

# Preliminary Financial Statement 2021

## Fourth quarter 2021 compared to fourth quarter 2020

- **Operating income** increased by 17 per cent to SEK 824 million. All revenue lines, except other income, improved. A capital gain of SEK 63 million was recognised in other income in the fourth quarter 2020 due to the reduced holding in Stabelo. Excluding one-off effects, operating income increased by 28 per cent
- **Operating expenses** increased by 14 per cent to SEK 253 million, mainly due to higher personnel costs. In the fourth quarter 2021, costs of SEK 18 million were recognised due to a new interpretive guidance on accounting for intangible assets. Excluding these and the effect of the provision for rental costs in the fourth quarter 2020, costs increased by 15 per cent
- **The cost increase for the full year** amounted to 13 per cent. Excluding costs affecting comparability and the accounting effect of SEK 18 million, the increase was 16.7 per cent, or about SEK 10 million more than the previously communicated estimate. The new financial target from 2022 to spotlight efficiency and the focus on costs is a costs to savings capital ratio of 12 basis points. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million, compared to previous guidance of an increase of around 20 per cent
- **Operating profit** amounted to SEK 571 million, an increase of 18 per cent
- **Profit for the period** was SEK 483 million, an increase of 16 per cent
- The Extraordinary General Meeting in November resolved as proposed to pay an additional dividend of SEK 2.95 per share. In total, 44 per cent of the profit for 2020 has been distributed
- The Board of Directors proposes a dividend of SEK 9.20 per share (3.80), corresponding to 70 per cent of profit for 2021

## Events during the quarter

- Avanza was awarded Sweden's most satisfied customers in the savings category for the twelfth consecutive year by the Swedish Quality Index
- The management fee for the Avanza Auto funds was reduced by 40 per cent
- "Right Now" was launched in the apps to give savers a simpler overview of their performance on a daily basis

No. of customers

**+30%**

Total 1,660,100

Savings capital

**+42%**

Total SEK 810 bn

*"2021 was another record year for Avanza and after only two years we have reached the long-term targets we set for 2025. Now we are updating the targets with a focus on continued growth. Growth potential is strong and the new target is to reach a market share of 10 per cent of Sweden's savings market by the end of 2025. Avanza is relevant to everyone who understands the importance of personal savings," says CEO Rikard Josefson.*

	Q4 2021	Q3 2021	Change %	Q4 2020	Change %	Jan-Dec 2021	Jan-Dec 2020	Change %
Operating income, SEK m	824	767	7	706	17	3,301	2,349	41
Operating expenses, SEK m	-253	-192	31	-221	14	-864	-763	13
Operating profit, SEK m	571	574	0	486	18	2,437	1,576	55
Profit for the period, SEK m	483	481	0	418	16	2,047	1,335	53
Earnings per share before dilution, SEK	3.11	3.10	0	2.70	15	13.19	8.66	52
Operating margin, %	69	75	-6	69	0	74	67	7
Return on shareholders' equity, %	41	44	-3	58	-17	50	57	-6
Net inflow, SEK m	17,900	18,400	-3	18,700	-4	89,800	76,300	18
No. of new customers (net)	71,800	70,100	2	85,600	-16	379,800	303,900	25
No. of customers at the end of the period	1,660,100	1,588,400	5	1,280,300	30	1,660,100	1,280,300	30
Savings capital at the end of the period, SEK m	809,600	735,000	10	570,500	42	809,600	570,500	42
Income to savings capital ratio, %	0.43	0.42	0.00	0.52	-0.09	0.47	0.51	-0.04
Costs to savings capital ratio, %	0.13	0.11	0.02	0.16	-0.03	0.12	0.17	-0.04

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For definitions see page 26.

# Avanza in brief

## This is Avanza

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

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

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

## An investment in growth

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

- attractive offers and a strong user experience
- market conditions 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 through a cheaper, better, and simpler offering. This is based on customer focus, a broad product range, good decision support, and on educating the public about saving and investing. Satisfied customers and a world-class customer experience are the key to Avanza's business.

Avanza is driven by a consistent focus on creating customer value, and the promise to customers is that they will get a better return on their savings with Avanza than any other bank. This makes innovation, as well as scalability and efficiency, important to Avanza's strategy. Avanza's business model is built on scalability and the industry's lowest costs to the savings capital ratio. Strong customer growth, combined with low costs, leads to long-term growth, and enables Avanza to deliver value to both customers and shareholders. Continuous development, digitisation and internal efficiency also reduce operational risks and increase stability.

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

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

## Updated long-term targets 2025

*Satisfied customers (unchanged)*

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

*Engaged employees (unchanged)*

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

*Value growth*

- Market share of 10 per cent of the Swedish savings market by the end of 2025 (previously 7)
- Costs to savings capital ratio of 12 basis points over time. Costs can be controlled, while savings capital is dependent on market conditions, which could impact the measure in individual years (new target)
- Annual return on equity of at least 35 per cent (previously 25-30)
- Dividend of 70 per cent of profit for the year, taking into account the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement (previously at least 70)

*Sustainability*

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

For more information about Avanza, see [avanza.se/ir](http://avanza.se/ir) and the Annual Report that will be published on 25 February.



## CEO comment

### Another record year despite last year's very strong performance

In the fourth quarter of 2021, we won the award for Sweden's most satisfied savings customers for the 12th year in a row. It is our most important target and our customers are the most important thing we have. Our market shares continued to grow and as of 30 September our share of the savings market was 6.6% and the share of the net inflow for the last twelve months was 18%. We welcomed 71,800 new customers in the quarter, or 380,000 for the full year. Taken together, this is proof of another year of record growth. Profit for the quarter amounted to SEK 483 million, including the recognised SEK 18 million in additional costs due to the new interpretive guidance we have adapted to and which affected our accounting in the fourth quarter. These costs are associated with our backoffice system, which is being developed and cannot be fully capitalised on the balance sheet as we previously intended.

All in all, excluding items affecting comparability and the accounting effect, costs increased by 16.7% for the full year. This is slightly higher than our previous guidance of around 15%, but I would still claim that it is within the margin of error. There wasn't one specific cost that took off, just small things here and there that led us to exceed our guidance by approximately SEK 10 million. To put that in relation, we increased our revenues by 41% and the Board of Directors is proposing a dividend of 70% of profit for the year, or SEK 9.20 per share. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million.

### Updated targets with a continued focus on growth

In January 2020, we established our long-term targets for 2025. By the beginning of 2020, we saw significant growth in both number of customers and savings capital, and we have since added nearly 685,000 more customers and the savings capital has nearly doubled to over SEK 800 billion. In addition, we have increased our profit by just over 350%. When we set the targets, we thought they were ambitious, but we were convinced that by staying diligent and maintaining a strong customer focus we would reach them. We could have never imagined accomplishing them after only two years – four years ahead of schedule. Because of this, we have updated our targets, as previously announced.

In connection with the update, we eliminated the target for share of net inflow, since it is still the obvious way to reach the total market share of the Swedish savings market. Our target is a market share of 10% by the end of 2025.

Avanza is a growth company and investments to continue to grow are, and will always be, very important for us to stay on the forefront. At the same time, strong cost control is a key part of Avanza's culture. To emphasise the importance of costs and efficiency, we have chosen to set a costs to savings capital ratio target of 12 basis points over time. It is important to understand that we will always invest in improvements to our customer offering. This is true in both good times and bad. The measure could be affected by market fluctuations, which may impact the ratio negatively in certain years. The aim is of course to stay at 12 basis points or lower.

Our belief is that the company with the most satisfied customers over time will have the strongest growth and good profitability. That is why our most important target by far is still customer satisfaction, which requires strong employee engagement. These targets remain. The dividend policy is to distribute 70% of profit, taking into account the leverage ratio

requirement. We are planning in 2022 to issue additional Tier 1 capital to strengthen the leverage ratio and optimise the capital structure. More information will be announced during the year. The return on equity target is raised to at least 35%, which ensures a continued focus on profitability and effective management of the balance sheet.

Our focus areas in sustainability are the same: Sustainable investments, Educate & Challenge and Sustainable organisation. The targets have been updated, however, where we through information and education want to strengthen the Sustainability Score of our customers' investments, increase gender equality in savings and we also want to reach climate neutrality. During the year, we plan to submit a letter of intent to set a Science Based Target (SBT). The concrete emissions reduction target and the year it will be achieved require acceptance by SBT. SBT is an internationally recognised initiative, where Avanza's net zero ambition is adapted to the Paris Agreement's goal of limiting global warming. Increasing gender equality by reaching out to broader target groups and encouraging women to save is extremely important. Far too many surveys and even our own customer data show that women save less, have less savings capital and begin saving later than men. This makes it a societal issue as well.

Through these targets, we are developing Avanza to become bigger and stronger over time, which will benefit both customers and shareholders.

### Focus on the customer and simplicity

During the quarter, we passed 1 million fund-saving customers. This compares to a half million as recently as 2019. Fund capital on the platform has now reached SEK 225 billion, the highest ever, 29% of which was invested in our own Avanza funds.

In the pension area, we are in the process of digitising. Most companies are onboarding Avanza by using a completely digital process. We are also taking steps forward in the transfer market. We just released the "Pension Chase", a simple way to help customers find pension savings they have with other firms which qualifies for a transfer and show them what they can save on fees. With just a few clicks, the transfer process is started. The number of transfers and transferred capital have both increased since the new regulation took effect on 1 April 2021. At Avanza, we have chosen not to work with insurance brokers. We believe in making the transfers directly with our customers. Intermediaries always lead to costs that the customer has to pay in the end. Also, it now looks like it will be possible to transfer policies older than from 2007 as of 1 July. This is another step in the right direction. I would again stress, however, the importance of also regulating the transfer process. We see that the industry has not taken responsibility to do it in a customer friendly way.

During the quarter, we released "Right Now" in the apps, which is another way to stay relevant to each individual customer. The page provides an easy way to track savings on a daily basis.

We now have over 70,000 investment opportunities on the platform, which ensures that our customers can always find interesting alternatives given their risk appetite and time horizon. It is also important that we continue to package it in a user friendly, simple and intuitive way relevant to each customer.

### **New regulations must be designed to benefit the customer**

With respect to the personal data incident that occurred in the second quarter, we have nothing new to report at this point. We continue to cooperate with the Swedish Authority for Privacy Protection (IMY) and the Swedish FSA.

In terms of fund commissions, 2021 concluded with the Swedish FSA's status report on the industry. It was undramatic, with the Swedish FSA saying that the industry has improved. This is good. I cannot draw any conclusions from the report on what it might lead to, if anything, but in any event we are prepared to revise our pricing model if needed. I hope, however, that any changes will not make things worse for savers. I have looked at other countries where changes have been made and my opinion is that they have not become more transparent and cheaper for the consumer.

### **We are starting another exciting year**

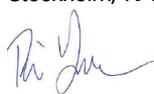
There is a great deal of uncertainty in the world at the start of 2022. We have geopolitical uncertainty and inflation, possibly with interest rate hikes. In Sweden, inflation still is not that high and can be largely attributed to high electricity and gas prices.

The Riksbank's repo rate forecast shows no rate increase before the end of 2024. There is also the question of when we can exhale and put the pandemic behind us. In Sweden, we also have a parliamentary election this autumn. These are things we cannot impact and at Avanza we therefore focus on being there for our customers and giving them more and better tools for sound, well-diversified savings. Over the years, we have experienced good times and challenging times, but with a focus on our customers we make sure we have a sustainable business.

I wrote earlier that customer satisfaction is our most important asset, but I should add that employee engagement is just as important. I am filled with admiration for the responsibility my fantastic colleagues have taken and want to thank all those who worked so hard in the last year.

I look forward to an enjoyable and exciting 2022.

Stockholm, 19 January 2022



Rikard Josefson, CEO Avanza

# Operations

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by nearly 13 per cent in the quarter. Volatility was slightly higher compared to the previous quarter.

Total turnover on the Stockholm Stock Exchange including First North increased by 14 per cent and the number of transactions increased by 4 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 7 per cent and the number of transactions on these marketplaces increased by 2 per cent.

In the fourth quarter, Avanza was again by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover.

According to data from the Swedish Investment Fund Association the fund market reported an increase in net inflow during the quarter, while fund net inflow to Avanza decreased.

The repo rate remained unchanged at zero per cent and the Riksbank's own forecast indicates that the repo rate will not be raised until the end of 2024.

Market shares	2021 Q4	2021 Q3	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
<i>Nasdaq Stockholm and First North</i>					
No. transactions, %	19.2	19.7	18.3	19.7	18.1
Turnover, %	8.7	9.5	8.4	8.9	8.5
<i>The Swedish fund market (excl. PPM)</i>					
Net savings, %	13.1	21.3	17.8	19.5	32.9

Data on the Swedish savings market for the third quarter of 2021 was released in november. The Swedish savings market amounted to SEK 11,200 billion, an increase of more than 13 per cent since the end of 2020. The occupational pension market increased by nearly 11 per cent to SEK 3,960 billion. In the same period, Avanza's savings capital increased by 29 per cent and the occupational pension capital with 25 per cent.

Avanza's share of the Swedish savings market increased slightly in terms of savings capital, while the market share of the net inflow for the twelve-month period decreased slightly to 18.0 per cent. The market share in the occupational pension market was 1.2 per cent.

Statistics from Insurance Sweden show that Avanza's market share regarding non-collective agreement unit-linked insurance per the end of 2020 was 3.8 per cent (3.3). The statistics lag nine months. Avanza's market share regarding premiums paid for non-collective agreement occupational pension insurance for the last twelve-month period was at the same level as in the second quarter. Avanza was the market leader in terms of premium inflow in the competitive pension and life market, i.e., including endowment insurance.

Market shares	Oct 2020- Sep 2021	Jul 2020- Jun 2021	Oct 2019- Sep 2020	Jan 2020- Dec 2020
<i>The Swedish savings market</i>				
Market share at the end of the period, %	6.6	6.5	5.4	5.8
New inflow, %	18.0	18.2	19.4	19.0
<i>The Swedish life insurance market</i>				
Premium inflow, %	12.3	12.9	10.9	11.9
Premium inflow for non-collectively agreed occupational pension insurance, %	7.7	7.7	7.0	7.2

## Information related to Covid-19

Political measures and stimulus from central banks in the wake of the pandemic have increased access to capital and made the stock market more attractive. Since the beginning of 2020, customers have been more active in their savings, and the trading activity among Avanza's customers have been at historically high levels. Customer growth and the net inflow have been strong as well.

The aftermath of the pandemic is hard to predict. At the end of September, most of the Covid-19 restrictions were lifted in Sweden only to be partially reintroduced in mid-December. In the short period when the restrictions were eliminated, there were no appreciable changes in customer growth, net inflow or customer activity. A return to a more normal life after the pandemic could affect the net inflow by reducing the savings ratio. Customer activity is more closely tied to market conditions and volatility, and it is not unusual for activity to slow after major turbulence. However, the pandemic has highlighted the importance of savings and having a buffer. This, together with a 70 per cent increase in the number of customers since the end of 2019, we are confident that Avanza has raised its lowest level.

Due to the strong growth since January 2020, when the 2025 targets were set, the long-term targets have been updated and are presented on page 2. Avanza's long-term strategies remain unchanged.

Neither strengthened provisions nor actual credit losses connected to the pandemic were recognised during 2020 nor 2021.

## Launches and events during the quarter

During the quarter, the six Avanza Auto funds, which give customers access to automatically managed portfolios based on the chosen savings horizon and desired risk level, were updated. The management model was reviewed and the management fee was lowered by just over 40 per cent to 20 basis points. In addition, the functions on the fund pages were improved by adding the ability to sell funds at a desired amount as an alternative to a percentage sale.

To provide a better savings overview, a "Right Now" page was launched in the apps. This gives customers a simple daily summary of their savings and makes it easier to find functions and pages they often use. The page is designed to easily stay updated on savings and provide valuable insight.

The apps are updated on a continuous basis. It is now possible to switch brokerage fee class and the page for savings targets has been updated to further simplify and clarify the information and provide a clear overview. The analysis tab has been built out with graphs on savings by country and sector.

Margin lending was expanded with 600 new foreign equities and the lending value was raised on nearly 3,000 securities. In total, including the addition of interest rate-discounted funds last spring, the number of securities approved for rate discounts quintupled during the year.

The external deposit offer, an interest-bearing account with or without a minimum term, was broadened with Froda as a new provider.

The interest rate on the internally financed mortgage for private banking customers was reduced by 10 basis points.

Traditionally, "Your 2021", was launched where customers can track the performance of their holdings, how they compare to the average Avanza customer, a geographic distribution and

breakdown by sector, and their best and worst performing securities.

In Corporate Finance, Avanza served as financial advisor in Adtraction's IPO and share issues by Estea Omsorgsfastigheter and Söder Sportfiske. Avanza also participated as a joint bookrunner in Titania Holding's listing and was retail distributor of number of other listings.

Avanza's Head of Marketing Rebecka Meijer was named Sweden's Best Marketing Manager in the banking category in a survey by Xtreme Insight. Avanza's "Casual Friday Financials" on YouTube was mentioned as one of many examples of how Avanza has become so popular and educates the public about savings. The segment is broadcast weekly and reviews the past week in the financial markets as well as major market and corporate events.

The stability of the platform was good during the year, but in the fourth quarter three incidents occurred that adversely affected users. They were not due to capacity problems. The complexity has increased, however, and trading habits have changed. The technology failed during these incidents to isolate the problems, which then spread. A number of bugs have been identified and corrections have been made to Avanza's own software as well as external software, which will mitigate similar incidents in the future. Changes in work routines have been made as well. None of the incidents were related to each other. In a complex digital world, you cannot totally eliminate the possibility that systems will run into problems. Most times, however, nothing is noticed outward. Avanza's goal is to ensure that all software works even if parts of the underlying infrastructure go down, and to quickly resolve any problems that arise.

In December, a worldwide critical vulnerability was discovered in Java or Log4Shell/Log4J. This software and programming language is used in millions of different services and applications by companies around the world. The security gap was determined to be of highest severity and could result in an attack or preparation for an attack. Since the information was released, Avanza has upgraded and vaccinated the technology to safeguard protection. This applies to proprietary systems as well as those provided by third-party suppliers. The situation is being taken with the greatest seriousness, but thus far no issues have been detected. Security work is adapted and updated on a continuous basis.

During the second quarter, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (IMY) and the Swedish FSA due to a potential breach of the General Data Protection Regulation (GDPR). Avanza has inadvertently activated functions on its website which have enabled Facebook to collect personal data from Avanza's website in encrypted form. The data collected by Facebook have been deleted and were never used. Activating these functions was a mistake due to handling error. When Avanza realized this, the functions were immediately turned off. Our assessment is that no customers have been put at harm. Avanza has an ongoing dialogue with the IMY and FSA, but it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

## Performance on targets 2021

- Received Swedish Quality Index's reward for Sweden's most satisfied savings customers for the twelfth consecutive year.
- Employee Net Promoter Score of 67, which clearly exceeded the target of 50, demonstrates very high ambassadorship.
- Achieved a market share of 18 per cent of the net inflow to the Swedish savings market in the period October 2020 – September 2021, to be compared to the previous target of 15 per cent 2025.
- Achieved a market share of 6.6 per cent of the Swedish savings market per the third quarter, compared to the previous target of close to 7 per cent 2025. Market share statistics lag one quarter.
- Return on equity of 50 per cent, exceeding the previous target of between 25–30 per cent.
- The Board of Directors proposes a dividend of SEK 9.20 per share, corresponding to 70 per cent of profit for the year.
- Increased the share of capital in sustainable investments by reducing the Sustainability Score from 21.7 to 20.2, according to sustainability information from Morningstar. The aim is as low a score as possible on a scale of 0–100.
- Ranked highest in the Swedish financial industry and fourth highest overall in Sweden according to Kantar Sifo's reputation index. This shows the strong confidence in Avanza.
- Grew the customer base with a record number of new female customers, but did not reach the target of a share of 50 per cent since growth among men was even higher. The share of new female customers was 41 per cent.
- The share of women in Avanza's management and among managers with personnel responsibility was 46 per cent. The target is to achieve gender parity.
- Avanza's climate impact will be presented in the Annual and Sustainability Report 2021 as well as in the Climate Report 2021.

Avanza's long-term targets for 2025 have been updated, read more on page 2 and 3.

## Development of customers and savings capital

Customer growth was high in the fourth quarter, and 71,800 new customers were added. The total number of customers at the end of the period was 1,660,100, of which 8 per cent were occupational pension customers. Customer churn was 1.9 per cent during 2021, slightly higher compared to 2020.

The number of daily average active users on the website and in the apps were 472,100, holidays and weekends included.

Savings capital increased during the quarter to SEK 810 billion. The increase was mainly due to rising stock prices. The net inflow amounted to SEK 18 billion. The net inflow from new customers accounted for 54 per cent in the quarter, compared to 46 per cent in the third quarter and 37 per cent during 2020. For the full-year 2021, the net inflow was evenly divided between new customers and those who have been customers for over a year. Recurring occupational pension premiums averaged SEK 288 million per month in 2021. This represents an increase of 16 per cent compared to 2020. The improved transfer rights that took effect in April have increased interest in occupational pension transfers to Avanza and a larger share

of the net inflow to occupational pensions in 2021 refers to transfers.

At the end of the quarter, 28 per cent of customers' capital was invested in funds, which was just over 1 percentage point higher than in the beginning of the year. Fund capital increased by 11 per cent in the quarter. Net fund inflow amounted to nearly SEK 6 billion. Just over 29 per cent of the fund capital was invested in Avanza's own funds. Monthly savings in funds by Avanza's customers continued to grow and at the end of

the quarter amounted to SEK 984 million, an increase of 34 per cent compared to the previous year.

Customers' total deposits increased by 1 per cent during the quarter. Customers' liquidity, i.e., deposits as a share of savings capital, was 11 per cent, and compares to 14 per cent at the end of the fourth quarter last year. Total lending increased, mainly due to increased external mortgage volumes and margin lending.

Net inflow, SEK m	2021 Q4	2021 Q3	Change %	2020 Q4	Change %	2021 Jan-Dec	2020 Jan-Dec	Change %
Standard	18,640	16,240	14	17,540	6	81,520	63,740	28
Private Banking	-540	2,070	-126	1,180	-146	8,170	12,000	-32
Pro	-200	90	-317	-20	-	110	560	-81
<b>Net inflow</b>	<b>17,900</b>	<b>18,400</b>	<b>-3</b>	<b>18,700</b>	<b>-4</b>	<b>89,800</b>	<b>76,300</b>	<b>18</b>
Equity-, fund, and savings accounts	14,410	13,960	3	16,130	-11	68,100	62,100	10
Pension- & insurance-based accounts	3,490	4,440	-21	2,570	36	21,700	14,200	52
of which endowment insurance	1,830	2,820	-35	1,450	26	15,600	9,800	59
of which occupational pensions	1,540	1,420	8	1,130	36	5,470	4,290	28
<b>Net inflow</b>	<b>17,900</b>	<b>18,400</b>	<b>-3</b>	<b>18,700</b>	<b>-4</b>	<b>89,800</b>	<b>76,300</b>	<b>18</b>
<b>Customers, savings capital and lending, SEK m</b>	<b>31-12-2021</b>	<b>30-09-2021</b>	<b>Change %</b>	<b>31-12-2020</b>	<b>Change %</b>			
Standard, No.	1,627,050	1,556,660	5	1,252,460	30			
Private Banking, No.	29,500	28,400	4	25,000	18			
Pro, No.	3,550	3,340	6	2,840	25			
<b>No. of customers</b>	<b>1,660,100</b>	<b>1,588,400</b>	<b>5</b>	<b>1,280,300</b>	<b>30</b>			
of which occupational pension customers, No.	127,200	121,800	4	107,900	18			
Standard	461,400	418,800	10	327,700	41			
Private Banking	315,200	288,000	9	221,300	42			
Pro	33,000	28,200	17	21,500	53			
<b>Savings capital</b>	<b>809,600</b>	<b>735,000</b>	<b>10</b>	<b>570,500</b>	<b>42</b>			
Equity-, fund-, and savings accounts	581,700	525,800	11	407,900	43			
Pension- & insurance-based accounts	227,900	209,200	9	162,600	40			
of which endowment insurance	160,600	148,200	8	113,400	42			
of which occupational pensions	47,600	43,000	11	34,200	39			
<b>Savings capital</b>	<b>809,600</b>	<b>735,000</b>	<b>10</b>	<b>570,500</b>	<b>42</b>			
Equities, bonds, derivatives, etc.	495,100	443,400	12	342,000	45			
Mutual funds	225,100	202,700	11	150,900	49			
Deposits	89,400	88,900	1	77,600	15			
of which external deposits (Savings account+)	29,700	28,200	5	27,700	7			
<b>Savings capital</b>	<b>809,600</b>	<b>735,000</b>	<b>10</b>	<b>570,500</b>	<b>42</b>			
Internally financed lending	20,300	19,300	5	16,300	25			
of which margin lending	10,100	9,380	8	6,970	45			
of which mortgages (Bolån PB)	10,200	9,940	3	9,320	9			
External mortgages (Bolån+)	19,800	18,000	10	13,600	46			
<b>Lending</b>	<b>40,100</b>	<b>37,300</b>	<b>8</b>	<b>29,900</b>	<b>34</b>			
Return, average account since 1 Jan, %	24	15	9	19	5			
OMX Stockholm GI since 1 Jan, %	39	24	15	15	24			

## Financial overview

	2021 Q4	2021 Q3	Change %	2020 Q4	Change %	2021 Jan-Dec	2020 Jan-Dec	Change %
<b>Income Statement, SEK m</b>								
Net brokerage income	354	330	7	291	21	1,456	1,102	32
Fund commissions, net	176	173	1	125	41	661	418	58
Currency-related income, net	135	114	18	114	18	625	355	76
Net interest income	82	83	-1	73	13	321	283	13
Other income, net <sup>1</sup>	78	67	16	103	-25	238	190	25
<b>Operating income</b>	<b>824</b>	<b>767</b>	<b>7</b>	<b>706</b>	<b>17</b>	<b>3,301</b>	<b>2,349</b>	<b>41</b>
Personnel	-159	-125	28	-135	18	-566	-469	21
Marketing	-7	-5	60	-5	54	-24	-22	12
Depreciation	-18	-18	1	-34	-47	-70	-84	-17
Other expenses	-68	-45	50	-48	43	-204	-188	9
<b>Operating expenses before credit losses</b>	<b>-253</b>	<b>-192</b>	<b>31</b>	<b>-221</b>	<b>14</b>	<b>-864</b>	<b>-763</b>	<b>13</b>
<b>Profit before credit losses</b>	<b>571</b>	<b>574</b>	<b>-1</b>	<b>485</b>	<b>18</b>	<b>2,437</b>	<b>1,586</b>	<b>54</b>
Credit losses, net	0	-1	-	1	-100	0	-4	-
Profit/loss from participations in associated companies	-	-	-	-	-	-	-6	-
<b>Operating profit</b>	<b>571</b>	<b>574</b>	<b>0</b>	<b>486</b>	<b>18</b>	<b>2,437</b>	<b>1,576</b>	<b>55</b>
Tax on profit for the period	-88	-93	-5	-68	29	-390	-242	61
<b>Profit for the period</b>	<b>483</b>	<b>481</b>	<b>0</b>	<b>418</b>	<b>16</b>	<b>2,047</b>	<b>1,335</b>	<b>53</b>
<b>Key ratios</b>								
Operating margin, %	69	75	-6	69	0	74	67	7
Profit margin, %	59	63	-4	59	-1	62	57	5
Return on shareholders' equity, %	41	44	-3	58	-17	50	57	-6
Earnings per share before dilution, SEK	3.11	3.10	0	2.70	15	13.19	8.66	52
Earnings per share after dilution, SEK	3.06	3.05	0	2.66	15	13.00	8.58	52
Credit loss level, %	0.00	0.00	0.00	-0.03	0.03	0.00	-0.03	0.03
Income to savings capital ratio, %	0.43	0.42	0.00	0.52	-0.09	0.47	0.51	-0.04
Costs to savings capital ratio, %	0.13	0.11	0.02	0.16	-0.03	0.12	0.17	-0.04
Savings capital per customer, SEK	487,670	462,730	5	445,600	9	487,670	445,600	9
Income per customer, SEK	2,030	1,970	3	2,280	-11	2,210	2,090	6
Costs per customer, SEK	-620	-500	26	-710	-13	-580	-680	-15
Net brokerage income/trading day, SEK m	5.6	5.0	12	4.7	20	5.8	4.4	32
No. brokerage-generating notes/trading day	219,800	202,200	9	185,200	19	234,300	163,100	44
Turnover in brokerage-generating securities/trading day, SEK m	6,030	5,210	16	4,810	25	5,930	4,600	29
Turnover in brokerage-generating foreign securities/trading day, SEK m	910	770	18	760	20	1,040	570	81
Gross brokerage income/turnover in brokerage-generating securities, %	0.106	0.111	-0.005	0.113	-0.007	0.114	0.111	0.003
No. trading days	63.5	66.0	-4	62.5	2	250.5	250.0	0
Investments, SEK m	-28	32	-186	17	-260	56	63	-10
Average no. employees	601	581	3	506	19	560	478	17
Plattform availability, %	99.8	100.0	-0.2	100.0	-0.2	99.9	99.9	-

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

Key ratios	31-12-2021	30-09-2021	Change %	31-12-2020	Change %
Shareholders' equity per share before dil., SEK	30.21	30.04	1	20.47	48
Outstanding no. shares before dilution, thousands	155,572	155,572	-	154,954	0.4
Outstanding no. shares after dilution, thousands	158,115	157,972	0.1	157,940	0.1
No. shares upon full dilution, thousands	161,272	161,272	-	161,704	-0.3
No. employees	603	598	1	510	18
Share price, SEK	332.20	309.60	7	233.00	43
Market capitalisation, SEK m	51,700	48,200	7	36,100	43

#### **Fourth quarter compared to the previous quarter**

Operating profit for the fourth quarter marginally decreased compared to the previous quarter. This was despite significantly higher costs.

The operating margin decreased to 69 per cent and the return on shareholder's equity was 41 per cent.

#### *Revenues*

Operating income increased by 7 per cent compared to previous quarter. Mainly net currency-related income and other income increased.

Net brokerage income increased by 7 per cent as a result of higher trading activity and more brokerage-generating customers. There were 2.5 fewer trading days. The brokerage-generating turnover increased by 11 per cent and the number of brokerage-generating notes increased by 5 per cent. The gross brokerage income per SEK of turnover in brokerage-generating securities decreased slightly to 10.6 basis points, a result of an increased share of brokerage income generated by customers in the Private Banking and Pro segments.

Net currency-related income increased to SEK 135 million. This was a result of higher turnover in foreign securities. As in the third quarter, trading in foreign markets accounted for 15 per cent of brokerage-generating turnover.

Net fund commissions increased by 1 per cent due to higher average fund capital and despite that income per SEK of fund capital decreased from 34 to 33 basis points. Income per SEK of fund capital was 32 basis points at the end of the quarter, which is explained by a higher share of capital in index funds. At the end of October, the management fee on Avanza's Auto funds was reduced by 15 basis points, which negatively affected fund commissions by less than SEK 2 million. Assets under management in Auto funds amounted to nearly SEK 10 billion on 31 December. Total fund capital increased by 11 per cent in the quarter and the net inflow to funds amounted to nearly SEK 6 billion.

Net interest income decreased by 1 per cent, mainly due to higher costs for the resolution fee and deposit guarantee fee, which amounted to SEK 13 million (10). Income from margin lending increased due to higher volumes. At the beginning of November, the mortgage rate for private banking customers was lowered by 10 basis points, which reduced this income slightly.

Other income, primarily consisting of income from Avanza Markets and Corporate Finance, increased by 16 per cent. This was mainly due, however, to higher income from stock lending in endowment insurance within the insurance company, which was SEK 4 million higher due to increased lending. Income from Avanza Markets and Corporate Finance increased as well and amounted to SEK 49 million (46) and SEK 23 million (20), respectively.

#### *Operating expenses*

Operating expenses increased by 31 per cent, mainly as a result of seasonally low personnel costs in the third quarter. Compared to the second quarter, personnel costs increased by 10 per cent, in pace with the increase in the average number of employees. In the fourth quarter, the number of employees increased mainly in IT and development. In the fourth quarter, interpretive guidance on intangible assets affected Avanza's accounting principles. Other expenses increased by SEK 18 million as a result, since a smaller share of the development costs related to cloud services in connection with the development of the new backoffice system was expensed directly through profit or loss instead of capitalised on the balance sheet. Excluding this, expenses increased by 22 per cent in the quarter.

#### *Credit losses*

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

#### *Taxes*

During the quarter, the effective tax rate decreased slightly to 15.4 per cent (16.2). The tax rate fluctuates between the quarters depending on the share of revenues generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where most of the revenues are taxed according to tax laws applicable to life insurance companies, which reduces the effective tax rate.

#### *Investments*

The investments in the fourth quarter primarily relates to the project to replace the backoffice system that will enable Avanza to use smarter technology and solutions in order to increase efficiency while at the same time improving scalability and conditions for product development. The total investment to replace the backoffice system was SEK 107 million in 2020 and 2021, SEK 18 million of which was expensed through profit or loss. The majority of these expenses are capitalised and will be written off five years from the date the system is ramped up, or alternatively, accrued over the contract of the system.

#### **Full year 2021 compared to full year 2020**

Operating profit increased by 55 per cent compared to the full year of 2020. Operating income increased as well as operating expenses.

The operating margin increased to 74 per cent and the return on shareholder's equity was 50 per cent.

#### *Revenues*

Operating income increased by 41 per cent compared to 2020. This was primarily a result of higher net brokerage income and net currency-related income, as well as higher net fund commissions. Other income and net interest income also increased.

Net brokerage income increased by 32 per cent, a result of more brokerage-generating customers, even though the number of brokerage-generating notes per brokerage-generating customer decreased slightly. The number of brokerage-generating customers was 32 per cent higher than at the end of 2020 and the number of commission-generating notes was 44 per cent higher in 2021. Turnover in brokerage-generating securities increased by 29 per cent. Gross brokerage income per SEK of turnover increased at the same time from 11.1 to 11.4 basis points. This was due to a higher share of brokerage income generated in lower brokerage fee classes, in line with the strong customer growth. The share of income generated in private banking and Pro was 18 per cent, compared to 20 per cent in 2020.

Net currency-related income increased by 76 per cent. This was a result of higher turnover in foreign securities, which increased by 81 per cent and accounted for 18 per cent (13) of the brokerage-generating turnover.

Net fund commissions increased by 58 per cent mainly due to higher average fund capital. Fund capital was 49 per cent higher at the end of the year. Income per SEK of fund capital increased marginally to 35 basis points for the full-year, but was 32 basis points at the end of the year. The share of actively managed funds was high at the beginning of the year, but has since decreased in favour of a higher share of index funds. The Start offer for funds, which was launched in March 2021, refunds customers with less than SEK 50,000 in savings

capital their fund fees. This negatively affected fund commissions by SEK 19 million for the full year.

Net interest income increased by 13 per cent due to higher income from lending, primarily margin lending. The return on surplus liquidity decreased due to a lower STIBOR (3M), which was 14 basis points lower compared to 2020. All else being equal, without taking changes in customer behaviour into account, a 1 percentage point change in the repo rate with today's volumes would affect full-year net interest income by over SEK 450 million. The Riksbank's own forecast indicates that the repo rate will not be raised until the end of 2024. The deposit guarantee fee and resolution fee increased to SEK 42 million (30) due to higher volumes.

Other income increased by 25 per cent despite that income for the fourth quarter 2020 included an extraordinary capital gain of SEK 63 million from the decreased holding in Stabelo. The increase in other income in 2021 is mainly due to higher income from Avanza Markets and Corporate Finance, which amounted to SEK 159 million (103) and SEK 89 million (37), respectively. Other income also includes income from stock lending in endowment insurance within the insurance company, which was launched in October 2020. Avanza's income from stock lending amounted to SEK 21 million in 2021. Stock lending means that Avanza Pension lends the shares to Morgan Stanley with the customer receiving 60 per cent of the return and Avanza retaining 40 per cent and paying the expenses. Other commission expenses increased, mainly due to higher payment service commissions.

#### *Operating expenses*

Operating expenses increased by 13 per cent. Extraordinary relocation and rental costs of SEK 29 million were recognised in 2020, and SEK 10 million was reversed in 2021. In addition, new interpretive guidance on intangible assets affected Avanza's accounting principles. As a result, a smaller share of development costs related to cloud services in connection with the development of the new backoffice system was expensed directly through profit or loss instead of capitalised on the balance sheet. This increased other expenses in 2021 by SEK 18 million. Excluding these and items affecting comparability, expenses for 2021 increased by 16.7 per cent year-over-year. This is approximately SEK 10 million more than the previously announced guidance of around 15 per cent and refers to both personnel-related costs and the costs associated with the strong growth. Personnel costs increased mainly as a result of additional hires mainly in IT and development as well as customer support. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million, compared to previous guidance of a cost increase of around 20 per cent, excluding items affecting comparability. The previous long-term cost guidance of an annual cost growth of 9-12 per cent is withdrawn.

The costs to savings capital ratio decreased by 4 basis points to 12 basis points. The new target to spotlight efficiency and the focus on costs is a costs to savings capital ratio of 12 basis points over time. Since this measure could be impacted by market fluctuations, the impact on the savings capital may differ in certain years. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

#### *Credit losses*

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. In addition, an expected credit loss from 2011 was realised during the second quarter. More information in Note 5.

#### *Result from participations in associated companies*

In the fourth quarter of 2020, Avanza reduced its holding in Stabelo. After the reduced ownership, Stabelo is classified as a shareholding and thus no longer as an associated company of Avanza. Avanza value the holding at fair value via other comprehensive income.

#### *Taxes*

The effective tax rate increased to 16.0 per cent (15.3) as a result of a higher share of revenues generated in the bank, where the ordinary corporate tax rate applies, and because the revenue from the share sale in Stabelo 2020 was tax-exempt. In the insurance company, where most of the revenues are subject to yield tax, the tax rate is lower.

The Swedish corporate tax rate was reduced from 21.4 per cent on 1 January 2021 to 20.6 per cent.

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

#### **Seasonal effects**

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

#### **Future outlook**

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

- The increased need for individual savings in recent years to buy a home, meet unforeseen events or for retirement are important growth factors.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competition enter the savings market. Cost leadership also puts Avanza in a strong position.
- Avanza is also well-positioned in terms of regulations on increased transparency and higher consumer protection. Avanza puts its customers first, at the same time that we maintain clear and transparent pricing. Avanza has always advocated low fees and a long-term approach and refrained from commission-driven advice, instead developing tools on the platform to help customers make their own investment decisions and customise savings to meet individual needs. Market conditions are expected to keep pressure on prices in the industry to the benefit of consumers, especially in unit-linked insurance savings.
- Avanza's strong pension offer with no fees, coupled with a broad offering and digital tools, are a strong competitive advantage when transfer rights for unit-linked insurance policies are strengthened. New technology and Open Finance regulations at the same time enable more tools and services to be developed.
- Over the last ten-year period, Avanza has attracted a large share of younger customers. Although they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great

potential if Avanza continues to create attractive offers and good reasons for them to stay on the platform. This is especially true as wealth is transferred to younger generations. Avanza will probably be positively affected by this. Avanza has a low churn of 1.9 per cent.

- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are also important factors as interest and demand for sustainable investments grows. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base provides an attractive platform for cost-effective diversification, at the same time that our customers gain access to investment opportunities that otherwise are available only to institutions and a select few individuals. Avanza is a party in most transactions on the Stockholm Stock Exchange.

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

More information about the long-term trends can be found in Avanza's Annual Report that will be published on 25 February 2022 at [avanza.se/ir](http://avanza.se/ir).

## Nine quarters in summary

Quarterly overview, SEK m	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net brokerage income	354	330	334	439	291	283	260	268	123
Fund commissions, net	176	173	161	150	125	109	88	96	91
Currency-related income, net	135	114	129	247	114	88	81	73	31
Net interest income <sup>1</sup>	82	83	80	76	73	74	73	64	48
Other income, net <sup>1,2</sup>	78	67	50	44	103	22	24	41	35
<b>Operating income</b>	<b>824</b>	<b>767</b>	<b>754</b>	<b>957</b>	<b>706</b>	<b>575</b>	<b>526</b>	<b>542</b>	<b>329</b>
Personnel	-159	-125	-145	-137	-135	-103	-120	-111	-115
Marketing	-7	-5	-3	-9	-5	-7	-2	-8	-3
Depreciation	-18	-18	-17	-17	-34	-19	-17	-14	-22
Other expenses	-68	-45	-51	-39	-48	-49	-46	-45	-48
<b>Operating expenses before credit losses</b>	<b>-253</b>	<b>-192</b>	<b>-216</b>	<b>-202</b>	<b>-221</b>	<b>-177</b>	<b>-185</b>	<b>-179</b>	<b>-187</b>
Credit losses, net	0	-1	-1	1	1	0	-5	1	0
Profit/loss from participations in associated companies	-	-	-	-	-	-1	-2	-2	-2
<b>Operating profit</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>756</b>	<b>486</b>	<b>396</b>	<b>333</b>	<b>361</b>	<b>140</b>
<b>Adjusted operating profit<sup>3</sup></b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>746</b>	<b>439</b>	<b>409</b>	<b>333</b>	<b>361</b>	<b>148</b>
Operating margin, %	69	75	71	79	69	69	63	67	43
Earnings per share before dil., SEK	3.11	3.10	2.91	4.08	2.70	2.15	1.83	1.98	0.79
Shareholders' equity per share before dilution, SEK	30.21	30.04	26.58	23.68	20.47	16.88	14.13	11.95	12.65
Return on shareholders' equity, %	41	44	46	74	58	55	56	64	26
Net inflow	17,900	18,400	22,900	30,500	18,700	16,300	19,400	21,900	6,820
No. of new customers, net	71,800	70,100	85,100	152,800	85,600	79,200	53,000	86,100	37,300
No. of customers at the end of the period	1,660,100	1,588,400	1,518,200	1,433,200	1,280,300	1,194,700	1,115,500	1,062,500	976,400
Savings capital at the end of the period	809,600	735,000	713,600	653,900	570,500	514,200	444,600	368,200	407,700
Income to savings capital ratio, %	0.43	0.42	0.44	0.63	0.52	0.48	0.52	0.56	0.34
Costs to savings capital ratio, %	0.13	0.11	0.13	0.13	0.16	0.15	0.18	0.18	0.19

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

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

3) See table Items affecting comparability.

Items affecting comparability, SEK m	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<i>Operating income</i>									
Other income (reduced holding in Stabelo AB)					63				
<i>Operating expenses</i>									
Depreciation (write-down of right-of-use assets Vasagatan)					-16				-8
Other expenses (relocation costs)						-13			
Other expenses (reversal of write-down Vasagatan)				10					
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>47</b>	<b>-13</b>	<b>-</b>	<b>-</b>	<b>-8</b>

## Financial position

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

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

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

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the fourth quarter 2021 total actual and expected credit losses amounted to SEK 15 million, which is equivalent, on average, to 0.02 per cent per year.

## Significant risks and uncertainty factors

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

A detailed description of the Group's risk exposure and risk management is provided in Avanza's Annual Report for 2020, Note 37 and pages 36–39. 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 2021 was SEK -30 million (-25). The Parent Company does not report any revenues. Anticipated dividends from subsidiaries of SEK 1,380 million (0) were recognised for 2021.

Following the resolution by the Annual General Meeting, the dividend for 2020 of SEK 132 million was paid to the shareholders in March 2021. The Extraordinary General Meeting in November resolved to pay an additional dividend of SEK 459 million for the financial year 2020. Dividends of SEK 370 million was distributed from subsidiaries.

In total, SEK 591 million (354) relating to the financial year 2020 has been distributed.

## Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a leverage ratio of 3 per cent, which was introduced at mid-2021. In addition, the Swedish FSA is introducing a leverage ratio guidance, which means an additional capital buffer. In 2021, the Swedish FSA announced guidance for the industry peer Nordnet of an additional 0.9 per cent. Guidance for Avanza is expected to be completed in 2022, after the FSA has finalised its Supervisory Review and Evaluation Process. To ensure an adequate margin to the requirement regardless of market conditions, Avanza has previously set an internal leverage ratio target of 3.8 per cent for both the consolidated situation and the bank. The leverage ratio is negatively affected by customers' increased deposits, resulting in fluctuations of the ratio during a market slump when deposits usually rise. As of 31 December 2021, Avanza's leverage ratio for the consolidated situation was 4.8 per cent. The leverage ratio is planned to be strengthened through the issuance of additional Tier 1 capital in 2022.

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

Financial position <sup>1</sup>	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Common Equity Tier 1 (CET1) capital, SEK m	2,966	2,799	2,647	2,410	2,427	1,529	1,409	1,401	1,411
Total capital, SEK m	2,966	2,799	2,647	2,410	2,427	1,598	1,479	1,468	1,490
Common Equity Tier 1 ratio, %	24.0	26.2	25.0	23.9	24.4	17.9	16.3	17.3	16.9
Total capital ratio, %	24.0	26.2	25.0	23.9	24.4	18.8	17.1	18.1	17.8
Overall capital requirements, %	12.6	12.9	13.0	13.1	13.1	11.8	11.8	11.9	14.4
Leverage ratio, % <sup>2</sup>	4.8	4.5	4.7	4.3	4.9	3.1	2.8	2.5	3.5

1) Refers to the consolidated situation.

2) Regulatory requirement effective as of 28 June 2021.

## Other corporate events

### Executive Management

Anna Casselblad took over as CFO and a member of Group Management on 1 February. Anna started as an operational manager in Avanza's compliance department in autumn 2012 and was since the spring of 2017 the head of the Avanza Group's compliance function, including overall responsibility for the companies under the supervision of the Swedish FSA. Anna also has several years of experience as a financial sector auditor at PwC in Stockholm. Anna succeeded Birgitta Hagenfeldt, who left Avanza on May 31. Birgitta was Avanza's CFO from 2008 and Deputy CEO from spring 2017. Gunnar Olsson, COO, took over as Deputy CEO on 1 February.

### Annual General Meeting 2021

The Annual General Meeting on 30 March 2021 resolved that the Board of Directors shall comprise nine members without deputies.

The Chairman of the Board and Board members were re-elected, except for Birgitta Klasén, who declined re-election. Leemon Wu was elected as a new member of the Board.

As proposed, a dividend of SEK 0.85 per share was authorised.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2020 were adopted.

Avanza's Annual and Sustainability Report for 2020 was published on 26 February 2021.

### Extraordinary General Meeting 2021

The Extraordinary General Meeting of Avanza Bank Holding AB (publ) on 16 November 2021 resolved to pay an additional dividend of SEK 2.95 per share from the 2020 profit.

### Annual General Meeting 2022

The Annual General Meeting of the company's shareholders will be held in Stockholm on 31 March 2022.

The Annual Report is scheduled to be made available at the company's office and on the website, [avanza.se/ir](http://avanza.se/ir), on 25 February 2022.

#### *Nomination committee*

The Nomination Committee comprises the Chairman of the Board Sven Hagströmer, Erik Törnberg representing Creades AB, Moritz Sitte representing Baillie Gifford & Co and Peter Guve representing AMF Pension & Fonder. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza's website at [avanza.se/ir](http://avanza.se/ir).

#### *Dividend*

The Board of Directors is proposing a dividend of SEK 9.20 per share (3.80), representing 70 per cent (44) of profit for 2021. The policy is to pay a dividend of 70 per cent of profit for the year taking into account the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement.

### Incentive programmes

The warrant programme authorized by the General Meeting on 20 March 2018 had exercise period from 27 August 2021 to 2 September 2021. After recalculation of the warrant programme the exercise price was SEK 101.40 per share. In total 617,748 shares were subscribed for and have been issued. The number of shares outstanding and registered per 31 December 2021 amounts to 155,571,758.

The Annual General Meeting 2021 resolved on three new incentive programs based on warrants (2021/2024, 2022/2025 and 2023/2026). Each incentive program runs for three years and comprises a maximum of 1,200,000 warrants that entitle the holder to subscribe for an equal number of shares. If all warrants are exercised, each incentive program will result in maximum dilution of 0.77 per cent. The programme 2021/2024 that was subscribed for in 2021 has an exercise price of SEK 380.47 per share and the expiration date is 28 November 2024. The warrant programme has been implemented on market terms.

### Repurchase of the company's own shares

The Board of Directors has from the Annual General Meeting 2021 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 in 2021 and the company holds no repurchased shares as of 31 December 2021.

### Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2020, Note 38. No significant changes have taken place since then.

### 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	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
<b>Operating income</b>					
Commission income	1, 2	847	657	3,419	2,310
Commission expenses	3	-105	-88	-439	-312
Interest income calculated using the effective interest method		115	95	428	364
Other interest and similar income		-	-	-	-
Interest expenses		-32	-22	-106	-80
Net result of financial transactions		0	65	0	67
Other operating income		-	0	-	0
<b>Total operating income</b>		<b>824</b>	<b>706</b>	<b>3,301</b>	<b>2,349</b>
<b>Operating expenses</b>					
General administrative expenses		-223	-178	-753	-640
Depreciation		-18	-34	-70	-84
Other operating expenses		-12	-9	-41	-38
<b>Total operating expenses before credit losses</b>		<b>-253</b>	<b>-221</b>	<b>-864</b>	<b>-763</b>
<b>Operating profit before credit losses</b>		<b>571</b>	<b>485</b>	<b>2,437</b>	<b>1,586</b>
Credit losses, net		0	1	0	-4
Profit/loss from participations in associated companies		-	-	-	-6
<b>Operating profit</b>		<b>571</b>	<b>486</b>	<b>2,437</b>	<b>1,576</b>
Tax on profit for the period		-88	-68	-390	-242
<b>Profit for the period<sup>1</sup></b>		<b>483</b>	<b>418</b>	<b>2,047</b>	<b>1,335</b>
Earnings per share before dilution, SEK		3.11	2.70	13.19	8.66
Earnings per share after dilution, SEK		3.06	2.66	13.00	8.58
Average no. shares before dilution, thousands		155,572	154,954	155,150	154,150
Average no. shares after dilution, thousands		158,127	157,130	157,456	155,581

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

## Consolidated statement of comprehensive income

SEK m	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
<b>Profit for the period</b>	<b>483</b>	<b>418</b>	<b>2,047</b>	<b>1,335</b>
<i>Items that will be reversed to the Income Statement</i>				
Changes in value of financial instruments <sup>1</sup>	3	6	-3	18
Tax on changes in value of financial instruments <sup>1</sup>	-1	-1	1	-4
Changes in value of associated companies	-	-10	-	-10
Tax on changes in value of associated companies	-	-	-	-
<i>Items that will not be reversed to the Income Statement</i>				
Changes in value of shares and participations	-	144	-	144
Tax on changes in value of shares and participations	-	-	-	-
<b>Total other comprehensive income after tax</b>	<b>2</b>	<b>139</b>	<b>-3</b>	<b>149</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>	<b>486</b>	<b>557</b>	<b>2,044</b>	<b>1,483</b>

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

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

## Consolidated Balance Sheet

SEK m	Note	31-12-2021	31-12-2020
<b>Assets</b>			
Cash and balances with central banks		2,939	1,428
Treasury bills eligible for refinancing		2,523	245
Loans to credit institutions	4	2,508	2,272
Loans to the public	5	20,300	16,287
Bonds		25,854	25,572
Shares and participations		237	244
Assets in insurance operations		218,990	155,931
Intangible fixed assets		107	82
Right-of-use assets		120	153
Tangible fixed assets		61	64
Other assets		4,952	2,153
Prepaid expenses and accrued income		491	344
<b>Total assets</b>		<b>279,082</b>	<b>204,775</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		53,659	43,987
Liabilities in insurance operations		218,992	155,933
Lease liability		122	171
Other liabilities		1,442	1,380
Accrued expenses and deferred income		167	133
Shareholders' equity		4,700	3,172
<b>Total liabilities and shareholders' equity</b>		<b>279,082</b>	<b>204,775</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - December 2020</b>					
<b>Shareholders' equity 31-12-2019</b>	<b>77</b>	<b>663</b>	<b>9</b>	<b>1,196</b>	<b>1,945</b>
Profit after tax reported in the income statement	-	-	-	1,335	1,335
Other comprehensive income for the period	-	-	159	-10	149
Total comprehensive income for the period	-	-	159	1,325	1,483
Changed accounting principle interest-bearing securities	-	-	-8	-	-8
<b>Transactions with owners</b>					
Dividend paid	-	-202	-	-152	-354
New issue (exercise of share warrants)	1	96	-	4	101
Warrants issue	-	6	-	-	6
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
<b>January - December 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	-	-	-	2,047	2,047
Other comprehensive income for the period	-	-	-3	-	-3
Total comprehensive income for the period	-	-	-3	2,047	2,044
<b>Transactions with owners</b>					
Dividend paid	-	-161	-	-430	-591
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	11	-	-	11
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>

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

## Consolidated Cash Flow Statement

SEK m	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
<b>Operating activities</b>				
Operating profit	571	486	2,437	1,576
Adjustment for items not included in cash flow	18	23	73	79
Taxes paid	358	238	-2,653	915
Changes in operating activities' assets and liabilities	-402	473	4,671	4,370
<b>Cash flow from operating activities</b>	<b>545</b>	<b>1,220</b>	<b>4,528</b>	<b>6,940</b>
<b>Investment operations</b>				
Acquisition and disposals of intangible and tangible fixed asset	28	-17	-56	-63
Investment in treasury bills eligible for refinancing	-394	842	-2,278	-245
Investment in bonds	510	200	-285	-5,637
<b>Cash flow from investment operations</b>	<b>144</b>	<b>1,024</b>	<b>-2,619</b>	<b>-5,945</b>
<b>Financial operations</b>				
Amortisation lease liability	-10	-11	-37	-51
Cash dividend	-459	-	-591	-354
Subordinated bond	-	-100	-	-100
New issue (exercise of share warrants)	-	-	63	101
Warrants issue	-	-	11	6
<b>Cash flow from financial operations</b>	<b>-469</b>	<b>-111</b>	<b>-554</b>	<b>-398</b>
<b>Cash flow for the period</b>	<b>221</b>	<b>2,133</b>	<b>1,355</b>	<b>598</b>
Liquid assets at the beginning of the period <sup>1</sup>	4,809	1,542	3,675	3,077
Liquid assets at the end of the period <sup>1</sup>	5,030	3,675	5,030	3,675
<b>Change</b>	<b>221</b>	<b>2,133</b>	<b>1,355</b>	<b>598</b>

1) Liquid assets are defined as cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 417 million (SEK 25m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2021 Jan-Dec	2020 Jan-Dec
<b>Operating expenses</b>		
Administration expenses	-19	-17
Other operating expenses	-10	-8
<b>Operating profit/loss</b>	<b>-30</b>	<b>-25</b>
<b>Profit/loss from financial investments</b>		
Profit/loss from participations in Group companies	1,750	-
Profit/loss from sales of financial investments	-	49
Interest income and similar items	-	-
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>1,720</b>	<b>24</b>
<b>Appropriations</b>		
Group contribution	65	51
<b>Profit/loss before tax</b>	<b>1,786</b>	<b>75</b>
Tax on profit/loss for the period	-8	-6
<b>Profit/loss for the period</b>	<b>1,778</b>	<b>69</b>

## Parent Company statement of comprehensive income

SEK m	2021 Jan-Dec	2020 Jan-Dec
<b>Profit/loss for the period</b>	<b>1,778</b>	<b>69</b>
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>134</b>
<b>Total profit/loss and other comprehensive income after tax</b>	<b>1,778</b>	<b>203</b>

## Parent Company Balance Sheet

SEK m	31-12-2021	31-12-2020
<b>Assets</b>		
Financial fixed assets	663	657
Current receivables <sup>1</sup>	1,432	124
Liquid assets	5	62
<b>Total assets</b>	<b>2,100</b>	<b>843</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	78	77
Unrestricted shareholders' equity	2,002	752
Current liabilities	20	13
<b>Total shareholders' equity and liabilities</b>	<b>2,100</b>	<b>843</b>

1) Of which receivables from subsidiaries SEK 1,428 million (SEK 121m as of 31-12-2020).

## Notes

### Accounting principles

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

In the fourth quarter, Avanza considered IFRS IC's new statement on accounting for customisation and configuration costs in a Software as a Service (SaaS) arrangement (IAS 38 Intangible Assets). This means that certain expenditures related to the project to replace the backoffice system no longer meet the criteria for capitalisation, because of which they are expensed as incurred or accrued over the contract of the system.

The accounting principles and calculation methods for both the Group and the Parent Company are otherwise unchanged from those applied in the Annual Report 2020.

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

### Note 1 Revenue from contracts with customers

SEK m	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Trading in commission-generating securities	531	441	2,260	1,586
Fund savings	192	137	735	459
Corporate services	23	17	89	37
Other commission income	101	62	335	229
<b>Total</b>	<b>847</b>	<b>657</b>	<b>3,419</b>	<b>2,310</b>
<i>Timing of revenue recognition</i>				
Service or goods transferred to customer at a specific point in time	847	657	3,419	2,310
Service or goods transferred to customer over time	-	-	-	-
<b>Total</b>	<b>847</b>	<b>657</b>	<b>3,419</b>	<b>2,310</b>

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

### Note 2 Commission income

SEK m	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Brokerage income	406	339	1,690	1,272
Fund commissions	181	125	679	418
Currency-related income	135	114	626	355
Other commission income <sup>1</sup>	124	79	424	266
<b>Total</b>	<b>847</b>	<b>657</b>	<b>3,419</b>	<b>2,310</b>

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

**Note 3 Commission expenses**

SEK m	2021	2020	2021	2020
	Q4	Q4	Jan-Dec	Jan-Dec
Transaction costs <sup>1</sup>	-52	-48	-234	-170
Payment services commissions	-29	-25	-118	-86
Other commission expenses <sup>2</sup>	-24	-16	-88	-57
<b>Total</b>	<b>-105</b>	<b>-88</b>	<b>-439</b>	<b>-312</b>

1) Costs directly related to brokerage income.

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

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,540 million (SEK 1,630m as of 31 December 2020) which are reported net against client fund payables of SEK 1,540 million (SEK 1,630m as of 31 December 2020). Of the liquid assets of SEK 5,447 million as per the end of the period, SEK 417 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

**Note 5 Lending to the public**

Lending to the public is reported after deduction of realised and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 9 million (SEK 14m as of 31 December 2020). Thus, the change in the accumulated provision for expected credit losses, of SEK 5 million, is primarily explained by the confirmation of previous expected credit losses of SEK 5 million during the first six months. The net change for this item, of SEK 5 million, have not affected the result of the period.

The lending to the public amounted to SEK 20,300 million, of which SEK 10,076 million (SEK 6,970m as of 31 December 2020) with collateral in the form of securities and SEK 10,224 million (SEK 9,317m as of 31 December 2020) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 11,476 million (SEK 10,129m as of 31 December 2020) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,247 million (SEK 804m as of 31 December 2020).

## Note 6 Financial instruments

### Classification of financial instruments

31-12-2021 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	–	2,939	–	–	2,939
Treasury bills eligible for refinancing	–	2,523	–	–	2,523
Loans to credit institutions	–	2,508	–	–	2,508
Loans to the public	–	20,300	–	–	20,300
Bonds	–	19,320 <sup>1</sup>	6,534	–	25,854
Shares and participations	0	–	237	–	237
Assets in insurance operations	206,125	12,865	–	–	218,990
Intangible fixed assets	–	–	–	107	107
Right-of-use asset	–	–	–	120	120
Tangible assets	–	–	–	61	61
Other assets	–	4,952	–	–	4,952
Prepaid expenses and accrued income	–	453	–	38	491
<b>Total assets</b>	<b>206,125</b>	<b>65,861</b>	<b>6,771</b>	<b>326</b>	<b>279,082</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	–	53,659	–	–	53,659
Liabilities in insurance operations	218,990	–	–	2	218,992
Lease liabilities	–	–	–	122	122
Other liabilities	–	792	–	650	1,442
Accrued expenses and deferred income	–	91	–	76	167
<b>Total liabilities</b>	<b>218,990</b>	<b>54,543</b>	<b>–</b>	<b>850</b>	<b>274,382</b>

1) Fair value amounts to SEK 19,374 million.

### Financial instruments valued at fair value

31-12-2021, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	123,463	0	237	123,700
Fund units	77,946	0	–	77,946
Bonds and other interest-bearing securities	7,812	550	–	8,362
Other securities	2,225	663	–	2,887
<b>Total assets</b>	<b>211,446</b>	<b>1,213</b>	<b>237</b>	<b>212,896</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	218,990	–	218,990
<b>Total liabilities</b>	<b>–</b>	<b>218,990</b>	<b>–</b>	<b>218,990</b>

#### Fair value

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

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

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

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

Changes in the value of assets in the insurance operations correspond to changes in the value of liabilities in the insurance operations and the net result is, therefore, zero.

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. The majority of the shares and funds pertaining to the insurance operations and bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Liabilities in the insurance operations are included in

this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.

- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

The level of the hierarchy for fair values where the valuation at fair value is categorized in its entirety shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety.

### Note 7 Capital requirement for the financial conglomerate

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

SEK m	31-12-2021	31-12-2020
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	3,055	2,598
Own funds for regulated units within the banking and investment services sector	2,712	2,147
<b>Total own funds</b>	<b>5,767</b>	<b>4,745</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	2,229	1,500
Capital requirement for regulated units within the banking and investment services sector	1,435	1,209
<b>Total capital requirement</b>	<b>3,664</b>	<b>2,709</b>
<b>Capital surplus</b>	<b>2,103</b>	<b>2,036</b>
<b>Own funds/Capital requirement</b>	<b>1.57</b>	<b>1.75</b>

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

## Note 8 Own funds and capital requirement for the consolidated situation

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

Other than the changes in the capital adequacy rules effective as of 28 June 2021, there are currently no pending requirements that affect Avanza's own funds requirements, own funds or large exposures. The Swedish FSA has not yet announced the institution-specific Pillar 2 guidance that will apply to Avanza, which is expected in 2022. Consequently, these requirements are not reflected in the table below. To ensure that Avanza meets the risk-based own funds and leverage ratio requirements, the company follows both external and internal buffer requirements. Avanza is well-capitalised to manage current and upcoming requirements.

Own funds, SEK m	31-12-2021	31-12-2020
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	685	642
of which: Instrument type 1	78	77
of which: Instrument type 2	607	564
Retained earnings	1,465	961
Accumulated other comprehensive income (and other reserves)	-3	149
Independently reviewed interim profits net of any foreseeable charge or dividend	935	795
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,083</b>	<b>2,546</b>
Additional value adjustments	-9	-7
Intangible assets (net of related tax liability)	-107	-82
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-30
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-117</b>	<b>-119</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,966</b>	<b>2,427</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,966</b>	<b>2,427</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,966</b>	<b>2,427</b>
<b>Total risk weighted assets</b>	<b>12,336</b>	<b>9,957</b>
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of total risk exposure amount), %	24.0%	24.4%
Tier 1 (as a percentage of total risk exposure amount), %	24.0%	24.4%
Total capital (as a percentage of total risk exposure amount), %	24.0%	24.4%
Combined buffer requirement, %	2.5%	2.5%
of which: capital conservation buffer requirement, %	2.5%	2.5%
of which: countercyclical buffer requirement, %	0.0%	0.0%
of which: system risk buffer requirement, %	0.0%	0.0%
of which: global systemically important institution or other systemically important Institution buffer, %	0.0%	0.0%

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>31-12-2021</b>		<b>31-12-2020</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,492		7,970	
of which exposures to institutions	493		450	
of which exposures to corporates	123		94	
of which retail exposures	623		306	
of which exposures secured by mortgages on immovable property	3,606		3,272	
of which exposures in default risk weight	5		6	
of which exposures to covered bonds	2,480		2,475	
of which exposures to equity	689		614	
of which exposures to other items	1,474		754	
Market risk (position risk)	0		14	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		0	
Operational risk according to the standardised approach	2,844		1,973	
<b>Total risk exposure amount</b>	<b>12,336</b>		<b>9,957</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	759	6.2%	638	6.4%
of which exposures to institutions	39	0.3%	36	0.4%
of which exposures to corporates	10	0.1%	8	0.1%
of which retail exposures	50	0.4%	24	0.2%
of which exposures secured by mortgages on immovable property	288	2.3%	262	2.6%
of which exposures in default	0	0.0%	0	0.0%
of which exposures in the form of covered bonds	198	1.6%	198	2.0%
of which equity exposures	55	0.4%	49	0.5%
of which other items	118	1.0%	60	0.6%
Market risk (position risk)	0	0.0%	1	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	0	0.0%
Operational risk according to the standardised approach	227	1.8%	158	1.6%
<b>Capital requirement</b>	<b>987</b>	<b>8.0%</b>	<b>797</b>	<b>8.0%</b>
Total own funds	2,966	24.0%	2,427	24.4%
Minimum own funds requirement (Pillar 1)	–987	–8.0%	–797	–8.0%
Combined buffer requirement	–308	–2.5%	–249	–2.5%
Additional own funds requirement <sup>12</sup>	–260	–2.1%	–260	–2.6%
Pillar 2 guidance <sup>2</sup>	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	–1,555	–12.6%	–1,305	–13.1%
Capital surplus after risk-based capital requirement	1,411	11.4%	1,122	11.3%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	62,317		50,032	
Leverage ratio, %	4.8%		4.9%	
Tier 1 capital	2,966	4.8%	2,427	4.9%
Minimum own funds requirement	1,870	3.0%	–	–
Additional own funds requirement <sup>2</sup>	–	–	–	–
Leverage ratio guidance <sup>2</sup>	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	1,870	3.0%	–	–
Capital surplus after leverage ratio requirement	1,096	1.8%	2,427	4.9%

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

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

Key metrics, SEK m		31-12-2021	30-09-2021	30-06-2021	31-03-2021	31-12-2020
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	2,966	2,799	2,647	2,410	2,427
2	Tier 1 capital	2,966	2,799	2,647	2,410	2,427
3	Total capital	2,966	2,799	2,647	2,410	2,427
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	12,336	10,703	10,598	10,096	9,957
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
6	Tier 1 ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
7	Total capital ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.4%	2.5%	2.6%	2.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.2%	1.4%	1.4%	1.4%	1.5%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.8%	1.8%	1.9%	2.0%
EU 7d	Total SREP own funds requirements (%)	10.1%	10.4%	10.5%	10.6%	10.6%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	12.6%	12.9%	13.0%	13.1%	13.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.9%	15.7%	14.5%	13.3%	13.8%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	62,317	62,364	56,075	55,740	50,032
14	Leverage ratio (%)	4.8%	4.5%	4.7%	4.3%	4.9%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%		
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%		
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%		
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%		
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%		
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	16,236	15,133	14,511	14,606	14,344
EU 16a	Cash outflows - Total weighted value	5,665	5,442	5,251	5,171	5,096
EU 16b	Cash inflows - Total weighted value	6,030	5,213	4,515	4,129	3,956
16	Total net cash outflows (adjusted value)	1,436	1,406	1,366	1,346	1,412
17	Liquidity coverage ratio (%)	1,035%	921%	844%	838%	780%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	50,814	49,930	44,829		
19	Total required stable funding	27,590	28,546	27,314		
20	NSFR ratio (%)	184%	175%	164%		

Internal capital requirement in pillar 2		31-12-2021	31-12-2020
<b>Credit-related concentration risk</b>			
Industry concentration		49	42
Geographical concentration		61	51
Name concentration		7	8
<b>Total credit-related concentration risk</b>		<b>118</b>	<b>102</b>
<b>Interest rate risks and other market risks in ancillary activities - credit spread</b>		<b>77</b>	<b>85</b>
<b>Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)</b>		<b>140</b>	<b>108</b>
<b>Pension risk</b>		<b>-</b>	<b>-</b>
<b>Total internal capital requirement in pillar 2</b>		<b>335</b>	<b>295</b>

The Board of Directors and the CEO ensures that the Preliminary Financial Statement 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, 19 January 2022

Sven Hagströmer  
Chairman of the Board

Magnus Dybeck  
Member of the Board

Catharina Eklöf  
Member of the Board

Viktor Fritzen  
Member of the Board

Jonas Hagströmer  
Member of the Board

Mattias Miksche  
Member of the Board

Johan Roos  
Member of the Board

Hans Toll  
Member of the Board

Leemon Wu  
Member of the Board

Rikard Josefson  
CEO

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This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CET) on 20 January 2022.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 20 January 2022 at 10.00 (CET). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at [avanza.se/ir](https://avanza.se/ir). Phone number for participants:

- Sweden: +46 (0)8 566 426 51
- UK: +44 33 330 008 04
- US: +1 63 191 314 22
- Confirmation code: 11888346#

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 Preliminary Financial Statement 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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Corporate web: [avanza.se/ir](https://avanza.se/ir)

### Financial calendar

Annual Report 2021	25 February 2022
Annual General Meeting	31 March 2022
Interim Report January – March 2022	25 April 2022
Interim Report January – June 2022	14 July 2022

# Definitions

The measures and key ratios used in the financial report are defined below. The majority of the financial key ratios are considered to be widely accepted and are such that they are expected to be presented in the financial report to provide an indication of the Group's results, profitability and financial position. 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.

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

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

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

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

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

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

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

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

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

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

## Customer

Individual or company with at least one account with holdings or an external mortgage (Bolån+).

## Deposits

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

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

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

## eNPS

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

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

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

## External deposits

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

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

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

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

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of price cuts and gives an indication of changes in the customer base as well as trading in various brokerage fee classes.

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

Operating income on an annual basis in relation to the average number of customers during the period. The ratio shows the effect of 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.

## Leverage Ratio

Tier 1 capital as a percentage of the total exposure amount.

## Note

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

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

Gross brokerage income less direct costs.

## Net inflow

Deposits, less withdrawals, of liquid assets and securities.

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

Operating profit/loss in relation to operating income.

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

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

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

Profit/loss after tax in relation to operating income.

## Return on assets<sup>1)</sup>

Profit/loss after tax in relation to the average assets during the period. The ratio is reported in the annual report in accordance with FFFS 2008:25.

## 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. Savings capital is affected by in- and outflows as well as changes in value.

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

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

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

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

## Swedish savings market

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

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

Estimated capital requirements under Solvency 2 rules.

## The Swedish life insurance market

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

## Turnover

Turnover in security trading.

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

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

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