019



Rikard Josefson, CEO Avanza

# Operations

## Activity and market shares

The Stockholm Stock Exchange started strongly with the SIX Return Index rising by 13 per cent in the quarter. This compares to a decrease of 14 per cent in the fourth quarter of 2018. Volatility was high at the beginning of the quarter, but decreased in February and March.

Total turnover on the Stockholm Stock Exchange including First North decreased by 6 per cent in the quarter and the number of transactions by 11 per cent, despite more trading days. Among Avanza's customers, turnover decreased by 4 per cent on these marketplaces and the number of transactions was unchanged.

Avanza was continued the largest Swedish player on the Stockholm Stock Exchange including First North in the first quarter in terms of number of transactions and the second largest Swedish player in terms of turnover. Avanza's market share increased, while foreign institutions' market share decreased.

The fund market reported an inflow in the first quarter mainly to fixed income funds, but also mixed and equity funds. For Avanza the biggest inflow was to equity funds, although the inflow to fixed income funds grew as well.

On 9 January 2019 the Riksbank raised the repo rate by 25 basis points to -0.25 per cent. The Riksbank's own forecast indicates that the next repo rate hike will be in the later part of the second half of 2019.

## The warning and administrative fee issued by the Swedish Financial Supervisory Authority

In February the Swedish Financial Supervisory Authority decided to issue Försäkringsaktiebolaget Avanza Pension a warning and an administrative fee of SEK 35 million for shortcomings in compliance 2016 to 2018. The shortcomings relate to the implementation of the Solvency 2 regulations that came into effect in 2016. The shortcomings have not led to any inaccuracies in the financial statements according to IFRS. The purpose of the Solvency 2 regulations is to ensure that insurance companies can meet their obligations and provide policyholders with adequate protection. Avanza Pension differs from traditional life insurers in that the company does not have any guaranteed products except for endowment insurance with a risk component of only 1 per cent.

Avanza Pension has made extensive changes in recent years by adding internal expertise, improving the internal processes for accounting and reporting, strengthening internal governance and control, appointed a new actuary and has a new board of directors and CEO. All of the shortcomings have been rectified and have not at any time entailed any risk for the customers or that Avanza Pension would be unable to meet their obligations.

## Events during the first quarter

Avanza launched AVA Gender Equality Tracker, an exchange traded note that tracks the Equileap Europe Gender Equality Index. The index uses a point system based on four overarching themes: gender balance among executives and other employees, gender pay gap and work-life balance, policies promoting gender equality, and commitment to transparency and responsibility. The index also excludes companies that derive the majority of their revenues from weapons, gambling and tobacco as well as those on the Norwegian Ethics Council List.

Avanza expanded its fund offering with Avanza Emerging Markets, Sweden's cheapest emerging market fund for individual investors, according to Morningstar Direct. This is a feeder fund that invests at least 85 per cent of its capital in a master fund company that invests in the MSCI Emerging Markets Index. The management fee is 0.15 per cent and the total annual cost to customers, including the annual fee and transaction costs, is approximately 0.29 per cent. Avanza Emerging Markets is a continuation of Avanza's strategy to broaden its offering for customers that don't always want to actively manage their savings themselves.

Avanza released its first book, *Sparskolan* ("Savings School"), in collaboration with the publisher Storytel, as part of an effort to teach people to manage money and to reduce inequalities by reaching out to a broader target group.

Avanza's offering is continuously updated with new functions that improve the user experience. As part of the strategy to reach a broader audience, a new startpage was launched at Avanza.se. The aim is to make it easier for customers to start saving by giving them a better overview of Avanza's products and services.

To make it easier for customers to consolidate their savings, Avanza launched a new function for securities transfers based on Open Banking and technology from Tink. With a few clicks and by logging in with BankID, customers can now easily transfer their holdings from other banks to Avanza.

To increase awareness of fees and their impact on savings, and to meet the increased transparency requirements of Mifid2, a new overview of customers' total fees was introduced. This also aligns well with Avanza's values and strategy on simplicity and clarity.

"Your 2018 by the Numbers," which gives customers a personalised summary of their annual investments, was introduced at the turn of the year. It shows, among other things, how their portfolio has performed, their personal highs in the form of transaction statistics, best and worst days and top holding.

Avanza was named one of Sweden's five best banking and insurance websites by IDG Topp100.

The pension company's sales resources have been concentrated in Stockholm and the Gothenburg office has been closed. This is a result of investments in digital channels, where Avanza's aim is to grow around the country. At the same time, knowledge can now be better shared within the organisation.

## Development of customers and savings capital

During the quarter, 33,600 new customers were added, which was 17 per cent higher than previous quarter. The number of occupational pension customers grew by 5 per cent. By the end of the period the number of customers amounted to 870,800, which is a great step towards the goal of 1 million customers 2020.

The net inflow was 19 per cent higher than the inflow in the previous quarter. The net inflow from existing customers increased and accounted for almost 50 per cent, compared to 40 per cent in the previous quarter. In comparison to the first quarter last year, net inflow decreased by 5 per cent, affected by a cautious market in January after the strong decline in the stock market in the fourth quarter. The inflow of occupational pension premiums averaged SEK 200 million per month in the last 12-month period, an increase of 24 per cent compared to the same period in 2018.

Savings capital increased by 12 per cent in the quarter mainly due to the positive stock market development. At the end of the period, customer capital invested in funds was 28 per cent, which was slightly higher than at the beginning of the year. Total deposits is still at a high level on nearly SEK 57 billion, of which SEK 20 billion related to external deposits. Deposits as a share of savings capital was 17 per cent at the end of the period, 2 percentage points lower than at the beginning of the quarter.

Total lending grew by 24 per cent in the first quarter to over SEK 18 billion. External mortgage volume through Stabelo amounted to over SEK 7 billion at the end of the quarter. The internally financed mortgage for Private Banking customers amounted to nearly SEK 6.3 billion, an increase of 5 per cent. Margin lending increased by 10 per cent as a result of increased risk appetite in the rising market.

<b>Activity and market shares</b>	<b>2019 Q1</b>	<b>2018 Q4</b>	<b>Change %</b>	<b>2018 Q1</b>	<b>Change %</b>	<b>2018 Jan-Dec</b>
Total no. commission notes, thousands	10,100	9,130	11	9,480	7	35,900
Total no. commission notes/customer/month	3.7	3.5	6	4.0	-8	3.6
Total turnover, SEK m	193,600	188,700	3	200,800	-4	738,200
<b>Market shares</b>						
<i>Nasdaq Stockholm and First North:</i>						
No. transactions, %	13.2	11.7	1.5	12.0	1.2	11.9
Turnover, %	5.7	5.6	0.1	5.6	0.1	5.5
<b>Net inflow, SEK m</b>	<b>2019 Q1</b>	<b>2018 Q4</b>	<b>Change %</b>	<b>2018 Q1</b>	<b>Change %</b>	<b>2018 Jan-Dec</b>
Standard	7,300	6,880	6	7,070	3	26,300
Private Banking	270	-480	-	730	-63	730
Pro	0	-40	-	160	-100	570
<b>Net inflow</b>	<b>7,570</b>	<b>6,360</b>	<b>19</b>	<b>7,960</b>	<b>-5</b>	<b>27,600</b>
Equity & investment fund accounts	-60	2,050	-103	500	-112	4,570
Investment savings accounts	4,340	930	367	4,890	-11	12,300
Savings accounts	1,060	4,240	-75	450	136	6,930
of which external deposit accounts	1,190	4,100	-71	450	164	6,850
Pension- & insurance-based accounts	2,230	-860	-	2,120	5	3,800
of which endowment insurance	1,480	-1,830	-	1,340	10	460
of which occupational pensions	760	950	-20	800	-5	3,330
<b>Net inflow</b>	<b>7,570</b>	<b>6,360</b>	<b>19</b>	<b>7,960</b>	<b>-5</b>	<b>27,600</b>
Net inflow/Savings capital, %	10	8	2	11	-1	10

For definitions see page 23.

No. customers, savings capital and lending, SEK m (unless otherwise stated)	31-03-2019	31-12-2018	Change		Change	
			%		31-03-2018	%
Standard, No.	844,180	810,990	4		729,590	16
Private Banking, No.	24,700	24,200	2		21,700	14
Pro, No.	1,920	1,910	1		1,810	6
<b>No. of customers</b>	<b>870,800</b>	<b>837,100</b>	<b>4</b>		<b>753,100</b>	<b>16</b>
of which occupational pension customers, No.	81,300	77,700	5		67,400	21
<b>Standard</b>	<b>186,300</b>	<b>166,400</b>	<b>12</b>		<b>158,800</b>	<b>17</b>
Private Banking	136,200	122,000	12		119,700	14
Pro	13,200	11,600	14		10,200	29
<b>Savings capital</b>	<b>335,700</b>	<b>300,000</b>	<b>12</b>		<b>288,700</b>	<b>16</b>
Equity & investment fund accounts	103,400	94,900	9		93,500	11
Investment savings accounts	108,800	94,200	15		89,800	21
Savings accounts	21,000	19,900	6		13,400	57
of which external deposit accounts	20,200	19,000	6		12,600	60
Pension- & insurance-based accounts	102,500	91,000	13		92,000	11
of which endowment insurance	69,600	61,800	13		64,300	8
of which occupational pensions	21,300	18,600	15		16,800	27
<b>Savings capital</b>	<b>335,700</b>	<b>300,000</b>	<b>12</b>		<b>288,700</b>	<b>16</b>
Equities, bonds, derivatives, etc.	184,600	161,000	15		161,600	14
Investment funds	94,200	81,100	16		82,400	14
Deposits	56,900	57,900	-2		44,700	27
of which external deposits (Savings account+)	20,200	19,000	6		12,600	60
<b>Savings capital</b>	<b>335,700</b>	<b>300,000</b>	<b>12</b>		<b>288,700</b>	<b>16</b>
Internally financed lending	11,100	10,400	7		9,790	13
of which margin lending	4,810	4,370	10		4,300	12
of which mortgage loans (Superbolånet PB)	6,280	5,980	5		5,480	15
External mortgage volume (Bolån+)	7,050	4,210	67		630	1,019
<b>Lending</b>	<b>18,100</b>	<b>14,600</b>	<b>24</b>		<b>10,400</b>	<b>74</b>
Deposits/Lending, %	513	557	-44		457	56
Net deposits/Savings capital, %	14	16	-2		12	2
Return, average account since 1 Jan, %	9	-4	13		-1	10
SIX Return Index since 1 Jan, %	13	-4	17		0	13

For definitions see page 23.



## Financial overview

	2019 Q1	2018 Q4	Change %	2018 Q1	Change %	2018 Jan-Dec
<b>Income Statement, SEK m</b>						
Net brokerage income	112	111	1	122	-8	435
Fund commissions	72	74	-3	72	-1	301
Net interest income	39	29	34	29	34	119
Other income	44	53	-16	48	-8	194
<b>Operating income</b>	<b>268</b>	<b>267</b>	<b>0</b>	<b>271</b>	<b>-1</b>	<b>1,049</b>
Personnel	-103	-97	6	-90	14	-367
Marketing	-8	-4	111	-5	63	-17
Depreciation	-14	-5	163	-5	189	-20
Other expenses <sup>1</sup>	-40	-84	-52	-52	-23	-225
<b>Operating expenses before credit losses<sup>1</sup></b>	<b>-164</b>	<b>-190</b>	<b>-13</b>	<b>-152</b>	<b>8</b>	<b>-629</b>
<b>Profit before credit losses<sup>1</sup></b>	<b>103</b>	<b>77</b>	<b>34</b>	<b>119</b>	<b>-13</b>	<b>420</b>
Credit losses, net	-1	0	-	0	-	-1
Profit/loss from participations in associated companies	-2	-1	246	-	-	-1
<b>Operating profit<sup>1</sup></b>	<b>100</b>	<b>76</b>	<b>31</b>	<b>120</b>	<b>-16</b>	<b>418</b>
Tax on profit for the period	-13	-16	-21	-16	-18	-69
<b>Net profit<sup>1</sup></b>	<b>87</b>	<b>60</b>	<b>45</b>	<b>104</b>	<b>-16</b>	<b>349</b>
<b>Key ratios</b>						
Operating margin, % <sup>1</sup>	37	29	9	44	-7	40
Profit margin, % <sup>1</sup>	33	22	10	38	-6	33
Earnings per share before dilution, SEK <sup>1</sup>	2.87	1.98	45	3.45	-17	11.60
Earnings per share after dilution, SEK <sup>1</sup>	2.87	1.97	46	3.44	-17	11.57
Return on shareholders' equity, % <sup>1</sup>	23	15	8	31	-8	24
Credit loss level, %	-0.01	-0.00	-0.01	0.00	-0.01	-0.01
Investments, SEK m	2	46	-96	11	-84	71
Net brokerage income/Operating income, %	42	42	0	45	-3	41
Fund commissions/Operating income, %	27	28	-1	27	0	29
Net interest income/Operating income, %	15	11	4	11	4	11
Other income/Operating income, %	17	20	-3	18	-1	19
Income to savings capital ratio, %	0.34	0.34	-0.00	0.38	-0.04	0.35
Costs to savings capital ratio, % <sup>2</sup>	0.21	0.20	0.01	0.21	-0.01	0.20
Income per customer, SEK	1,250	1,300	-3	1,480	-15	1,350
Costs per customer, SEK <sup>2</sup>	-770	-750	2	-830	-7	-760
Net brokerage income per trading day, SEK m	1.8	1.8	-1	2.0	-9	1.8
Brokerage per commission note, SEK	30	32	-5	32	-8	31
Brokerage/Turnover, %	0.094	0.098	-0.004	0.100	-0.006	0.098
No. trading days	63.0	61.5	2	62.0	2	247.5
Average no. employees	421	419	0	393	7	406
Web service operational availability, %	99.9	100.0	-0.1	100.0	-0.1	100.0

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

2) Excluding the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

<b>Key ratios</b>	<b>31-03-2019</b>	<b>31-12-2018</b>	<b>Change %</b>	<b>31-03-2018</b>	<b>Change %</b>
Shareholders' equity per share, SEK <sup>1 2</sup>	46.77	53.32	-12	41.62	12
Capital base/Capital requirement <sup>1 2</sup>	1.26	1.35	-7	1.48	-15
No. employees	419	422	-1	395	6
Market value, SEK	399.00	423.60	-6	440.20	-9
Market capitalisation, SEK m	12,100	12,800	-5	13,200	-8

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

2) The holding in Stabelo has been revalued in connection with the transition to IFRS 9, resulting in an increase of SEK 10 million in the opening balance. Historical figures and key ratios have been adjusted.

For definitions see page 23.

Extended financial history is available at Avanza's website, [avanza.se/keydata](http://avanza.se/keydata).

## First quarter compared to the previous quarter

Operating profit for the first quarter increased by 31 per cent compared to the previous quarter, due to lower costs. In February 2019 the Swedish Financial Supervisory Authority decided to issue Försäkringsaktiebolaget Avanza Pension a warning and an administrative fee of SEK 35 million for past shortcomings in compliance. The administrative fee amount was expensed in the fourth quarter 2018 in accordance with IAS 10 Events after the Reporting Period. This results in deviations from what has previously been reported for the fourth quarter in the Preliminary Financial Statement for the fiscal year 2018. Excluding the administrative fee, the operating profit decreased by 10 per cent.

Operating margin amounted to 37 per cent. This compares to a margin excluding the administrative fee of 42 per cent for the fourth quarter.

### Revenues

Total revenues were in line with the previous quarter. Net interest income improved while other income and fund commissions decreased.

Net brokerage increased only slightly by 1 per cent despite some more trading days and increased number of commission-generating notes. The number of notes and turnover in commission-generating notes increased by 4.9 and 5.6 per cent, respectively. Brokerage income per SEK of turnover decreased from 9.8 to 9.4 basis points, which was due to a larger share of transactions at fixed fees.

Fund commissions decreased by 3 per cent due to lower average fund capital, even though the capital was back at a high level at the end of March. This affected income per SEK of fund capital, which decreased by close to 1 basis point to 33 basis points on an annual basis.

Net interest income increased by 34 per cent mainly due to lower costs for surplus liquidity – a result of the rate hike in early January and a higher average STIBOR rate. The bond portfolio is managed at an average interest duration of 3 months, thus the interest rate hike was not fully materialised until March. The average STIBOR (3M) was 34 basis points higher than in the fourth quarter. Income from margin lending was only slightly higher despite increased volumes due to a lower average interest rate. This in turn is a result of the improved customer offering in October which also led to a lower percentage of lending at the regular rate. The percentage rate to calculate the resolution fee was reduced in 2019 from 0.125 per cent to 0.09 per cent. In spite of this, the deposit guarantee fee and resolution fee were essentially unchanged at SEK 8 million, since the fees were calculated on higher volumes. Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised as a right-of-use asset and lease liability in the balance sheet, which generates an interest expense of approximately SEK 0.5 million per quarter in 2019.

Other income, mainly consisting of currency-related income, income from Avanza Markets and Corporate Finance, decreased by 16 per cent compared to the fourth quarter. The increase was mainly due to lower income from Corporate Finance and lower other commission income. Income from Avanza Markets as well as currency-related income were stable. During the quarter, equity trading in foreign markets by Avanza's customers accounted for 8.9 per cent of turnover. Currency-related income accounted for SEK 32 million of other income, Avanza Markets for SEK 19 million and income from Corporate Finance for over SEK 4 million.

### Operating expenses

Operating expenses decreased by 13 per cent, mainly due to the administrative fee of SEK 35 million to Försäkringsaktiebolaget Avanza Pension issued by the Swedish Financial Supervisory Authority reported in the fourth quarter 2018. Excluding the administrative fee operating expenses rose by 6 per cent, mainly as a result of higher personnel costs and higher marketing expenses.

Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised as a right-of-use asset and lease liability in the balance sheet. This reduces costs for premises, while depreciation increases by about the same amount. At the same time, an interest expense arises in net interest income.

### Credit losses

Reported credit losses are attributable to calculated expected credit losses according to IFRS 9.

### Result from participations in associated companies

Avanza's holdings in Stabelo amounts to nearly 30 per cent. Stabelo is therefore classified as an associated company in Avanza's accounts and Stabelo's results are included in the consolidated accounts in accordance with the equity method.

### Taxes

At year-end, the corporate tax rate was lowered from 22 to 21.4 per cent. As the Avanza Group's effective tax rate is lower, only around 75 per cent of the tax cut will have an impact. Based on current volumes, the tax is estimated to 13-14 per cent in 2019. Further reduction of corporate tax will be made in 2021 to 20.6 per cent.

## First quarter 2019 compared to first quarter 2018

Operating profit decreased by 16 per cent compared to the first quarter in 2018. Operating income decreased slightly while costs increased, which resulted in an operating margin lowered to 37 per cent.

### Revenues

Revenues decreased by 1 per cent, mainly as a result of lower net brokerage income, but also lower other income, while net interest income increased.

Net brokerage income decreased due to lower brokerage income per SEK of turnover at the same time as the turnover in commission-generating notes decreased by close to 1 per cent. The number of commission-generating notes increased slightly. Customer's securities are still traded at lower volumes and in lower brokerage fee classes.

Fund commissions decreased by 1 per cent despite higher average fund capital, which is a result of lower income per SEK of fund capital. Income per SEK of fund capital decreased by close to 3 basis points to 0.33 per cent. The proportion of funds with lower management fees increased.

Net interest income increased by 34 per cent mainly due to a lower cost for surplus liquidity, but also higher income from Savings account+. The average STIBOR (3M) was 37 basis points higher than last year and external deposits 60 per cent higher than at the end of the first quarter of 2018. The repo rate was raised by 25 basis points on 9 January 2019 to -0.25 per cent. The hike has no effect on the Superbolånet PB mortgage. Margin lending is not tied to the repo rate and instead is adjusted based on market interest rates and the competitive landscape. All else being equal, without taking changes in



customer behaviour into account, a 1 per cent rate increase with today's volumes would affect full-year net interest income by nearly SEK 300 million. The percentage rate to calculate the resolution fee was cut in 2019 from 0.125 per cent to 0.09 per cent, and in 2020 will be further reduced to 0.05 per cent. In spite of this, the deposit guarantee fee and resolution fee were essentially unchanged due to increased volumes.

Other income decreased, which was largely due to lower income from Corporate Finance and lower currency-related income, which last year was positively affected by high activity in Canadian shares. Income from Avanza Markets increased.

#### *Operating expenses*

Operating expenses increased by 8 per cent, mainly due to higher personnel costs and higher marketing expenses.

Personnel costs rose due to an increased number of employees, mainly to expanded development capacity. Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised as a right-of-use asset and lease liability in the balance sheet. This reduces costs for premises, while depreciation increases by about the same amount.

Digitisation with changing customer behaviours and expectations are critical for why Avanza does not plan its development too far into the future and instead tries to be flexible and open to what happens in the world. To have the flexibility to take advantage of future growth opportunities and ensure high pace of innovation, the guidance on Avanza's annual cost is 9–12 per cent, with a current budget figure of 10.5 per cent for 2019. The increased costs will allow Avanza to capitalise on new growth opportunities in a responsible way while staying focused on costs, benefitting both customers and shareholders. The administrative fee of SEK 35 million in 2018 is fully excluded from the guidance on cost growth.

The cost to savings capital ratio was 0.21 per cent. Given continued strong growth in customers and savings capital as well as further efficiency improvements, the long-term aim is to reduce the cost to savings capital ratio to 0.16 per cent, in line with the very best international peers in the industry. This makes Avanza resilient in various market conditions at the same time that it provides an important competitive advantage. In the last five years, Avanza has cut its cost to savings capital ratio from 0.35 to 0.20 per cent on a full year basis.

#### **Seasonal effects**

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

#### **Future outlook**

Avanza's share of the Swedish savings market is growing, and Avanza is well-positioned to meet the changing conditions facing the financial services industry. Increased transparency and a greater focus on the impact of fees on savings in a low interest rate environment, coupled with the gradual deterioration of national collective pension and welfare systems, create a favourable growth outlook for Avanza.

The increased transparency and fragmentation from new competition in the banking market in both savings and mortgages increase the importance of customer satisfaction, a strong brand and innovation. This has been accentuated by digitisation, which makes it easier for customers to switch banks, at the same time that mobile usage has made them more active. Avanza expects these trends and changes to continue to drive development in the future with regard to digitisation, customer offers and digital decision-making support.

Avanza's growth objectives includes attracting broader target groups – experienced and established investors as well as new ones – and attracting a larger proportion of existing customer's savings by offering new products and services. Avanza's modern platform, low prices and broad range of products and services provide ample opportunity to meet savers' changing needs and habits. Growth among new customers is expected to increase the share of fund savings at Avanza, which, together with the growth objectives in pensions and mortgages, reduce sensitivity to market fluctuations.

When interest rates turn higher, Avanza is likely to benefit from the big increase in savings capital, even if stock market activity levels off.

Read more in the Annual Report at [investors.avanza.se/en](https://investors.avanza.se/en).

## Quarterly overview

Quarterly overview (SEK m unless otherwise stated)	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Net brokerage income	112	111	111	92	122	122	106	100	122
Fund commissions	72	74	81	74	72	64	62	61	53
Net interest income	39	29	31	29	29	27	25	27	29
Other income <sup>1</sup>	44	53	44	49	48	58	34	46	41
<b>Operating income<sup>1</sup></b>	<b>268</b>	<b>267</b>	<b>267</b>	<b>244</b>	<b>271</b>	<b>271</b>	<b>227</b>	<b>234</b>	<b>244</b>
Personnel	-103	-97	-83	-97	-90	-98	-74	-87	-82
Marketing <sup>1</sup>	-8	-4	-5	-3	-5	-8	-4	-2	-4
Depreciation <sup>6</sup>	-14	-5	-5	-5	-5	-3	-5	-2	-2
Other expenses <sup>3 6</sup>	-40	-84	-42	-48	-52	-48	-41	-39	-36
<b>Operating expenses before credit losses<sup>1 3</sup></b>	<b>-164</b>	<b>-190</b>	<b>-135</b>	<b>-153</b>	<b>-152</b>	<b>-157</b>	<b>-123</b>	<b>-131</b>	<b>-124</b>
Credit losses, net	-1	0	0	-1	0	0	0	0	0
Profit/loss from participations in associated companies	-2	-1	-	-	-	-	-	-	-
<b>Operating profit<sup>3</sup></b>	<b>100</b>	<b>76</b>	<b>132</b>	<b>90</b>	<b>120</b>	<b>114</b>	<b>104</b>	<b>103</b>	<b>121</b>
Operating margin, % <sup>1 3</sup>	37	29	49	37	44	42	46	44	49
Earnings per share, SEK <sup>3</sup>	2.87	1.98	3.54	2.64	3.45	3.27	2.97	2.97	3.46
Shareholders' equity per share, SEK <sup>3 5</sup>	46.77	53.32	50.81	44.12	41.62	47.57	44.30	39.75	36.78
Return on shareholders' equity, % <sup>3</sup>	23	15	30	25	31	28	28	31	34
Net inflow	7,570	6,360	8,380	4,840	7,960	3,550	5,900	8,710	8,620
No. of new customers (net)	33,600	28,600	32,200	23,300	42,400	42,500	31,200	27,900	38,400
No. of customers at the end of the period	870,800	837,100	808,500	776,400	753,100	710,600	668,100	636,900	609,000
Savings capital at the end of the period <sup>2</sup>	335,700	300,000	331,000	307,100	288,700	282,900	281,000	270,300	255,100
Income to savings capital ratio, % <sup>1</sup>	0.34	0.34	0.33	0.33	0.38	0.38	0.33	0.36	0.40
Costs to savings capital ratio, % <sup>1 4</sup>	0.21	0.20	0.17	0.21	0.21	0.22	0.18	0.20	0.20

1) A transfer of costs related to search engine marketing and similar services has been made from 2018. These are now reported as Other income (previously, Marketing expenses). Historical figures and key ratios have been adjusted.

2) The definition of savings capital has been changed from 2018 compared to what has been previously reported and lending is no longer deducted. Historical figures have been adjusted for comparability.

3) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

4) Excluding the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension, reported in the fourth quarter of 2018.

5) The holding in Stabelo has been revalued in connection with the transition to IFRS 9. Historical figures and key ratios have been adjusted.

6) Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised in the balance sheet, which results in reduces costs for premises, while depreciation increases.

## Financial position

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

The surplus liquidity is mainly invested in covered bonds and with systemically important Nordic banks and 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 behalf.

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the first quarter 2019 total credit losses amounted to SEK 12 million, which is the equivalent, on average, to less than 0.03 per cent per year.

## Significant risks and uncertainly factors

Avanza's operations are exposed to risks on a daily basis. These risks are measured, controlled and, where necessary, acted upon, in order to protect the company's capital and

reputation. The manner in which Avanza identifies, follows up and manages these risks has a bearing on the soundness of the business and on the company's long-term profitability.

A detailed description of the Group's risk exposure and risk management is provided in Avanza's Annual Report for 2018, Note 36 and pages 30–32. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this report.

## 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 was SEK –5 million (SEK –5m). The Parent Company does not report any revenues.

A dividend payment, related to 2018, of SEK 318 million (SEK 315m) has been made to the shareholders in March 2019, following the decision at the Annual General Meeting.

## Capital surplus

SEK m	31-03-2019	31-12-2018
<b>Capital base</b>		
Shareholders' equity, the Group <sup>1</sup>	1,416	1,614
Solvency capital	1,070	909
Less non-distributable solvency capital <sup>2</sup>	-172	-138
Subordinated bond	84	74
Intangible fixed assets and deferred tax receivables	-84	-85
<b>Capital base before dividend adjustments<sup>1</sup></b>	<b>2,314</b>	<b>2,375</b>
<b>Capital requirements</b>		
Capital requirement Pillar 1	-1,434	-1,254
of which Solvency capital requirements <sup>2</sup>	-898	-771
Buffer requirement	-324	-292
Capital requirement Pillar 2	-114	-83
<b>Capital requirements</b>	<b>-1,872</b>	<b>-1,628</b>
<b>Capital surplus before dividend<sup>1</sup></b>	<b>441</b>	<b>746</b>
Capital surplus per share, SEK <sup>1</sup>	14.58	24.65

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

2) Non-distributable solvency capital (future profits) = Solvency capital - Solvency capital requirement.

Intangible fixed assets and deferred tax receivables are not included in the capital base under the capital adequacy rules and are thus not distributable and should be reduced from the shareholders' equity. See also Note 7, page 20.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 441 million as of 31 March 2019.

The Solvency 2 rules means that the conglomerate's largest sector is insurance. Due to this, the Group's capital

base is increased by additional solvency capital at the same time that the capital requirement rises. The net effect, which is positive, does not constitute distributable capital, however, due to which this is deducted as non-distributable solvency capital.

## Other corporate events

### Executive Management

Jesper Bonnavier took over as new CEO of Avanza Fonder AB and as a member of Group Management on 10 April. Jesper has over 18 years of experience in asset management and for the last 13 years has held senior positions at Länsförsäkringar Fonder.

Malin Nybladh, Head of HR and a member of Group Management since May 2018, left Avanza on 1 April. The recruitment process to find a new Head of HR is underway.

### Annual General Meeting 2019

The Annual General Meeting on 19 March 2019 resolved to reelect the Chairman of the Board and the board members, with the exception of Sophia Bendz who declined re-election.

As proposed, a dividend of SEK 10.50 per share was authorised.

KPMG was elected new company auditor according to the nomination committee's proposal, with Mårten Asplund as Auditor-in-Charge.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2018 were adopted.

The Annual General Meeting approved the Board of Directors' proposed guidelines for salaries and other remuneration to the CEO and other members of the company's management. Unlike previous years, no variable, performance-based remuneration will be paid.

The Annual Report 2018 was published on 26 February 2019.

#### *Share split and amendment of the articles of association*

The Annual General Meeting approved a share split in Avanza Bank Holding AB (publ), whereby each existing share is divided into five shares. The Board has decided the 16 April 2019 as record date for the split, which will increase

the total number of shares in the company from 30,272,996 to 151,364,980. The Annual General Meeting also resolved to amend the articles of association related to the split.

#### *Incentive programmes*

The Annual General Meeting 2019 authorised a new incentive programme based on warrants. The programme runs for three years and comprises a maximum of 2,250,000 warrants (the number of warrants takes into account the share split), each of which grants entitlement to subscribe for one share in the company. If all the warrants are exercised, the dilution effect is a maximum of 1.5 per cent.

### Repurchase of the company's own shares

The Board of Directors has from the Annual General Meeting 2019 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 were repurchased during the first quarter 2019 and the company holds no repurchased shares as of 31 March 2019.

### Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2018, Note 37. No significant changes have taken place since then the publication of the Annual Report.

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

No significant events have occurred after the end of the reporting period.

## Consolidated Income Statement

SEK m	Note	2019 Q1	2018 Q1	2018-2019 Apr-Mar	2018 Jan-Dec
<b>Operating income</b>					
Commission income	1, 2	279	289	1,101	1,111
Commission expenses	3	-51	-47	-187	-183
Interest income calculated using the effective interest method		52	52	212	212
Other interest and similar income		9	7	31	28
Interest expenses		-21	-29	-114	-122
Net result of financial transactions		0	0	2	2
Other operating income		0	-	0	0
<b>Total operating income</b>		<b>268</b>	<b>271</b>	<b>1,045</b>	<b>1,049</b>
<b>Operating expenses</b>					
General administrative expenses		-138	-138	-541	-541
Depreciation of tangible and intangible fixed assets		-14	-5	-29	-20
Other operating expenses <sup>2</sup>		-12	-10	-71	-69
<b>Total operating expenses before credit losses<sup>2</sup></b>		<b>-164</b>	<b>-152</b>	<b>-641</b>	<b>-629</b>
<b>Operating profit before credit losses<sup>2</sup></b>		<b>103</b>	<b>119</b>	<b>404</b>	<b>420</b>
Credit losses, net		-1	0	-3	-1
Profit/loss from participations in associated companies		-2	-	-3	-1
<b>Operating profit<sup>2</sup></b>		<b>100</b>	<b>120</b>	<b>398</b>	<b>418</b>
Tax on profit for the period		-13	-16	-66	-69
<b>Net profit<sup>1 2</sup></b>		<b>87</b>	<b>104</b>	<b>332</b>	<b>349</b>
Earnings per share, SEK <sup>2</sup>		2.87	3.45	10.98	11.60
Earnings per share after dilution, SEK <sup>2</sup>		2.87	3.44	10.97	11.57
Average no. shares before dilution, thousands		30,273	29,996	30,273	30,086
Average no. shares after dilution, thousands		30,302	30,121	30,302	30,165
Outstanding no. shares before dilution, thousands		30,273	29,996	30,273	30,273
Outstanding no. shares after dilution, thousands		30,302	30,130	30,302	30,329
No. shares upon full dilution, thousands		31,663	31,426	31,663	31,663

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

2) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

## Consolidated statement of comprehensive income

SEK m	2019 Q1	2018 Q1	2018-2019 Apr-Mar	2018 Jan-Dec
<b>Net profit<sup>3</sup></b>	<b>87</b>	<b>104</b>	<b>332</b>	<b>349</b>
<i>Items that will be reversed to the income statement</i>				
Changes in fair value of financial instruments <sup>4</sup>	41	3	0	-39
Tax on changes in fair value of financial instruments <sup>4</sup>	-9	-1	0	9
<i>Items that will not be reversed to the income statement</i>				
Changes in value of associated companies <sup>1</sup>	-	-	40	40
Tax on changes in value of associated companies	-	-	-	-
<b>Other comprehensive income after tax</b>	<b>33</b>	<b>2</b>	<b>40</b>	<b>9</b>
<b>Total comprehensive income after tax<sup>2 3</sup></b>	<b>120</b>	<b>106</b>	<b>373</b>	<b>359</b>

1) Book value of the holdings in Stabelo has been set at market value based on the transaction made during the fourth quarter 2018.

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

3) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

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

## Consolidated Balance Sheet

SEK m	Note	31-03-2019	31-12-2018
<b>Assets</b>			
Balances at central banks		–	2,907
Lending to credit institutions	4	2,592	914
Lending to the public	5	11,568	10,339
Bonds		19,547	16,958
Shares and participations		0	1
Shares and participations in associated companies		114	116
Assets in insurance operations		98,063	86,457
Intangible fixed assets		82	84
Right-of-use asset		107	–
Tangible fixed assets		38	40
Other assets		3,957	4,104
Prepaid costs and accrued income		146	221
<b>Total assets</b>		<b>136,214</b>	<b>122,138</b>
<b>Liabilities and shareholders' equity</b>			
Deposits by the public		35,128	33,317
Liabilities in insurance operations		98,064	86,458
Lease liability		108	–
Other liabilities		1,256	508
Accrued costs and prepaid income <sup>1</sup>		143	142
Subordinated liabilities		100	100
Shareholders' equity <sup>1</sup>		1,416	1,614
<b>Total liabilities and shareholders' equity</b>		<b>136,214</b>	<b>122,138</b>

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.



## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - March 2018</b>					
<b>Shareholders' equity 31-12-2017</b>	<b>75</b>	<b>442</b>	<b>-</b>	<b>910</b>	<b>1,427</b>
<i>Adjustment of shareholder's equity 01-01-2018 for retroactive application of IFRS 9 (net after tax)</i>					
Increased provision for anticipated credit losses in accordance with IFRS 9	-	-	-	-3	-3
Valuation of bonds at fair value through other comprehensive income	-	-	24	-	24
Revaluation of shares and participations <sup>2</sup>	-	-	10	-	10
<b>Adjusted shareholders' equity 01-01-2018<sup>2</sup></b>	<b>75</b>	<b>442</b>	<b>34</b>	<b>907</b>	<b>1,458</b>
Net profit for the period	-	-	-	104	104
Other comprehensive income for the period	-	-	2	-	2
Total comprehensive income for the period	-	-	2	104	106
<b>Transactions with owners</b>					
Dividend paid	-	-70	-	-245	-315
<b>Shareholders' equity 31-03-2018<sup>2</sup></b>	<b>75</b>	<b>372</b>	<b>36</b>	<b>766</b>	<b>1,249</b>
<b>January - December 2018</b>					
<b>Shareholders' equity 31-12-2017</b>	<b>75</b>	<b>442</b>	<b>-</b>	<b>910</b>	<b>1,427</b>
<i>Adjustment of shareholder's equity 01-01-2018 for retroactive application of IFRS 9 (net after tax)</i>					
Increased provision for anticipated credit losses in accordance with IFRS 9	-	-	-	-3	-3
Valuation of bonds at fair value through other comprehensive income	-	-	24	-	24
Revaluation of shares and participations <sup>2</sup>	-	-	10	-	10
<b>Adjusted shareholders' equity 01-01-2018<sup>2</sup></b>	<b>75</b>	<b>442</b>	<b>34</b>	<b>907</b>	<b>1,458</b>
Net profit for the period <sup>1</sup>	-	-	-	349	349
Other comprehensive income for the period	-	-	-40	50	9
Total comprehensive income for the period <sup>1</sup>	-	-	-40	399	359
<b>Transactions with owners</b>					
Dividend paid	-	-70	-	-245	-315
New issue (exercise of warrants)	1	108	-	-	108
Warrants issue	-	5	-	-	5
<b>Shareholders' equity 31-12-2018<sup>1</sup></b>	<b>76</b>	<b>484</b>	<b>-6</b>	<b>1,061</b>	<b>1,614</b>
<b>January - March 2019</b>					
<b>Shareholders' equity 31-12-2018<sup>1</sup></b>	<b>76</b>	<b>484</b>	<b>-6</b>	<b>1,061</b>	<b>1,614</b>
Net profit for the period	-	-	-	87	87
Other comprehensive income for the period	-	-	33	-	33
Total comprehensive income for the period	-	-	33	87	120
<b>Transactions with owners</b>					
Dividend paid	-	-6	-	-312	-318
<b>Shareholders' equity 31-03-2019</b>	<b>76</b>	<b>478</b>	<b>27</b>	<b>836</b>	<b>1,416</b>

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

2) The holding in Stabelo has been revalued in connection with the transition to IFRS 9, resulting in an increase of SEK 10 million in the opening balance. Historical figures and key ratios have been adjusted.

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

## Consolidated Cash Flow Statement

SEK m	2019 Q1	2018 Q1
<b>Operating activities</b>		
Operating profit	100	120
Adjustment for items not included in cash flow	-84	-90
Changes in operating activities' assets and liabilities	1,416	1,383
<b>Cash flow from operating activities</b>	<b>1,432</b>	<b>1,413</b>
<b>Investment operations</b>		
Acquisition and disposals of intangible and tangible fixed asset	-2	-11
Investment in bonds	-2,557	-665
<b>Cash flow from investment operations</b>	<b>-2,558</b>	<b>-676</b>
<b>Financial operations</b>		
Cash dividend	-318	-315
Subordinated bond	0	0
<b>Cash flow from financial operations</b>	<b>-318</b>	<b>-315</b>
<b>Cash flow for the period</b>	<b>-1,445</b>	<b>422</b>
Liquid assets at the beginning of the period <sup>1</sup>	3,797	1,681
Liquid assets at the end of the period <sup>1</sup>	2,352	2,103
<b>Change</b>	<b>-1,445</b>	<b>422</b>

1) Liquid assets are defined as balances at central banks plus lending to credit institutions excluding pledged assets. At the end of the period SEK 239 million (SEK 23m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2019 Jan-Mar	2018 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-3	-2
Other operating expenses	-2	-2
<b>Operating profit/loss</b>	<b>-5</b>	<b>-5</b>
<b>Profit from financial investments</b>		
Interest income and similar items	0	-
Interest expenses and similar items	0	0
<b>Profit/loss before tax</b>	<b>-5</b>	<b>-5</b>
Tax on profit/loss for the period	1	1
<b>Net profit/loss for the period</b>	<b>-4</b>	<b>-4</b>

## Parent Company statement of comprehensive income

SEK m	2019 Jan-Mar	2018 Jan-Mar
<b>Net profit/loss for the period</b>	<b>-4</b>	<b>-4</b>
<b>Other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after tax</b>	<b>-4</b>	<b>-4</b>

## Parent Company Balance Sheet

SEK m	31-03-2019	31-12-2018
<b>Assets</b>		
Financial fixed assets	533	533
Current receivables <sup>1</sup>	2	337
Liquid assets	2	1
<b>Total assets</b>	<b>538</b>	<b>871</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	76	76
Non-restricted shareholders' equity	457	779
Current liabilities	5	16
<b>Total shareholders' equity and liabilities</b>	<b>538</b>	<b>871</b>

1) Of which receivables from subsidiaries SEK 0 million (SEK 336m as of 31-12-2018).

## 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 and with the guidelines and general advice issued by the Swedish Financial Supervisory Authority concerning the annual accounts of credit institutions and securities companies (FFFS 2008:25). The Interim Report for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act. Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR 2) has been applied.

As of 1 January 2019, Avanza applies IFRS 16 Leasing, which replaces IAS 17 Leases. Avanza applies the simplified transition method and the main impact on Avanza's accounts arise from the reporting of lease contracts for premises. The opening effect on the consolidated balance sheet as of 1 January 2019 is reported in the table below. The change means that leases (with the exception of short-term leases and low-value leases) are recognised as a right-of-use asset and a lease liability in the balance sheet. In the income statement the linear operating lease cost is replaced by depreciation of the right-of-use asset and an interest expense attributable to the lease liability.

### IFRS 16 Leasing - Transition effects on assets, liabilities and shareholder's equity as of 01-01-2019

SEK m	Reported balance sheet items 31-12-2018	Conversion to IFRS 01-01-2019	Adjusted balance sheet items 01-01-2019
<b>Assets</b>			
Right-of-use asset	–	115	115
<b>Total assets</b>	<b>122,138</b>	<b>115</b>	<b>122,253</b>
<b>Liabilities and shareholders' equity</b>			
Lease liability	–	115	115
<b>Liabilities</b>	<b>120,524</b>	<b>115</b>	<b>120,639</b>
Shareholders' equity	1,614	–	1,614
<b>Total liabilities and shareholders' equity</b>	<b>122,138</b>	<b>115</b>	<b>122,253</b>

Avanza has used a discount rate of 2 per cent to determine the lease liability in the opening balance as of 1 January 2019.

Accounting principles and calculation methods for both the Group and the Parent Company remain otherwise unchanged from those applied in the Annual Report 2018.

The information on pages 1-12 is an integrated part of this financial report.

# Notes

## Note 1 Revenue from contracts with customers

SEK m	2019	2018
	Jan-Mar	Jan-Mar
Trading in commission-generating securities	159	170
Fund savings	78	79
Corporate services	4	7
Other commission income	38	34
<b>Total</b>	<b>279</b>	<b>289</b>
<i>Timing of revenue recognition</i>		
Service or goods transferred to customer at a specific point in time	279	289
Service or goods transferred to customer over time	-	-
<b>Total</b>	<b>279</b>	<b>289</b>

Revenue from contracts with customers largely comes from securities trading and includes profit from exchange income of SEK 32 million (SEK 33m) in the lines Trading in commission-generating securities and Fund savings.

## Note 2 Commission income

SEK m	2019	2018
	Jan-Mar	Jan-Mar
Gross brokerage income	134	144
Fund commissions	72	72
Other commission income <sup>1</sup>	74	73
<b>Total</b>	<b>279</b>	<b>289</b>

1) Includes mainly currency-related income, income from Avanza Markets and Corporate Finance, but also compensation for distribution, advertising sales, subscriptions and customer's ad-on services.

## Note 3 Commission expenses

SEK m	2019	2018
	Jan-Mar	Jan-Mar
Transaction costs <sup>1</sup>	-22	-22
Payment services commissions	-11	-14
Other commission expenses <sup>2</sup>	-11	-11
<b>Total</b>	<b>-51</b>	<b>-47</b>

1) Costs directly related to brokerage income.

2) Include application costs related to mortgages, SEO costs, costs for traders systems as well as 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 1,569 million (SEK 1,575 m as of 31 December 2018) which are reported net against client fund payables of SEK 1,569 million (SEK 1,575 m as of 31 December 2018). Of the liquid assets of SEK 2,592 million as per the end of the period, SEK 239 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 for confirmed and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 13 million. Thus, the change in the accumulated provision for expected credit losses has affected the result of the first quarter by SEK -1 million.

SEK 484 million (0 as per 31 December 2018) 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 11,084 million, of which SEK 4,803 million (SEK 4,361m as of 31 December 2018) with collateral in the form of securities and SEK 6,281 million (SEK 5,978m as of 31 December 2018) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 7,319 million (SEK 6,979m as of 31 December 2018) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amounts to SEK 1,034 million (SEK 998m as of 31 December 2018).

## Note 6 Financial instruments

### Classification of financial instruments

31-03-2019 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Lending to credit institutions	–	2,592	–	–	2,592
Lending to the public	–	11,568	–	–	11,568
Bonds	–	–	19,547	–	19,547
Shares and participations	0	–	–	–	0
Shares and participations in associated companies	–	–	114	–	114
Assets in insurance operations	98,063	–	–	–	98,063
Intangible assets	–	–	–	82	82
Right-of-use asset	–	–	–	107	107
Tangible assets	–	–	–	38	38
Other assets	–	3,957	–	0	3,957
Prepaid costs and accrued income	–	114	–	32	146
<b>Total assets</b>	<b>98,063</b>	<b>18,231</b>	<b>19,661</b>	<b>260</b>	<b>136,214</b>
<b>Liabilities</b>					
Deposits by the public	–	35,128	–	–	35,128
Liabilities in insurance operations	98,063	–	–	1	98,064
Lease liability	–	–	–	108	108
Other liabilities	–	1,244	–	11	1,256
Accrued costs and prepaid income	–	94	–	49	143
Subordinated liabilities	–	100	–	–	100
<b>Total liabilities</b>	<b>98,063</b>	<b>36,566</b>	<b>–</b>	<b>169</b>	<b>134,799</b>

### Financial instruments valued at fair value

31-03-2019, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	48,713	0	114	48,827
Fund units	1,250	35,852	–	37,102
Bonds and other interest-bearing securities	21,106	529	–	21,635
Other securities	248	61	–	309
Liquid assets	–	–	–	9,850
<b>Total assets</b>	<b>71,318</b>	<b>36,442</b>	<b>114</b>	<b>117,724</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	98,063	–	98,063
<b>Total liabilities</b>	<b>–</b>	<b>98,063</b>	<b>–</b>	<b>98,063</b>

#### Fair value

In the case of financial instruments reported at amortised cost, incurring variable interest, or with short maturities, the reported value and fair value are equal. 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 the securities in this category, primarily comprising assets within the insurance operations and bonds in Avanza's liquidity portfolio, comprise listed securities and the fair value is determined by 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 pertaining to the insurance operations and bonds 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). Funds (not traded on a stock exchange) are included in this category. 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

SEK m	31-03-2019	31-12-2018
<b>Capital base</b>		
Shareholders' equity, the Group <sup>1</sup>	1,416	1,614
Less profits which are not audited	-120	-
Assumed/Proposed dividend	-	-318
<b>Shareholders' equity, financial conglomerate<sup>1</sup></b>	<b>1,296</b>	<b>1,296</b>
<i>Additional</i>		
Solvency capital <sup>2</sup>	1,070	909
Subordinated bond	84	74
Less		
Intangible fixed assets	-82	-84
Deferred tax receivables	-2	0
<b>Total capital base<sup>1</sup></b>	<b>2,366</b>	<b>2,195</b>
<b>Capital base per sector</b>		
Capital base for regulated units in the insurance sector <sup>2</sup>	1,240	1,071
Capital base for regulated units within the banking and securities sector <sup>1</sup>	1,126	1,124
<b>Total capital base<sup>1</sup></b>	<b>2,366</b>	<b>2,195</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>2</sup>	898	771
Capital requirement for regulated units within the banking and securities sector	974	858
of which additional buffer requirement	324	292
of which additional Pillar 2 requirement	114	83
<b>Total capital requirement</b>	<b>1,872</b>	<b>1,628</b>
<b>Capital surplus<sup>1</sup></b>	<b>494</b>	<b>567</b>
<b>Capital base/Capital requirement<sup>1</sup></b>	<b>1.26</b>	<b>1.35</b>

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

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

The above table refers to the financial conglomerate, including Avanza Bank Holding AB (publ) and all of its subsidiary companies. The financial conglomerate's capital base and capital requirement have been calculated using the consolidation method.

When calculating the shareholder's equity for the financial conglomerate during the course of an ongoing year, audited profits only are included in the calculations. If the profit for the period has been audited, adjustments are made for the assumed or proposed dividend. Assumed dividend refers to the current period and the proposed dividend is dividend proposed by the Board of Directors to the Annual General Meeting for the full financial year.

When the new Solvency 2 rules took effect on 1 January 2016, insurance became the largest sector. Previously, banking and securities had been the largest sector. As a result of the new solvency rules, a line is included in the above table regarding solvency capital, which refers to the estimated future present value of the insurance company Avanza Pension's profits generated from policyholders' assets. Capital requirements for regulated units in the insurance sector refers to the estimated Solvency Capital Requirement, which is also based on policyholders' assets.



## Note 8 Capital base and capital requirement in the consolidated situation

In accordance with the European capital requirements regulation (CRR), Avanza's consolidated situation refers to Avanza Bank Holding AB (publ) and the subsidiaries Avanza Bank AB (publ) and Avanza Fonder AB. The capital requirements reported in this note refer to Pillar 1, Pillar 2 and additional buffer requirements, according to the capital adequacy rules in effect at the time.

SEK m	31-03-2019	31-12-2018 <sup>2</sup>
<b>Tier 1 capital</b>		
Shareholders' equity, consolidated situation <sup>1</sup>	1,341	1,585
Less profits which are not audited	-73	-
Assumed/Proposed dividend	-	-318
<b>Equity, consolidated situation (adjusted for assumed/proposed dividend)<sup>1</sup></b>	<b>1,267</b>	<b>1,267</b>
<i>Deducted items</i>		
Intangible assets	-82	-84
Deferred taxes	-2	-0
Significant holdings in financial sector <sup>2</sup>	-34	-36
<b>Common equity tier 1 capital<sup>1</sup></b>	<b>1,150</b>	<b>1,147</b>
Subordinated bond	84	74
<b>Tier 2 capital</b>	<b>84</b>	<b>74</b>
<b>Total capital base<sup>1</sup></b>	<b>1,234</b>	<b>1,221</b>
<b>Capital requirement</b>		
Credit risk according to standardised approach	448	384
Market risks (position risk)	0	0
Settlement risk	0	0
Operational risk according to basic approach <sup>1</sup>	128	128
<b>Capital requirement<sup>1</sup></b>	<b>575</b>	<b>512</b>
<b>Risk exposure amount</b>		
Credit risk according to standardised approach	5,595	4,801
of which Institutions	517	182
of which Corporates	44	37
of which Households	175	161
of which Collateral in real estate	2,198	2,092
of which Covered bonds	1,866	1,645
of which Equity <sup>2</sup>	296	295
of which Other items	498	389
Market risks (position risk)	1	1
Settlement risk	1	3
Operational risk according to basic approach <sup>1</sup>	1,599	1,599
<b>Total risk exposure amount<sup>1</sup></b>	<b>7,195</b>	<b>6,404</b>
<b>Capital ratios and buffers</b>		
Common equity tier 1 ratio, % <sup>1</sup>	16.0	17.9
Tier 1 ratio, % <sup>1</sup>	16.0	17.9
Total capital ratio, % <sup>1</sup>	17.1	19.1
Capital base in relation to capital requirement <sup>1</sup>	2.14	2.38
Institution-specific buffer requirement, %	4.5	4.5
of which capital conservation buffer requirement, %	2.5	2.5
of which countercyclical buffer, %	2.0	2.0
Total capital requirement including buffer requirement, %	12.5	12.5
Common equity tier 1 capital available for use as a buffer, % <sup>1</sup>	11.5	13.4
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirement <sup>1</sup>	334	420
Additional Pillar 2 requirement	114	83
Capital surplus after buffer requirement and Pillar 2 <sup>1</sup>	220	338
<b>Leverage ratio</b>		
Total exposure amount leverage ratio	39,022	36,424
Tier 1 Capital	1,150	1,147
Leverage ratio, %	2.9	3.1

1) Figures for the fourth quarter of 2018 have changed compared to previously reported as a result of the Swedish Financial Supervisory Authority decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension.

2) As of 31 March 2019, Avanza Bank Holding AB's holdings in Försäkringsaktiebolaget Avanza Pension and Stabelo Group AB are managed partly through capital requirements for Equity with a risk-weight of 250 per cent, partly through deductions from the capital base. Comparative figures have been adjusted.

Information is only provided regarding the buffer requirements which have come into force.

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, 16 April 2019

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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.15 (CEST) on 16 April 2019.

A webcast presentation will be held by Rikard Josefson, CEO, and Birgitta Hagenfeldt, CFO, on 16 April 2019 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 [investors.avanza.se/en](http://investors.avanza.se/en). Phone number for participants:

- Sweden: +46 (0)8 566 426 51
- UK: +44 33 330 008 04
- US: +1 63 191 314 22

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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### Financial calendar

Interim Report January – June 2019	11 July 2019
Interim Report January – September 2019	17 October 2019
Preliminary Financial Statement 2019	January 2020

# Definitions

The measures and key ratios used in the Interim 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 Interim Report to provide an indication of the Group's results, profitability and financial position. Information on financial measures which are not defined in IFRS and are presented outside the financial statements, so-called alternative performance measures, follows from the note references below.

## Brokerage per commission note<sup>2)</sup>

Gross brokerage income in relation to the number of commission notes excluding investment fund commission notes and free-of-charge notes concerning Avanza Markets. The ratio shows the effect of price reductions and gives an indication of changes in the customer base and trading in different price tiers.

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

Gross brokerage income in relation to turnover excluding investment fund trading and free-of-charge trading in Avanza Markets. The ratio shows the effect of price reductions and gives an indication of changes in the customer base and trading in different price tiers.

## Capital base<sup>3)</sup>

Equity adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies with regard to the way in which the capital base and the capital requirement are determined.

## 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.

## Commission note

A customer's buying and selling assignments involving a specific security. A commission note may comprise one or more transactions. A commission note constitutes the basis on which brokerage is levied.

## 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 pay off. 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.

## 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.

## Deposits/lending

Deposits in relation to internally financed lending. The measure shows how large a share of customer deposits is used for lending.

## 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, Savings account+, opened and managed by customers via Avanza's website.

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

Kickbacks from fund management companies (comprises entry commission and commission based on fund volume) and management fees from Avanza funds.

## 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 price reductions and gives an indication of changes in the customer base and trading in various price tiers.

## 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.

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

Gross brokerage income less direct costs.

## Net deposits/Savings capital

Deposits minus internally financed lending, in relation to the savings capital at the end of the period. The ratio shows how much liquidity the customers hold and indirectly how much is invested in securities.

## Net inflow

Deposits, less withdrawals, of liquid assets and securities.

## Net inflow/Savings capital

The period's net inflow on an annual basis in relation to savings capital at the beginning of the period.

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

Operating expenses before credit losses.

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

Operating profit/loss in relation to operating income.

## 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. The return on shareholders' equity for interim periods is recalculated at a yearly rate.

## Savings capital

The combined value of accounts held with Avanza.

## 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.

## 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 <http://avanza.se/keydata>.

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