



# Interim Report

## January-June 2019

Avanza Bank Holding AB (publ)

### Second quarter 2019 compared to second quarter 2018

- **Customer growth** was 31,500 (23,300), an increase of 35 per cent
- **Net inflow** in the quarter was SEK 8,270 million (4,840), an increase of 71 per cent
- **Operating income** increased by 17 per cent, mainly due to improved net interest income but also higher brokerage income and fund commissions
- **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, with a budget figure for 2019 of 10.5 per cent
- **Net profit** amounted to SEK 101 million, an increase of 28 per cent
- Avanza expanded its range of trackers, which can be seen as an alternative to last year's reduced selection of ETF's
- A great deal of work has spent on the fund offering, resulting in a number of improvements, including a completely new fund page
- Share data on foreign shares was introduced
- In the area of sustainability, Avanza launched a separate section on sustainable savings, more extensive sustainability data in the fund marketplace and a Green Mortgage loan in collaboration with Stabelo
- Avanza received several awards during the quarter, including from Lipper Fund Awards, ServiceScore and in Kantar Sifo's reputation index
- Camilla Hedenfelt has been named the new Head of Human Resources and a member of Group Management. She will take on her new role on 1 September

### Quote from Rikard Josefson, CEO Avanza

*"In the quarter we reached over SEK 100 billion in fund capital. We saw a strong net inflow, received several fine awards and passed 900,000 customers. We also had a record number of active equity investors and reached our highest eNPS ever, which shows the strong commitment among our employees."*

	Q2 2019	Q1 2019	Change %	Q2 2018	Change %	Jan-Jun 2019	Jan-Jun 2018	Change %
Operating income, SEK m	284	268	6	244	17	552	515	7
Operating expenses, SEK m	-166	-164	1	-153	8	-330	-305	8
Operating profit, SEK m	117	100	18	90	31	217	209	4
Net profit, SEK m	101	87	16	79	28	188	183	3
Earnings per share before dilution, SEK	0.67	0.57	16	0.53	26	1.24	1.22	2
Operating margin, %	41	37	4	37	4	39	41	-1
Net inflow, SEK m	8,270	7,570	9	4,840	71	15,800	12,800	24
No. of new customers (net)	31,500	33,600	-6	23,300	35	65,200	65,700	-1
Savings capital at the end of the period, SEK m	359,300	335,700	7	307,100	17	359,300	307,100	17

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 savings capital 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, which 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

### Strong net inflow, fine awards and over 900,000 customers

The net inflow rose significantly compared to the second quarter of 2018, and for the six-month period was 24% higher than the same period in 2018. We have made it easier to digitally transfer securities from other institutions and are working on how to further inspire customers to transfer more of their savings to us.

Customer growth has remained strong and in the second quarter we reached another milestone when our 900,000th customer chose Avanza. This shows that our efforts to develop new products, services and simplifications are bearing fruit, as customers continue to recommend us to friends. It is also reflected in several awards we received during the quarter. We were glad to top ServiceScore's survey on best service in financial services industry for the fifth consecutive year. We also ranked highest in financial services in Kantar Sifo's reputation index, and eighth overall.

### Record number of active stock investors and more engaged employees than ever

Stock market sentiment in the quarter can best be described as "mountain high, valley low", with a strong April followed by a shaky May and then a positive finish to June. More customers than ever traded equities in the quarter and the number of notes was record high, but trading volume fell. We continue to see strong interest in active savings among our customers even though net brokerage income declined during the quarter.

In the employee survey during the quarterly we scored our highest eNPs ever, which shows how strongly engaged our employees are. We have a motivated staff at Avanza that continues to challenge the industry and think innovatively.

### Stronger offering is beginning to produce results

We have devoted a lot of energy to our fund offering, which in the second quarter resulted in a number of improvements that customers have appreciated. Among other things, we completely redesigned our fund page to give a better overview and to make it easier for customers to choose funds for their portfolio. We have also worked on presenting more sustainability data from Sustainalytics and created a completely new function where customers in a comprehensive way can find and compare funds, including their fees. The same functionality is available in our apps, which we see more and more customers using.

During our "Brainy Days" in May, when employees post various ideas on an idea wall and then develop them together with colleagues over a two-day period, the "Green Room" idea was hatched. A first step has now been taken to launch this idea, so that customers who are interested in sustainable savings can find support and useful information.

Fund volumes continue to grow and have reached SEK 100 billion, producing our best quarter ever in terms of fund commissions – well in line with our aim to create more recurring income for Avanza.

During the quarter, we launched Trackers in collaboration with Morgan Stanley as an alternative to US ETF's, which we can no longer offer after Mifid2. In response to high customer

demand, we were also finally able to provide more information on foreign companies, which has received a very positive response in social media.

Other income increased during the quarter thanks to higher income from Corporate Finance. In mortgage lending we saw increased competition and margin pressure in the entire market. It is gratifying to help drive the market toward best customer offers. Changing the market is a long-term process, however, and we have just taken the first steps.

One of our long-term targets is that our costs should not grow more than income. We are pleased therefore that quarterly income growth exceeded the increase in costs compared to both the previous year and the previous quarter. Barring unforeseen circumstances in the next half-year, there is a good chance that we will reach our long-term target for the full year. Our projection that costs will rise by 10.5% in 2019 remains unchanged.

### The government is favouring insurance companies over pension savers

With regard to pension transfers, we could again conclude that the government's new proposal, which allows companies to charge sales expenses retroactively for 10 years, will benefit pension companies and not the pensioners. During the quarter, we called attention to the fact that the minPension information service, which is 50% financed by the state, doesn't show savers the right fees. This leads to misleading forecasts and means that savers are basing their decisions on incorrect data. The Swedish pension market has great potential, and we are doing what we can to improve it. For example, we don't charge annual capital fees on savings, nor do we charge transfer fees. And we are pleased that Avanza 75, one of our entré products in occupational pensions, was named best mixed fund by Lipper Fund Awards in the category Mixed Asset SEK Aggressive.

We continue to pursue a consistent savings strategy to create a better future for millions of people.

Wishing you a happy and relaxing summer!

Stockholm, 11 July 2019



Rikard Josefson, CEO Avanza



# Operations

## Activity and market shares

The Stockholm Stock Exchange performed strongly in April, then prices fell in May before recovering in June. SIX Return Index rose by 7 per cent in the quarter. The volatility was initially low, but increased at the end of the quarter.

Total turnover on the Stockholm Stock Exchange including First North decreased by 8 per cent in the quarter and the number of transactions by 7 per cent compared to the previous quarter. Among Avanza's customers, turnover decreased by 22 per cent on these marketplaces and the number of transactions by 6 per cent. The number of trading days was 5.5 fewer.

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

The fund market reported a strong inflow in the second quarter, mainly to equity funds and fixed income funds. The fund inflow to Avanza showed the same trend.

The repo rate was unchanged during the quarter. The Riksbank's own forecast indicates that the next repo rate hike will be in the later part of the year or in the beginning of 2020.

## Events during the second quarter

Avanza Emerging Markets, Sweden's cheapest emerging market fund for individual investors according to Morningstar Direkt, was launched in late March and is a continuation and part of Avanza's strategy to broaden its fund offering to customers who don't always want to actively manage their savings. The fund was the third most purchased on Avanza's platform in the second quarter and assets under management at the end of the quarter exceeded SEK 0.5 billion.

Avanza launched trackers in collaboration with Morgan Stanley and the issuer Alphabeta. Avanza Trackers follow an index, theme or specific companies and can be seen as an alternative to the range of ETF's, which was greatly reduced last year. The wider selection mainly consists of Avanza Trackers, where the customer's credit risk is reduced through collateralisation.

The fund page at [avanza.se](http://avanza.se) has been totally redesigned and improved in a number of areas to provide a better overview and make it easier to choose funds. In addition, presentation of sustainability data from Sustainalytics was further improved and a totally new function was added to find and compare funds. The overall fund experience in the apps has been improved as well.

As a very first step and to satisfy customers' increased desire to contribute to the UN Global Goals through their savings, a special section was launched for sustainable savings. Here we have put together sustainable savings products and information, as well as a new Green Mortgage from Stabelo with interest rates from 1.18 per cent.

Share data on foreign shares, which had previously been unavailable, was introduced in late June. The information, which includes company descriptions in Swedish, dividends, reporting dates and type of industry, will gradually be expanded.

Avanza's offering is continuously updated with new functions and improvements to the user experience.

Avanza 75, which is managed by Avanza's fund company and is one of our entré products in occupational pensions, received a Lipper Fund Award in early April for best fund in the category Mixed Asset SEK Aggressive. The award was presented for best risk-adjusted return in the category over 3 and 5 years, meaning that customers received the highest return on their capital in relation to the risk the fund has taken.

Avanza received an award for best service in the financial services industry for the fifth consecutive year in a survey by ServiceScore. Satisfied customers are one of Avanza's most important goals, and the company is actively focused on how customers are treated by customer service and in social media and is working proactively on the site and apps.

Avanza was ranked as the bank with the highest reputation and number eight among all Swedish companies in Kantar Sifo's reputation index 2019 – in tight competition with companies such as IKEA, Volvo and ICA.

Placera was also awarded during the quarter. In Financial Hearing's annual analyst and journalist rankings, Lars Frick was named Sweden's best business journalist in the category Pharma & Healthcare and Gabriel Isskander received an honorary award in Björn Davegårdh's memory for his stock market coverage.

## Development of customers and savings capital

Data on the Swedish savings market for the first quarter of 2019 were released in May. Avanza's share of the total net inflow to the Swedish savings market during the period April 2018 – March 2019 was 13.3 per cent, exceeding the long-term goal of at least 10 per cent. At the end of the first quarter, Avanza's share of the Swedish savings market was 4.0 per cent.

During the second quarter, 31,500 new customers were added, which was 6 per cent higher than previous quarter and 35 per cent higher than second quarter 2018. The number of occupational pension customers grew by 4 per cent. By the end of the period the number of customers amounted to 902,300, which is a great step towards the goal of 1 million customers 2020.

The net inflow was 9 per cent higher than the inflow in the previous quarter and 71 per cent higher compared to the second quarter 2018. The net inflow from existing customers accounted for just over 50 per cent, which was somewhat higher than in the previous quarter. The inflow of occupational pension premiums averaged SEK 210 million per month in the last 12-month period, an increase of 22 per cent compared to the preceding 12-month period.

Savings capital increased by 7 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 a slight increase from year end.

Total deposits is still at a high level on nearly SEK 60 billion, of which SEK 21 billion related to external deposits. Deposits as a share of savings capital decreased marginally during the quarter and amounted to just under 17 per cent at the end of the period.

Total lending grew by 6 per cent in the second quarter to just over SEK 19 billion. External mortgage volume through Stabelo amounted to SEK 7.9 billion at the end of the quarter. The internally financed mortgage for Private Banking customers amounted to just over SEK 6.7 billion, an increase of 7 per cent. Margin lending decreased by 4 per cent as a result of decreased risk appetite in the volatile market.

<b>Activity and market shares</b>	<b>2019 Q2</b>	<b>2019 Q1</b>	<b>Change %</b>	<b>2018 Q2</b>	<b>Change %</b>	<b>2019 Jan-Jun</b>	<b>2018 Jan-Jun</b>	<b>Change %</b>	<b>2018 Jan-Dec</b>
No. commission generating notes, thousands	4,070	3,990	2	3,310	23	8,060	7,280	11	15,000
Commission generating turnover, SEK m	125,800	142,300	-12	119,900	5	268,000	263,400	2	532,400
<b>Market shares</b>									
<i>Nasdaq Stockholm and First North:</i>									
No. transactions, %	13.3	13.2	0.1	10.9	2.4	13.2	11.5	1.7	11.9
Turnover, %	4.8	5.7	-0.9	4.8	-	5.3	5.2	0.1	5.5
<b>Net inflow, SEK m</b>	<b>2019 Q2</b>	<b>2019 Q1</b>	<b>Change %</b>	<b>2018 Q2</b>	<b>Change %</b>	<b>2019 Jan-Jun</b>	<b>2018 Jan-Jun</b>	<b>Change %</b>	<b>2018 Jan-Dec</b>
Standard	7,200	7,300	-1	5,120	41	14,450	12,180	19	26,300
Private Banking	1,090	270	304	-290	-	1,370	440	212	730
Pro	-20	0	-	10	-300	-20	180	-110	570
<b>Net inflow</b>	<b>8,270</b>	<b>7,570</b>	<b>9</b>	<b>4,840</b>	<b>71</b>	<b>15,800</b>	<b>12,800</b>	<b>24</b>	<b>27,600</b>
Equity & investment fund accounts	1,780	-60	-	590	202	1,670	1,070	57	4,570
Investment savings accounts	4,100	4,340	-6	2,470	66	8,440	7,360	15	12,300
Savings accounts	600	1,060	-43	980	-39	1,670	1,440	16	6,930
of which external deposit accounts	610	1,190	-49	1,010	-40	1,800	1,460	23	6,850
Pension- & insurance-based accounts	1,790	2,230	-20	800	124	4,020	2,930	37	3,800
of which endowment insurance	860	1,480	-42	-10	-	2,340	1,330	75	460
of which occupational pensions	890	760	17	810	10	1,650	1,610	2	3,330
<b>Net inflow</b>	<b>8,270</b>	<b>7,570</b>	<b>9</b>	<b>4,840</b>	<b>71</b>	<b>15,800</b>	<b>12,800</b>	<b>24</b>	<b>27,600</b>
Net inflow/Savings capital, %	10	10	-	7	3	11	9	2	10

For definitions see page 23.

<b>No. customers, savings capital and lending, SEK m (unless otherwise stated)</b>	<b>30-06-2019</b>	<b>31-03-2019</b>	<b>Change %</b>	<b>31-12-2018</b>	<b>Change %</b>	<b>30-06-2018</b>	<b>Change %</b>
Standard, No.	874,850	844,180	4	810,990	8	752,120	16
Private Banking, No.	25,600	24,700	4	24,200	6	22,500	14
Pro, No.	1,850	1,920	-4	1,910	-3	1,780	4
<b>No. of customers</b>	<b>902,300</b>	<b>870,800</b>	<b>4</b>	<b>837,100</b>	<b>8</b>	<b>776,400</b>	<b>16</b>
of which occupational pension customers, No.	84,900	81,300	4	77,700	9	70,900	20
Standard	200,500	186,300	8	166,400	20	168,600	19
Private Banking	145,600	136,200	7	122,000	19	127,100	15
Pro	13,200	13,200	0	11,600	14	11,400	16
<b>Savings capital</b>	<b>359,300</b>	<b>335,700</b>	<b>7</b>	<b>300,000</b>	<b>20</b>	<b>307,100</b>	<b>17</b>
Equity & investment fund accounts	108,400	103,400	5	94,900	14	98,500	10
Investment savings accounts	119,600	108,800	10	94,200	27	97,100	23
Savings accounts	21,600	21,000	3	19,900	9	14,400	50
of which external deposit accounts	20,800	20,200	3	19,000	9	13,600	53
Pension- & insurance-based accounts	109,700	102,500	7	91,000	21	97,100	13
of which endowment insurance	74,500	69,600	7	61,800	21	67,400	11
of which occupational pensions	23,000	21,300	8	18,600	24	18,400	25
<b>Savings capital</b>	<b>359,300</b>	<b>335,700</b>	<b>7</b>	<b>300,000</b>	<b>20</b>	<b>307,100</b>	<b>17</b>
Equities, bonds, derivatives, etc.	197,400	184,600	7	161,000	23	171,000	15
Investment funds	101,900	94,200	8	81,100	26	88,500	15
Deposits	60,000	56,900	5	57,900	4	47,600	26
of which external deposits (Savings account+)	20,800	20,200	3	19,000	9	13,600	53
<b>Savings capital</b>	<b>359,300</b>	<b>335,700</b>	<b>7</b>	<b>300,000</b>	<b>20</b>	<b>307,100</b>	<b>17</b>
Internally financed lending	11,300	11,100	2	10,400	9	9,890	14
of which margin lending	4,600	4,810	-4	4,370	5	4,230	9
of which mortgage loans (Superbolånet PB)	6,740	6,280	7	5,980	13	5,650	19
External mortgage volume (Bolån+)	7,890	7,050	12	4,210	87	2,020	291
<b>Lending</b>	<b>19,200</b>	<b>18,100</b>	<b>6</b>	<b>14,600</b>	<b>32</b>	<b>11,900</b>	<b>61</b>
Deposits/Lending, %	531	513	18	557	-26	481	50
Net deposits/Savings capital, %	14	14	0	16	-2	12	2
Return, average account since 1 Jan, %	14	9	5	-4	18	4	10
SIX Return Index since 1 Jan, %	21	13	8	-4	25	4	17

For definitions see page 23.

## Financial overview

	2019 Q2	2019 Q1	Change %	2018 Q2	Change %	2019 Jan-Jun	2018 Jan-Jun	Change %	2018 Jan-Dec
<b>Income Statement, SEK m</b>									
Net brokerage income	105	112	-7	92	14	217	213	2	435
Fund commissions	83	72	15	74	11	154	146	5	301
Net interest income	51	39	29	29	74	90	58	54	119
Other income	46	44	4	49	-5	90	97	-7	194
<b>Operating income</b>	<b>284</b>	<b>268</b>	<b>6</b>	<b>244</b>	<b>17</b>	<b>552</b>	<b>515</b>	<b>7</b>	<b>1,049</b>
Personnel	-107	-103	4	-97	10	-210	-188	12	-367
Marketing	-3	-8	-57	-3	7	-11	-8	41	-17
Depreciation	-14	-14	1	-5	183	-27	-10	186	-20
Other expenses	-42	-40	4	-48	-12	-82	-100	-18	-225
<b>Operating expenses before credit losses</b>	<b>-166</b>	<b>-164</b>	<b>1</b>	<b>-153</b>	<b>8</b>	<b>-330</b>	<b>-305</b>	<b>8</b>	<b>-629</b>
<b>Profit before credit losses</b>	<b>118</b>	<b>103</b>	<b>14</b>	<b>91</b>	<b>31</b>	<b>222</b>	<b>210</b>	<b>6</b>	<b>420</b>
Credit losses, net	2	-1	-	-1	-	0	0	-	-1
Profit/loss from participations in associated companies	-2	-2	10	-	-	-5	-	-	-1
<b>Operating profit</b>	<b>117</b>	<b>100</b>	<b>18</b>	<b>90</b>	<b>31</b>	<b>217</b>	<b>209</b>	<b>4</b>	<b>418</b>
Tax on profit for the period	-16	-13	26	-11	53	-29	-27	10	-69
<b>Net profit</b>	<b>101</b>	<b>87</b>	<b>16</b>	<b>79</b>	<b>28</b>	<b>188</b>	<b>183</b>	<b>3</b>	<b>349</b>
<b>Key ratios</b>									
Operating margin, %	41	37	4	37	4	39	41	-1	40
Profit margin, %	36	33	3	33	3	34	36	-1	33
Earnings per share before dilution, SEK	0.67	0.57	16	0.53	26	1.24	1.22	2	2.32
Earnings per share after dilution, SEK	0.67	0.57	16	0.53	27	1.24	1.21	2	2.31
Return on shareholders' equity, %	27	23	4	25	3	25	27	-3	24
Credit loss level, %	0.01	-0.01	0.02	-0.01	0.02	0.00	-0.00	0.01	-0.01
Investments, SEK m	2	2	11	6	-65	4	16	-77	71
Net brokerage income/Operating income, %	37	42	-5	38	-1	39	41	-2	41
Fund commissions/Operating income, %	29	27	2	31	-1	28	28	-0	29
Net interest income/Operating income, %	18	15	3	12	6	16	11	5	11
Other income/Operating income, %	16	17	-0	20	-4	16	19	-2	19
Income to savings capital ratio, %	0.33	0.34	-0.01	0.33	-0.00	0.33	0.35	-0.02	0.35
Costs to savings capital ratio, % <sup>1</sup>	0.19	0.21	-0.02	0.21	-0.01	0.20	0.21	-0.01	0.20
Income per customer, SEK	1,280	1,250	2	1,270	1	1,270	1,380	-8	1,350
Costs per customer, SEK <sup>1</sup>	-750	-770	-3	-800	-7	-760	-820	-7	-760
Net brokerage income per trading day, SEK m	1.8	1.8	2	1.6	17	1.8	1.8	2	1.8
Brokerage per commission note, SEK	28	30	-6	30	-8	29	31	-8	31
Brokerage/Turnover, %	0.100	0.094	0.006	0.093	0.007	0.097	0.097	-0.000	0.098
No. trading days	57.5	63.0	-9	59.0	-3	120.5	121.0	-0	247.5
Average no. employees	418	421	-1	401	4	420	397	6	406
Web service operational availability, %	99.8	99.9	-0.1	100.0	-0.2	99.8	100.0	-0.2	100.0

1) 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.

Key ratios	30-06-2019	31-03-2019	Change %	31-12-2018	Change %	30-06-2018	Change %
Shareholders' equity per share, SEK <sup>1</sup>	10.10	9.35	8	10.66	-5	8.82	14
Capital base/Capital requirement <sup>1</sup>	1.22	1.26	-3	1.35	-10	1.43	-15
No. employees	417	419	0	422	-1	407	2
Share price, SEK <sup>2</sup>	70.90	79.80	-11	84.72	-16	92.00	-23
Market capitalisation, SEK m	10,700	12,100	-12	12,800	-16	13,800	-22

1) 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.

2) Adjusted in accordance with the share split in April 2019.

For definitions see page 23.

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

## Second quarter compared to the previous quarter

Operating profit for the second quarter increased by 18 per cent compared to the previous quarter, due to higher revenues.

Operating margin amounted to 41 per cent, an increase by 4 percentage points.

### Revenues

Total revenues increased by 6 per cent compared to the previous quarter. Fund commissions and net interest income improved, while net brokerage income decreased.

Net brokerage decreased by 7 per cent due to 5.5 fewer trading days in the quarter. Turnover in commission-generating notes decreased by 12 per cent. The number of commission-generating notes was at record-high levels and increased by 2 per cent. Brokerage income per SEK of turnover increased from 9.4 to 10.0 basis points, which was due to a larger share of brokerage, generated in lower brokerage fee classes.

Fund commissions increased by 15 per cent, mainly due to higher average fund capital. Income per SEK of fund capital rose marginally to 34 basis points.

Net interest income increased by 29 per cent, mainly due to improved return for surplus liquidity – a result of the rate hike in early January and a higher average STIBOR rate. The average STIBOR (3M) was 4 basis points higher than in the first quarter. The bond portfolio is managed at an average interest duration of 3 months, thus the interest rate hike was not fully materialised until March. Income from margin lending also increased, due to somewhat higher average lending volumes and a higher average interest rate. The deposit guarantee fee and resolution fee were stable at SEK 8 million.

Other income, mainly consisting of currency-related income, income from Avanza Markets and Corporate Finance, increased by 4 per cent compared to the first quarter. The increase was mainly due to higher income from Corporate Finance and lower other commission costs. Income from currency-related income as well as Avanza Markets decreased. During the quarter, equity trading in foreign markets by Avanza's customers accounted for 9.4 (8.9) per cent of turnover. Currency-related income accounted for SEK 29 (32) million of other income, Avanza Markets for SEK 18 (19) million and income from Corporate Finance for SEK 7 (4) million.

### Operating expenses

Operating expenses increased by 1 per cent, mainly as a result of higher personnel costs.

### Credit losses

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

## January-June 2019 compared to January-June 2018

Operating profit increased by 4 per cent compared to the first half of 2018. Operating income increased by 7 per cent while costs increased by 8 per cent, which resulted in operating margin lowered to 39 per cent.

### Revenues

Revenues increased mainly as a result of higher net interest income and fund commissions. Net brokerage income increased slightly, while other income decreased.

Net brokerage income increased by 2 per cent due to higher commission-generating turnover, which also rose by 2 per

cent. The number of commission-generating notes increased by 11 per cent. This shows that customer's securities are still traded at lower volumes. A higher share of brokerage was generated in lower brokerage fee classes. Brokerage income per SEK of turnover was unchanged.

Fund commissions increased by 5 per cent, mainly due to higher average fund capital. Income per SEK of fund capital decreased by close to 2 basis points to 0.33 per cent, a result of a somewhat higher proportion of index funds.

Net interest income increased by 54 per cent mainly due to improved return for surplus liquidity. The repo rate was raised by 25 basis points on 9 January 2019 to -0.25 per cent and the average STIBOR (3M) was 36 basis points higher than last year. Income from external deposits and the Private Banking mortgage also increased. The repo rate hike has no effect on the Private Banking mortgage as long as the rate is lower than -0.20 per cent. 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 behavior into account, a 1 per cent rate increase with today's volumes would affect full-year net interest income by over 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. Because IFRS 16 Leases was implemented as a new standard as of 1 January 2019, without retroactive application, leases of premises are now recognised as a right-of-use asset and lease liability in the balance sheet. Also as a result, part of the rental expense is defined as an interest expense, which amounts to approximately SEK 0.5 million per quarter in 2019.

Other income decreased, mainly due to higher other commission expenses, mostly because of an increased number of mortgage applications, but also lower income from Corporate Finance and lower currency-related income. Income from Avanza Markets and the external mortgage increased.

### Operating expenses

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

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 reported costs for premises, while depreciation increases by about the same amount. At the same time, an interest expense arises in net interest income.

The guidance on Avanza's annual cost growth is 9–12 per cent, with a 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 0.20 per cent, which was an decrease of 1 percentage point. 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.

#### *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.

### **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.

If 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)	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017
Net brokerage income	105	112	111	111	92	122	122	106	100
Fund commissions	83	72	74	81	74	72	64	62	61
Net interest income	51	39	29	31	29	29	27	25	27
Other income	46	44	53	44	49	48	58	34	46
<b>Operating income</b>	<b>284</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>
Personnel	-107	-103	-97	-83	-97	-90	-98	-74	-87
Marketing	-3	-8	-4	-5	-3	-5	-8	-4	-2
Depreciation <sup>1</sup>	-14	-14	-5	-5	-5	-5	-3	-5	-2
Other expenses <sup>1,2</sup>	-42	-40	-84	-42	-48	-52	-48	-41	-39
<b>Operating expenses before credit losses</b>	<b>-166</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>
Credit losses, net	2	-1	0	0	-1	0	0	0	0
Profit/loss from participations in associated companies	-2	-2	-1	-	-	-	-	-	-
<b>Operating profit</b>	<b>117</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>
Operating margin, %	41	37	29	49	37	44	42	46	44
Earnings per share before dil., SEK <sup>3</sup>	0.67	0.57	0.40	0.71	0.53	0.69	0.65	0.59	0.59
Shareholders' equity per share before dil., SEK <sup>3,4</sup>	10.10	9.35	10.66	10.16	8.82	8.32	9.51	8.86	7.95
Return on shareholders' equity, %	27	23	15	30	25	31	28	28	31
Net inflow	8,270	7,570	6,360	8,380	4,840	7,960	3,550	5,900	8,710
No. of new customers (net)	31,500	33,600	28,600	32,200	23,300	42,400	42,500	31,200	27,900
No. of customers at the end of the period	902,300	870,800	837,100	808,500	776,400	753,100	710,600	668,100	636,900
Savings capital at the end of the period	359,300	335,700	300,000	331,000	307,100	288,700	282,900	281,000	270,300
Income to savings capital ratio, %	0.33	0.34	0.34	0.33	0.33	0.38	0.38	0.33	0.36
Costs to savings capital ratio, % <sup>5</sup>	0.19	0.21	0.20	0.17	0.21	0.21	0.22	0.18	0.20

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

2) Other expenses for the fourth quarter 2018 includes the administrative fee of SEK 35 million imposed on Försäkringsaktiebolaget Avanza Pension by the Swedish Financial Supervisory Authority.

3) Adjusted in accordance with the share split in April 2019.

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

5) Excluding the administrative fee of SEK 35 million imposed on Försäkringsaktiebolaget Avanza Pension by the Swedish Financial Supervisory Authority, reported in the fourth quarter of 2018.

## 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 second quarter 2019 total credit losses amounted to SEK 11 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 half of 2019 was SEK -11 million (SEK -9m). 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	30-06-2019	31-12-2018
<b>Capital base</b>		
Shareholders' equity, the Group	1,529	1,614
Solvency capital	1,129	909
Less non-distributable solvency capital <sup>1</sup>	-159	-138
Subordinated bond	88	74
Intangible fixed assets and deferred tax receivables	-81	-85
<b>Capital base before dividend adjustments</b>	<b>2,505</b>	<b>2,375</b>
<b>Capital requirements</b>		
Capital requirement Pillar 1	-1,531	-1,254
of which Solvency capital requirements <sup>1</sup>	-969	-771
Buffer requirement	-338	-292
Capital requirement Pillar 2	-119	-83
<b>Capital requirements</b>	<b>-1,988</b>	<b>-1,628</b>
<b>Capital surplus before dividend</b>	<b>517</b>	<b>746</b>
Capital surplus per share, SEK <sup>2</sup>	3.42	4.93

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

2) Adjusted in accordance with the share split in April 2019.

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 19.

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totaled SEK 517 million as of 30 June 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.

Camilla Hedenfelt has been named new Head of HR and member of Group Management. Camilla has 20 years of experience in strategic and operative HR work within telecom and consumer goods. Most recently she has been the HR Director of Orkla Care where she has worked with, among other things, organisational change and development. Camilla will take up her position on 1 September.

### 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 (corresponding to SEK 2.10 per share after the share split).

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 decided the 16 April 2019 as record date for the split, which increased 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 half of 2019 and the company holds no repurchased shares as of 30 June 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 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018-2019 Jul-Jun	2018 Jan-Dec
<b>Operating income</b>							
Commission income	1, 2	283	260	562	549	1,124	1,111
Commission expenses	3	-49	-45	-100	-92	-191	-183
Interest income calculated using the effective interest method		63	52	114	103	223	212
Other interest and similar income		9	7	18	14	33	29
Interest expenses		-21	-29	-42	-58	-105	-122
Net result of financial transactions		-0	-0	-0	-0	2	2
Other operating income		-	0	0	0	0	0
<b>Total operating income</b>		<b>284</b>	<b>244</b>	<b>552</b>	<b>515</b>	<b>1,086</b>	<b>1,049</b>
<b>Operating expenses</b>							
General administrative expenses		-145	-142	-283	-280	-544	-541
Depreciation of tangible and intangible fixed assets		-14	-5	-27	-10	-37	-20
Other operating expenses		-8	-7	-20	-16	-72	-69
<b>Total operating expenses before credit losses</b>		<b>-166</b>	<b>-153</b>	<b>-330</b>	<b>-305</b>	<b>-654</b>	<b>-629</b>
<b>Operating profit before credit losses</b>		<b>118</b>	<b>91</b>	<b>222</b>	<b>210</b>	<b>432</b>	<b>420</b>
Credit losses, net		2	-1	0	0	0	-1
Profit/loss from participations in associated companies		-2	-	-5	-	-5	-1
<b>Operating profit</b>		<b>117</b>	<b>90</b>	<b>217</b>	<b>209</b>	<b>426</b>	<b>418</b>
Tax on profit for the period		-16	-11	-29	-27	-72	-69
<b>Net profit<sup>1</sup></b>		<b>101</b>	<b>79</b>	<b>188</b>	<b>183</b>	<b>354</b>	<b>349</b>
Earnings per share, SEK <sup>2</sup>		0.67	0.53	1.24	1.22	2.34	2.32
Earnings per share after dilution, SEK <sup>2</sup>		0.67	0.53	1.24	1.21	2.34	2.31
Average no. shares before dilution, thousands <sup>2</sup>		151,365	149,981	151,365	149,981	151,118	150,432
Average no. shares after dilution, thousands <sup>2</sup>		151,365	150,598	151,466	150,600	151,360	150,827
Outstanding no. shares before dilution, thousands <sup>2</sup>		151,365	149,981	151,365	149,981	151,365	151,365
Outstanding no. shares after dilution, thousands <sup>2</sup>		151,365	150,930	151,365	150,930	151,365	151,643
No. shares upon full dilution, thousands <sup>2</sup>		158,315	157,131	158,315	157,131	158,315	158,315

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

2) Adjusted in accordance with the share split in April 2019.

## Consolidated statement of comprehensive income

SEK m	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018-2019 Jul-Jun	2018 Jan-Dec
<b>Net profit</b>	<b>101</b>	<b>79</b>	<b>188</b>	<b>183</b>	<b>354</b>	<b>349</b>
<i>Items that will be reversed to the income statement</i>						
Changes in fair value of financial instruments <sup>1</sup>	15	-5	57	-3	57	-39
Tax on changes in fair value of financial instruments <sup>1</sup>	-3	1	-12	1	-4	9
<i>Items that will not be reversed to the income statement</i>						
Changes in value of associated companies <sup>2</sup>	-	-	-	-	40	40
Tax on changes in value of associated companies	-	-	-	-	-	-
<b>Other comprehensive income after tax</b>	<b>12</b>	<b>-4</b>	<b>45</b>	<b>-2</b>	<b>92</b>	<b>9</b>
<b>Total comprehensive income after tax<sup>3</sup></b>	<b>113</b>	<b>75</b>	<b>233</b>	<b>181</b>	<b>447</b>	<b>359</b>

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

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

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

## Consolidated Balance Sheet

SEK m	Note	30-06-2019	31-12-2018
<b>Assets</b>			
Balances at central banks		–	2,907
Lending to credit institutions	4	2,240	914
Lending to the public	5	12,040	10,339
Bonds		20,743	16,958
Shares and participations		1	1
Shares and participations in associated companies		111	116
Assets in insurance operations		105,165	86,457
Intangible fixed assets		80	84
Right-of-use asset		99	–
Tangible fixed assets		37	40
Other assets		4,000	4,104
Prepaid costs and accrued income		157	221
<b>Total assets</b>		<b>144,672</b>	<b>122,138</b>
<b>Liabilities and shareholders' equity</b>			
Deposits by the public		37,009	33,317
Liabilities in insurance operations		105,166	86,458
Lease liability		100	–
Other liabilities		656	508
Accrued costs and prepaid income		111	142
Subordinated liabilities		100	100
Shareholders' equity		1,529	1,614
<b>Total liabilities and shareholders' equity</b>		<b>144,672</b>	<b>122,138</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - June 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>1</sup>	-	-	10	-	10
<b>Adjusted shareholders' equity 01-01-2018<sup>1</sup></b>	<b>75</b>	<b>442</b>	<b>34</b>	<b>907</b>	<b>1,458</b>
Net profit for the period	-	-	-	183	183
Other comprehensive income for the period	-	-	-2	-	-2
Total comprehensive income for the period	-	-	-2	183	181
<b>Transactions with owners</b>					
Dividend paid	-	-70	-	-245	-315
<b>Shareholder's equity 30-06-2018<sup>1</sup></b>	<b>75</b>	<b>372</b>	<b>32</b>	<b>845</b>	<b>1,324</b>
<b>January - December 2018</b>					
<b>Shareholder's 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>1</sup>	-	-	10	-	10
<b>Adjusted shareholders' equity 01-01-2018<sup>1</sup></b>	<b>75</b>	<b>442</b>	<b>34</b>	<b>907</b>	<b>1,458</b>
Net profit for the period	-	-	-	349	349
Other comprehensive income for the period	-	-	-40	50	9
Total comprehensive income for the period	-	-	-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</b>	<b>76</b>	<b>484</b>	<b>-6</b>	<b>1,061</b>	<b>1,614</b>
<b>January - June 2019</b>					
<b>Shareholders' equity 31-12-2018</b>	<b>76</b>	<b>484</b>	<b>-6</b>	<b>1,061</b>	<b>1,614</b>
Net profit for the period	-	-	-	188	188
Other comprehensive income for the period	-	-	45	-	45
Total comprehensive income for the period	-	-	45	188	233
<b>Transactions with owners</b>					
Dividend paid	-	-6	-	-312	-318
<b>Shareholders' equity 30-06-2019</b>	<b>76</b>	<b>478</b>	<b>39</b>	<b>937</b>	<b>1,529</b>

1) 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 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun
<b>Operating activities</b>				
Operating profit	117	90	217	209
Adjustment for items not included in cash flow	6	5	12	10
Taxes paid	-62	224	-152	130
Changes in operating activities' assets and liabilities	986	-339	2,402	1,044
<b>Cash flow from operating activities</b>	<b>1,048</b>	<b>-20</b>	<b>2,479</b>	<b>1,393</b>
<b>Investment operations</b>				
Acquisition and disposals of intangible and tangible fixed asset	-2	-4	-4	-15
Acquisition of shares and participations	-	-1	-	-1
Investment in bonds	-1,184	-248	-3,741	-914
<b>Cash flow from investment operations</b>	<b>-1,186</b>	<b>-254</b>	<b>-3,744</b>	<b>-930</b>
<b>Financial operations</b>				
Cash dividend	-	-	-318	-315
Subordinated bond	0	0	0	0
<b>Cash flow from financial operations</b>	<b>0</b>	<b>0</b>	<b>-318</b>	<b>-315</b>
<b>Cash flow for the period</b>	<b>-138</b>	<b>-274</b>	<b>-1,583</b>	<b>148</b>
Liquid assets at the beginning of the period <sup>1</sup>	2,352	2,103	3,797	1,681
Liquid assets at the end of the period <sup>1</sup>	2,214	1,829	2,214	1,829
<b>Change</b>	<b>-138</b>	<b>-274</b>	<b>-1,583</b>	<b>148</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 25 million (SEK 23m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2019 Jan-Jun	2018 Jan-Jun
<b>Operating expenses</b>		
Administration expenses	-7	-5
Other operating expenses	-4	-4
<b>Operating profit/loss</b>	<b>-11</b>	<b>-9</b>
<b>Profit from financial investments</b>		
Profit/loss from participations in Group companies	11	8
Interest expenses and similar items	-0	-0
<b>Profit/loss before tax</b>	<b>-1</b>	<b>-1</b>
Tax on profit/loss for the period	0	0
<b>Net profit/loss for the period</b>	<b>0</b>	<b>-1</b>

## Parent Company statement of comprehensive income

SEK m	2019 Jan-Jun	2018 Jan-Jun
<b>Net profit/loss for the period</b>	<b>0</b>	<b>-1</b>
<b>Other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>-1</b>

## Parent Company Balance Sheet

SEK m	30-06-2019	31-12-2018
<b>Assets</b>		
Financial fixed assets	533	533
Current receivables <sup>1</sup>	7	337
Liquid assets	0	1
<b>Total assets</b>	<b>540</b>	<b>871</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	76	76
Non-restricted shareholders' equity	461	779
Current liabilities	4	16
<b>Total shareholders' equity and liabilities</b>	<b>540</b>	<b>871</b>

1) Of which receivables from subsidiaries SEK 5 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 1-11 is an integrated part of this financial report.

# Notes

## Note 1 Revenue from contracts with customers

SEK m	2019	2018	2019	2018	2018-2019	2018
	Q2	Q2	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
Trading in commission-generating securities	149	135	308	304	624	621
Fund savings	89	81	167	160	334	327
Corporate services	7	8	11	15	20	24
Other commission income	37	36	75	69	146	140
<b>Total</b>	<b>283</b>	<b>260</b>	<b>562</b>	<b>549</b>	<b>1,124</b>	<b>1,111</b>
<i>Timing of revenue recognition</i>						
Service or goods transferred to customer at a specific point in time	283	260	562	549	1,124	1,111
Service or goods transferred to customer over time	-	-	-	-	-	-
<b>Total</b>	<b>283</b>	<b>260</b>	<b>562</b>	<b>549</b>	<b>1,124</b>	<b>1,111</b>

Revenue from contracts with customers largely comes from securities trading and includes profit from exchange income of SEK 29 million (SEK 29m) in the lines Trading in commission-generating securities and Fund savings for the second quarter.

## Note 2 Commission income

SEK m	2019	2018	2019	2018	2018-2019	2018
	Q2	Q2	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
Gross brokerage income	126	112	260	256	525	520
Fund commissions	83	74	154	146	309	301
Other commission income <sup>1</sup>	74	73	147	147	290	290
<b>Total</b>	<b>283</b>	<b>260</b>	<b>562</b>	<b>549</b>	<b>1,124</b>	<b>1,111</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	2019	2018	2018-2019	2018
	Q2	Q2	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
Transaction costs <sup>1</sup>	-21	-20	-43	-42	-86	-85
Payment services commissions	-14	-12	-26	-26	-48	-49
Other commission expenses <sup>2</sup>	-13	-12	-31	-23	-57	-49
<b>Total</b>	<b>-49</b>	<b>-45</b>	<b>-100</b>	<b>-92</b>	<b>-191</b>	<b>-183</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 1,542 million (SEK 1,575 m as of 31 December 2018) which are reported net against client fund payables of SEK 1,542 million (SEK 1,575 m as of 31 December 2018). Of the liquid assets of SEK 2,240 million as per the end of the period, SEK 25 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

## Note 5 Lending to the public

Lending to the public is reported after deduction for confirmed and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 10 million (SEK 12m as of 31 December 2018). Thus, the change in the accumulated provision for expected credit losses has affected the result of the first quarter by SEK 2 million.

SEK 705 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 11,335 million, of which SEK 4,596 million (SEK 4,361m as of 31 December 2018) with collateral in the form of securities and SEK 6,738 million (SEK 5,978m as of 31 December 2018) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 7,774 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 1,033 million (SEK 998m as of 31 December 2018).

## Note 6 Financial instruments

### Classification of financial instruments

30-06-2019 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	–	2,240	–	–	2,240
Lending to the public	–	12,040	–	–	12,040
Bonds	–	–	20,743	–	20,743
Shares and participations	1	–	–	–	1
Shares and participations in associated companies	–	–	111	–	111
Assets in insurance operations	105,165	–	–	–	105,165
Intangible assets	–	–	–	80	80
Right-of-use asset	–	–	–	99	99
Tangible assets	–	–	–	37	37
Other assets	–	4,000	–	0	4,000
Prepaid costs and accrued income	–	120	–	38	157
<b>Total assets</b>	<b>105,166</b>	<b>18,399</b>	<b>20,854</b>	<b>253</b>	<b>144,672</b>
<b>Liabilities</b>					
Deposits by the public	–	37,009	–	–	37,009
Liabilities in insurance operations	105,165	–	–	1	105,166
Lease liability	–	–	–	100	100
Other liabilities	–	642	–	14	656
Accrued costs and prepaid income	–	57	–	55	111
Subordinated liabilities	–	100	–	–	100
<b>Total liabilities</b>	<b>105,165</b>	<b>37,808</b>	<b>–</b>	<b>170</b>	<b>143,143</b>

### Financial instruments valued at fair value

30-06-2019, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	52,306	0	111	52,417
Fund units	1,299	38,173	–	39,472
Bonds and other interest-bearing securities	22,180	692	–	22,872
Other securities	406	96	–	502
Liquid assets	–	–	–	10,756
<b>Total assets</b>	<b>76,191</b>	<b>38,962</b>	<b>111</b>	<b>126,020</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	105,165	–	105,165
<b>Total liabilities</b>	<b>–</b>	<b>105,165</b>	<b>–</b>	<b>105,165</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	30-06-2019	31-12-2018
<b>Capital base</b>		
Shareholders' equity, the Group	1,529	1,614
Less profits which are not audited	-233	-
Assumed/Proposed dividend	-	-318
<b>Shareholders' equity, financial conglomerate</b>	<b>1,296</b>	<b>1,296</b>
<i>Additional</i>		
Solvency capital <sup>1</sup>	1,129	909
Subordinated bond	88	74
Less		
Intangible fixed assets	-80	-84
Deferred tax receivables	-1	0
<b>Total capital base</b>	<b>2,432</b>	<b>2,195</b>
<b>Capital base per sector</b>		
Capital base for regulated units in the insurance sector <sup>1</sup>	1,303	1,071
Capital base for regulated units within the banking and securities sector	1,129	1,124
<b>Total capital base</b>	<b>2,432</b>	<b>2,195</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	969	771
Capital requirement for regulated units within the banking and securities sector	1,019	858
of which additional buffer requirement	338	292
of which additional Pillar 2 requirement	119	83
<b>Total capital requirement</b>	<b>1,988</b>	<b>1,628</b>
<b>Capital surplus</b>	<b>444</b>	<b>567</b>
<b>Capital base/Capital requirement</b>	<b>1.22</b>	<b>1.35</b>

1) 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	30-06-2019	31-12-2018 <sup>1</sup>
<b>Tier 1 capital</b>		
Shareholders' equity, consolidated situation	1,404	1,585
Less profits which are not audited	-137	-
Assumed/Proposed dividend	-	-318
<b>Equity, consolidated situation (adjusted for assumed/proposed dividend)</b>	<b>1,267</b>	<b>1,267</b>
<i>Deducted items</i>		
Intangible assets	-80	-84
Deferred taxes	-1	0
Significant holdings in financial sector <sup>1</sup>	-31	-36
<b>Common equity tier 1 capital</b>	<b>1,156</b>	<b>1,147</b>
Subordinated bond	88	74
<b>Tier 2 capital</b>	<b>88</b>	<b>74</b>
<b>Total capital base</b>	<b>1,243</b>	<b>1,221</b>
<b>Capital requirement</b>		
Credit risk according to standardised approach	472	384
Market risks (position risk)	0	0
Settlement risk	0	0
Operational risk according to basic approach	128	128
<b>Capital requirement</b>	<b>600</b>	<b>512</b>
<b>Risk exposure amount</b>		
Credit risk according to standardised approach	5,903	4,801
of which Institutions	446	182
of which Corporates	62	37
of which Households	203	161
of which Collateral in real estate	2,376	2,092
of which Covered bonds	1,986	1,645
of which Equity <sup>1</sup>	296	295
of which Other items	533	389
Market risks (position risk)	2	1
Settlement risk	0	3
Operational risk according to basic approach	1,599	1,599
<b>Total risk exposure amount</b>	<b>7,504</b>	<b>6,404</b>
<b>Capital ratios and buffers</b>		
Common equity tier 1 ratio, %	15.4	17.9
Tier 1 ratio, %	15.4	17.9
Total capital ratio, %	16.6	19.1
Capital base in relation to capital requirement	2.07	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, %	10.9	13.4
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirement	305	420
Additional Pillar 2 requirement	119	83
Capital surplus after buffer requirement and Pillar 2	186	338
<b>Leverage ratio</b>		
Total exposure amount leverage ratio	40,496	36,424
Tier 1 Capital	1,156	1,147
Leverage ratio, %	2.9	3.1

1) 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 Board of Directors and 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, 11 July 2019

Sven Hagströmer  
Chairman of the Board

Viktor Fritzen  
Member of the Board

Jonas Hagströmer  
Member of the Board

Birgitta Klasén  
Member of the Board

Mattias Miksche  
Member of the Board

Hans Toll  
Member of the Board

Jacqueline Winberg  
Member of the Board

Rikard Josefson  
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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 11 July 2019.

A webcast presentation will be held by Rikard Josefson, CEO, and Birgitta Hagenfeldt, CFO, on 11 July 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](https://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](https://avanza.se/keydata).

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

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Registered office: Stockholm  
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Corporate web: [investors.avanza.se/en](https://investors.avanza.se/en)

## Financial calendar

Interim Report January – September 2019	17 October 2019
Preliminary Financial Statement 2019	21 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 7 and 8 of capital adequacy.