



Preliminary Financial Statement 2019

Avanza Bank Holding AB (publ)

Fourth quarter 2019 compared to fourth quarter 2018

- **Customer growth** was 37,300 (28,600), an increase of 30 per cent
- **Net inflow** in the quarter was SEK 6,820 million (6,360), an increase of 7 per cent
- **Operating income** increased by 23 per cent. All revenue lines improved, but mainly net interest income and fund commissions
- **Operating expenses** increased by 16 per cent, excluding Försäkringsaktiebolaget Avanza Pension's fine of SEK 35 million in the fourth quarter 2018 and write-down of SEK 8.3 million of a leased asset in the fourth quarter 2019. The write-down relates to the consolidation of Avanza's offices under one roof in Stockholm. Underlying costs increased mainly due to higher personnel costs
- **The cost increase** for the full-year was 10.6 per cent, excluding the above-mentioned write-down of SEK 8.3 million and the SEK 35 million fine, in line with the previously communicated budgeted figure of 10.5 per cent. In 2020, the cost increase is estimated at around 10 per cent, within range of the long-term projection of an annual cost increase of 9-12 per cent. The cost increase for 2020 includes neither the write-down of SEK 8.3 million in 2019 nor the extraordinary costs associated with the move, which are estimated at SEK 11 million in 2020
- **Net profit** amounted to SEK 121 million. Excluding the fine in 2018 and the write-down of SEK 8.3 million in the fourth quarter 2019, net profit increased by 36 per cent
- The Board of Directors proposes a dividend of SEK 2.30 (2.10) per share, corresponding to 79 percent of net profit for the year
- Avanza was awarded Sweden's most satisfied customers in the savings category for the tenth consecutive year by the Swedish Quality Index (SQI)
- Launched Avanza USA, Sweden's cheapest US mutual fund for private investors
- Avanza was named Bank of the Year 2019 by the magazine Privata Affärer for the second year in a row

Quote from Rikard Josefson, CEO Avanza

"Operating profit for 2019 was record-high, and after several years of investment in development and growth we reached our target to have income increase faster than costs. Thanks to my fantastic colleagues, we also won the Swedish Quality Index's (SQI) award for Sweden's most satisfied savings customers for the tenth year in a row. Now we are looking ahead to 2020 and taking the opportunity to launch new long-term targets – obviously while maintaining a focus on customer satisfaction but also savings capital."

	Q4 2019	Q3 2019	Change %	Q4 2018	Change %	Jan-Dec 2019	Jan-Dec 2018	Change %
Operating income, SEK m	329	313	5	267	23	1,193	1,049	14
Operating expenses, SEK m	-187	-148	26	-190	-1	-666	-629	6
Operating profit, SEK m	140	163	-14	76	83	520	418	24
Net profit, SEK m	121	138	-12	60	102	447	349	28
Earnings per share before dilution, SEK ¹	0.79	0.91	-13	0.40	99	2.94	2.32	27
Operating margin, %	43	52	-9	29	14	44	40	4
Net inflow, SEK m	6,820	9,940	-31	6,360	7	32,600	27,600	18
No. of new customers (net)	37,300	36,800	2	28,600	30	139,300	126,500	10
Savings capital at the end of the period, SEK m	407,700	377,100	8	300,000	36	407,700	300,000	36

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

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

Avanza in brief

This is Avanza

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

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

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

An investment in growth

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

- attractive offers
- market conditions such as trading activity, fund volumes and interest rates
- changes in deposit and lending volumes

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



Vision & business model

Avanza's vision is to create a better future for millions of people 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 cost 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.

Sustainability is becoming increasingly important to customers and to Avanza's business. Since 2019, our sustainability work has been focused on three areas: Sustainable investments, Educate and challenge, and Sustainable organisation.

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

Long-term targets as per 2019

Satisfied customers:

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

Engaged employees:

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

Long-term value growth:

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

For more information about Avanza, see investors.avanza.se and the Annual Report. The new targets are presented on page 4 in this report.

CEO comment

The fourth quarter and the year as a whole were good for our customers and for Avanza. The stock market gained 34.6% in 2019 and many investors can look back at the year of very high returns.

Right now the world is facing a great deal of geopolitical uncertainty, which has led to increased volatility in the stock market. This uncertainty could affect confidence in the market and the willingness of investors around the world to take risks. Although the Riksbank decided in December to raise the repo rate to zero now in January, I believe we will be living with low rates for some time. This should provide resilience against sharply falling asset and stock prices.

Financially it was clearly a good quarter

Activity among Avanza's customers was high in the quarter, and from a financial perspective I think we can clearly be happy, with income up 5% compared to the third quarter. Net brokerage income decreased, however, despite the high level of activity and a record number of stock-trading customers, mainly because there were 4.5 fewer trading days in the quarter. Other income lines increased. Costs also rose in the quarter, mainly as a result of seasonally low personnel costs in the third quarter. For the full-year, the cost increase was basically as budgeted at 10.6%. However, this does not include a non-recurring cost in the form of write-down of a leased asset of SEK 8.3 million. We were forced for a couple of years to have two offices in Stockholm due to a shortage of space. The write-down was recognised at the end of 2019 when it finally became certain that we will be consolidating our offices again at our current address on Regeringsgatan in Stockholm beginning in fall 2020. Not having to go between offices will improve efficiency and collaboration. Our long-term cost guidance is 9-12% and we are estimating an increase of around 10% in 2020. Neither the write-down in 2019 nor the costs associated with the move, which are estimated at SEK 11 million in 2020, are included in this increase.

Income for the full-year increased by 14%, which means that we reached our target that costs increase less than income.

Profit for 2019 increased by 28%, and taking into account Avanza's capital needs the Board of Directors is proposing a dividend of SEK 2.30 per share.

Thanks to fantastic employees we won the SQI award for the tenth year in a row

What makes me most proud is that, for the tenth year in a row, we achieved our most important target to win the SQI award for Sweden's most satisfied savings customers. It feels fantastic to have done it for as many as ten years, at the same time that customers' expectations are constantly increasing. We were also named Bank of the Year by the business magazine *Privata Affärer* for the second consecutive year. It is not often that someone wins twice in a row. For me it is also very important that in our internal employee engagement survey we reached an eNPS of 54, where the target of at least 45 in itself is high. Engagement and job satisfaction at Avanza are just as important as customer satisfaction. Over time, it is our strong culture and engaged employees that will give customers the best experience in the industry.

Our target is to increase the share of capital in sustainable investments through education, inspiration and good tools

In December, we launched a new fund, Avanza USA, which tracks the MSCI global sustainability index. This feels important at times like these, when news is filled with alarming reports about the climate crisis. We are also seeing an increased interest in sustainable savings among our customers. This trend will continue and we will do what we can to help our customers save sustainably. In 2019, we established a sustainability strategy and we have also set targets for what we want to achieve with this work. The purpose is to offer a broad range of products, therefore we have to provide clear sustainability information and decision support at the same time that we educate and inspire customers to invest sustainably. Our target is to help increase the share of savings capital in sustainable investments and the share of customers who invest in sustainable alternatives. Another key part of this work is equality. Avanza's customer base currently consists of 64% men. The target is that 50% of new customers will be women. During the year, women accounted for 43% of new customers, up from 41% in 2018.

We also want parity between women and men within the organization, where men today represent 65%.

New financial targets by 2025 with a focus on growth in savings capital

Our target of 1 million customers expires in 2020 and now it is time to look ahead to 2025. In our new targets we have decided to focus more on savings capital than the number of customers – although the number of new customers is still very important to future growth.

We are raising the target of a market share of the net inflow to the Swedish savings market from 10% to 15% by 2025. Development expenditures have increased in recent years to take advantage of new growth opportunities and speed up the pace of development. During the last five-year period, the market share of the net inflow on an annual basis has been around 11%, while the market share as of 30 September 2019 was a record-high 14.6%. The higher target is ambitious and requires targeted development with a focus on creating customer value, both to continue to attract new customers at a fast rate and so that our existing customers will want to transfer more of their savings to Avanza.

We are also adding another market share target, to reach nearly 7% of the Swedish savings market by the end of 2025, which compares to Avanza's current share of 4.3%. This means that we have to double savings capital from the current level in the next five years.

Furthermore, we are replacing the target of having income grow more than costs with a target of a return on equity in the range of 25-30%, which shifts the focus to profitability and effective management of our balance sheet. The ambition to reduce the cost to savings ratio to nearly 0.16 per cent remains unchanged.

We will of course maintain our target with regard to customer satisfaction. It is our most important target and will remain so. We firmly believe that having the most satisfied customers over time will produce the strongest growth and good profitability. The employee engagement target and the dividend policy to distribute 70% of profits are also unchanged. These in my opinion are targets that will lead to a bigger and

stronger Avanza over time, which will benefit both customers and shareholders.

A first step toward democratised and simplified transfer rights

A pension campaign we ran last autumn played a role in the government's decision to further investigate pension transfer rights. The government has promised a proposal on legally separating unit-linked insurance and traditional insurance. They are very different types of products and should not be treated the same. In unit-linked insurance we as pension savers bear the entire risk, so we should also be able to decide how we want our capital managed. There are good indications that our elected officials are finally beginning to realise this and are working for the right of individuals to decide over their money. We will not give up and will continue to press the issue on behalf of savers.

2019 was a good year for Avanza, but we are not content. Our aim is to improve the options available to savers regardless of future market conditions. Our vision is a better future for millions of people.

Stockholm, 21 January 2020



Rikard Josefson, CEO Avanza



New long-term targets by 2025

Satisfied customers:

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

Engaged employees:

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

Long-term value growth:

- Market share of at least 15 per cent of the total net inflow to the Swedish savings market 2025
- Market share of nearly 7 per cent of the Swedish savings market by the end of 2025
- Return on equity of 25-30 per cent
- Dividend of at least 70 per cent of the profit of the year (unchanged)

Sustainability:

- Increased share of capital in sustainable investments
- Increased share of customers who save in sustainable alternatives
- Be seen as the leading sustainable brand and the natural choice for sustainable savings
- Increase the share of female to 50 per cent of new customers
- Organisation with parity between women and men
- Become climate positive

Operations

Activity and market shares

The Stockholm Stock Exchange performed strongly during the fourth quarter and OMX Stockholm Gross Index rose by 10 per cent. Volatility decreased slightly compared to the previous quarter.

Total turnover on the Stockholm Stock Exchange including First North increased by 13 per cent and the number of transactions by 7 per cent compared to the previous quarter, despite 4.5 fewer trading days. Among Avanza's customers, turnover on these marketplaces increased by 31 per cent and the number of transactions by 14 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 the second largest Swedish player in terms of turnover. Avanza's market shares increased during the quarter.

The fund market saw a strong net inflow in the fourth quarter, mainly to equity funds. The fund inflow to Avanza was strong as well.

The Riksbank decided in December to raise the repo rate by 25 basis points on 8 January 2020 to 0.00 per cent. The Riksbank's own forecast indicates that the next repo rate hike will not be until the end of 2022.

Events during the fourth quarter

During the quarter, a number of improvements and simplifications were made to the user experience on the website. A new fund list with improved filtering and a simplified stock order process were introduced.

Further steps were taken as part of Open Banking. Customers can now track their holdings of unquoted shares and investments in peer-to-peer loans through Pepins and Lendify.

In mid-December, we launched Sweden's cheapest US mutual fund for individual investors, Avanza USA, with a total fee of 0.17 per cent. The fund tracks the MSCI global sustainability index. Assets under management in the fund amounted to SEK 200 million as of year-end.

A popular feature we launched at the end of the year called "Your 2019 by the numbers" allows customers to see how their holdings performed during the year in relation to the average Avanza customer, along with their geographical exposure and their best and worst performing securities and days of the year.

Satisfied customers are Avanza's most important target, and in December Avanza received an award for Sweden's most satisfied customers in the savings category for the tenth consecutive year, according to the Swedish Quality Index.

The magazine *Privata Affärer* named Avanza the Bank of the Year for the second year in a row. The jury's motivation was that "Avanza has succeeded year after year in creating new smart savings products".

According to the YouGov BrandIndex, which was published during the quarter, Avanza is the second most recommended Swedish brand in Sweden, regardless of category.

Avanza also received an award for its IT platform during the quarter, when the new trading system that was put into operation in 2017 won in the category "Best Use of IT in Private Banking/Wealth Management" at the Banking Technology Awards in London.

Stabelo, which Avanza has owned an interest in since 2017, issued new shares, in connection with which Avanza's ownership was reduced to just over 27 per cent, from just under 30 per cent.

Performance on targets 2019

- Received Swedish Quality Index's reward for Sweden's most satisfied savings customers for the tenth consecutive year.
- Reached a market share of 14.6 per cent of the total net inflow to the Swedish savings market during the period October 2018 – September 2019, exceeding the target of at least 10 per cent.
- Added 139,300 new customers. The target of 1 million customers 2020 is expected to be achieved already in the first quarter.
- The Board of Directors proposes a dividend payout of 79 per cent of net profit, which compares to the dividend policy of at least 70 per cent.
- Income grew more than costs for the first time in three years. The investments in the future that we have made in recent years – and which have resulted in higher costs – are now beginning to produce results.
- Employee Net Promotor Score of 54, which clearly exceeded the target of 45, demonstrates very high ambassadorship.

Development of customers and savings capital

During the fourth quarter, 37,300 new customers were added, which was 2 per cent higher than previous quarter and 30 per cent higher than the fourth quarter of 2018. The number of occupational pension customers grew by 5 per cent. During 2019 139,300 new customers were added, which was the second largest annual growth to date. By year-end there were a total of 976,400 customers, and the target of 1 million customers 2020 is estimated to be achieved already in the first quarter of 2020.

The net inflow was 31 per cent higher than the inflow in the previous quarter and 7 per cent higher than the same quarter in 2018. The net inflow from existing customers accounted for 44 per cent in the quarter, which was lower than the previous quarter. Net outflow among Private Banking and Pro customers was to a large extent due to tax payments. The net inflow for the full year amounted to SEK 32.6 million, which exceeded the previous year by 18 per cent and was the highest annual inflow to date. The net inflow from existing customers accounted for 50 per cent for the full year. The inflow of recurring occupational pension premiums averaged SEK 226 million per month in 2019, an increase of 17 per cent compared to 2018.

Savings capital increased by 8 per cent in the quarter mainly due to positive stock market development. At the end of the year, 29 per cent of customer capital was invested in funds, which was 2 percentage points higher than at the beginning of the year.

Customers' total deposits are still at a high level of just under SEK 63 billion, of which SEK 23 billion related to external deposits. However, deposits as a share of savings capital decreased during the quarter to just over 15 per cent at the end of the period.

Total lending grew by 8 per cent in the fourth quarter to SEK 23 billion. External mortgage volume through Stabelo amounted to SEK 9.8 billion at the end of the quarter. Internally financed

mortgages for Private Banking customers amounted to just under SEK 8 billion, an increase of 10 per cent. Margin lending increased by 8 per cent.

Activity and market shares	2019 Q4	2019 Q3	Change %	2018 Q4	Change %	2019 Jan-Dec	2018 Jan-Dec	Change %
No. commission generating notes, thousands	4,680	4,760	-2	3,800	23	17,500	15,000	17
Commission generating turnover, SEK m	149,000	140,800	6	134,700	11	557,800	532,400	5
Market shares								
<i>Nasdaq Stockholm and First North:</i>								
No. transactions, %	14.5	13.6	0.9	11.7	2.8	13.7	11.9	1.8
Turnover, %	6.0	5.2	0.8	5.6	0.4	5.4	5.5	-0.1
Net inflow, SEK m	2019 Q4	2019 Q3	Change %	2018 Q4	Change %	2019 Jan-Dec	2018 Jan-Dec	Change %
Standard	7,970	8,620	-8	6,880	16	31,090	26,300	18
Private Banking	-950	1,290	-174	-480	-	1,700	730	135
Pro	-200	30	-767	-40	-	-190	570	-134
Net inflow	6,820	9,940	-31	6,360	7	32,600	27,600	18
Equity & investment fund accounts	590	1,730	-66	2,050	-71	4,050	4,570	-11
Investment savings accounts	4,860	4,820	1	930	423	18,100	12,300	47
Savings accounts	610	1,150	-47	4,240	-86	3,430	6,930	-51
of which external deposit accounts	520	1,130	-54	4,100	-87	3,450	6,850	-50
Pension- & insurance-based accounts	760	2,240	-66	-860	-	7,020	3,800	85
of which endowment insurance	-270	1,310	-121	-1,830	-	3,380	460	636
of which occupational pensions	940	910	3	950	-1	3,500	3,330	5
Net inflow	6,820	9,940	-31	6,360	7	32,600	27,600	18

For definitions see page 23.

No. customers, savings capital and lending, SEK m (unless otherwise stated)	31-12-2019	30-09-2019	Change %	31-12-2018	Change %
Standard, No.	947,920	911,040	4	810,990	17
Private Banking, No.	26,500	26,100	2	24,200	10
Pro, No.	1,980	1,960	1	1,910	4
No. of customers	976,400	939,100	4	837,100	17
of which occupational pension customers, No.	92,600	88,600	5	77,700	19
Standard	228,200	211,200	8	166,400	37
Private Banking	164,500	151,800	8	122,000	35
Pro	15,000	14,100	6	11,600	29
Savings capital	407,700	377,100	8	300,000	36
Equity & investment fund accounts	121,100	112,400	8	94,900	28
Investment savings accounts	141,100	127,600	11	94,200	50
Savings accounts	23,400	22,800	3	19,900	18
of which external deposit accounts	22,500	22,000	2	19,000	18
Pension- & insurance-based accounts	122,100	114,300	7	91,000	34
of which endowment insurance	82,000	77,200	6	61,800	33
of which occupational pensions	26,700	24,600	9	18,600	44
Savings capital	407,700	377,100	8	300,000	36
Equities, bonds, derivatives, etc.	225,000	205,500	9	161,000	40
Investment funds	119,900	109,300	10	81,100	48
Deposits	62,800	62,300	1	57,900	8
of which external deposits (Savings account+)	22,500	22,000	2	19,000	18
Savings capital	407,700	377,100	8	300,000	36
Internally financed lending	13,100	12,000	9	10,400	26
of which margin lending	5,160	4,780	8	4,370	18
of which mortgages (Superbolånet PB)	7,950	7,220	10	5,980	33
External mortgages (Bolån+)	9,840	9,200	7	4,210	134
Lending	23,000	21,200	8	14,600	58
Deposits/Savings capital, %	15	17	-2	19	-4
Return, average account since 1 Jan, %	24	16	8	-4	28
OMX Stockholm GI since 1 Jan, %	35	23	12	-4	39

For definitions see page 23.

Financial overview

	2019 Q4	2019 Q3	Change %	2018 Q4	Change %	2019 Jan-Dec	2018 Jan-Dec	Change %
Income Statement, SEK m								
Net brokerage income	123	126	-2	111	11	466	435	7
Fund commissions	91	86	6	74	24	332	301	10
Net interest income	58	53	10	29	99	201	119	70
Other income	56	48	17	53	6	194	194	0
Operating income	329	313	5	267	23	1,193	1,049	14
Personnel	-115	-90	27	-97	18	-414	-367	13
Marketing	-3	-4	-40	-4	-29	-19	-17	10
Depreciation	-22	-14	64	-5	330	-63	-20	221
Other expenses	-48	-40	19	-84	-43	-169	-225	-25
Operating expenses before credit losses	-187	-148	26	-190	-1	-666	-629	6
Profit before credit losses	142	165	-14	77	83	528	420	26
Credit losses, net	0	0	-	0	-	0	-1	-101
Profit/loss from participations in associated companies	-2	-2	12	-1	181	-8	-1	1,158
Operating profit	140	163	-14	76	83	520	418	24
Tax on profit for the period	-19	-25	-23	-16	15	-73	-69	6
Net profit	121	138	-12	60	102	447	349	28
Key ratios								
Operating margin, %	43	52	-9	29	14	44	40	4
Profit margin, %	37	44	-7	22	14	37	33	4
Earnings per share before dilution, SEK ²	0.79	0.91	-13	0.40	99	2.94	2.32	27
Earnings per share after dilution, SEK ²	0.79	0.91	-13	0.39	100	2.94	2.31	27
Return on shareholders' equity, %	26	33	-7	15	10	27	24	2
Return on assets, %	0.3	0.4	-0.1	0.2	0.1	0.3	0.3	0.0
Credit loss level, %	0.00	-0.00	0.01	-0.00	0.00	0.00	-0.01	0.01
Investments, SEK m	5	1	276	46	-90	10	71	-87
Net brokerage income/Operating income, %	37	40	-3	42	-4	39	41	-2
Fund commissions/Operating income, %	28	28	0	28	0	28	29	-1
Net interest income/Operating income, %	18	17	1	11	7	17	11	6
Other income/Operating income, %	17	15	2	20	-3	16	19	-2
Income to savings capital ratio, %	0.34	0.34	-0.01	0.34	-0.00	0.34	0.35	-0.01
Costs to savings capital ratio, % ¹	0.19	0.16	0.03	0.20	-0.01	0.19	0.20	-0.01
Income per customer, SEK	1,370	1,360	1	1,300	6	1,320	1,350	-2
Costs per customer, SEK ¹	-780	-640	21	-750	4	-740	-760	-4
Net brokerage income per trading day, SEK m	2.0	1.9	5	1.8	11	1.9	1.8	7
Brokerage per commission note, SEK	28	28	-1	32	-11	29	31	-8
Brokerage/Turnover, %	0.098	0.107	-0.009	0.098	-	0.100	0.098	0.002
No. trading days	61.5	66.0	-7	61.5	-	248.0	247.5	0
Average no. employees	444	430	3	419	6	429	406	6
Web service operational availability, %	99.9	99.9	-	100.0	-0.1	99.9	100.0	-0.1

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

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

Key ratios	31-12-2019	30-09-2019	Change %	31-12-2018	Change %
Shareholders' equity per share before dil., SEK ^{1,2}	12.65	11.96	6	10.66	19
Own funds/Capital requirement ¹	1.28	1.32	-3	1.34	-4
No. employees	445	443	0	422	5
Share price, SEK ²	97.80	80.20	22	84.72	15
Market capitalisation, SEK m	15,000	12,300	22	12,800	17

1) The holding in Stabelo has been revalued in connection with the transition to IFRS 9, resulting in an increase of SEK 10 million in the opening balance 2018. Historical figures and key ratios have been adjusted.

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

For definitions see page 23.

Extended financial history is available at Avanza's website, avanza.se/keydata.

Fourth quarter compared to the previous quarter

Operating profit for the fourth quarter decreased by 14 per cent compared to the previous quarter, mainly due to seasonally lower costs in the third quarter. The higher costs were partly offset by higher revenues. The operating margin was 43 per cent, a decrease by 9 percentage points. The return on equity was 26 per cent.

Revenues

Total operating income increased by 5 per cent compared to the previous quarter. Net brokerage income decreased slightly, while the other revenue items rose.

Net brokerage income decreased by 2 per cent despite higher brokerage and turnover per trading day. The number of trading days were 4.5 fewer. Brokerage income per SEK of turnover decreased from 10.7 to 9.8 basis points because of a higher percentage of trades in higher commission fee classes, such as fixed price, Private Banking and Pro. The number of commission-generating customers was record high. Commission-generating turnover rose by 6 per cent, while the number of commission-generating notes was 2 per cent lower. Turnover per note increased.

Fund commissions increased by 6 per cent mainly due to higher average fund capital. Income per SEK of fund capital decreased slightly to 32 basis points, partly due to a higher proportion of index funds.

Net interest income increased by 10 per cent, mainly due to higher average volume in both margin lending and Private Banking mortgage. Income from external deposits also improved. Average STIBOR (3M) was 4 basis point higher than the third quarter and the return on surplus liquidity improved slightly. The state deposit guarantee and resolution fee increased marginally to SEK 9 million.

Other income, mainly consisting of currency-related income, income from Avanza Markets and Corporate Finance, increased by 17 per cent compared to the third quarter. The increase was mainly due to higher income from Corporate Finance, which amounted to just under SEK 13 million (3) and additionally is seasonally low in the third quarter. Currency-related income as well as income from Avanza Markets decreased. Currency-related income accounted for SEK 31 million (33) and Avanza Markets for SEK 19 million (20). During the quarter, equity trading in foreign markets by Avanza's customers accounted for 8.3 per cent (9.0) of turnover.

Operating expenses

Operating expenses increased by 26 per cent, mainly due to higher personnel costs which are seasonally low in the third quarter. Depreciation increased by 64 per cent, which is due to write-down of a leased asset of SEK 8.3 million in connection with the move of the Vasagatan office back to Regeringsgatan. Excluding this extraordinary cost, total costs increased by 20 per cent in the quarter. The write-down relates to the risk of having unused office space from October of next year. Moving costs in 2020 are estimated at SEK 11 million partly due to the double rent from June to September.

Full year 2019 compared to full year 2018

Operating profit increased by 24 per cent compared to 2018. Operating income rose by 14 per cent while operating expenses were up 10.6 per cent, compared to the budgeted figure of 10.5 per cent. However, the cost increase does not include the two non-recurring items in 2018 and 2019 as

described below. Including these items, the increase was 6 per cent. Operating margin rose by 4 percentage points to 44 per cent, and return on equity was 27 per cent for the full year, an increase by 2 percentage points.

Revenues

Operating income increased mainly as a result of higher net interest income but also higher fund commissions and net brokerage income. Other income was stable.

Net brokerage income increased by 7 per cent. This was due to more commission-generating notes, higher commission-generating turnover and higher brokerage income per SEK of turnover. The number of notes increased by 17 per cent and turnover grew 5 per cent, which shows that customers have continued to trade at lower volumes. A higher share of brokerage income was generated in lower brokerage fee classes, which slightly increased brokerage income per SEK of turnover.

Fund commissions increased by 10 per cent due to higher average fund capital. Income per SEK of fund capital dropped by 2 basis points to 0.33 per cent due to a somewhat higher proportion of index funds.

Net interest income increased by 70 per cent mainly due to an improved return on surplus liquidity. The repo rate was raised by 25 basis points on 9 January 2019 to -0.25 per cent and the average STIBOR (3M) was 37 basis points higher than last year. The bond portfolio is managed with an average interest duration of 3 months, because of which the rate hike did not have a full impact until March. Income from external deposits and Private Banking mortgages also increased. The repo rate hike in January 2019 has not had an impact on the mortgage for private banking customers. However, the repo rate hike in January 2020 will affect income from the Private Banking mortgage, since the interest rate on this loan is linked to the repo rate with a floor of -0.20 per cent. The repo rate was raised on 8 January 2020 to 0 per cent. Income from margin lending increased by 1 per cent despite average higher lending volumes, which is a result of a lower average interest rate. Margin lending is not tied to the repo rate and instead is adjusted based on market interest rates and the competitive landscape. All else being equal, without taking changes in customer behaviour into account, a 1 per cent rate change from the repo rate by the end of the year of -0.25 and with today's volumes would affect full-year net interest income by around SEK 300 million. The Riksbank's own forecast indicates, however, that the next rate hike, after the one in January, will not be until the end of 2022. The percentage rate to calculate the resolution fee was cut in 2019 from 0.125 per cent to 0.09 per cent, and in 2020 will be further reduced to 0.05 per cent. The deposit guarantee fee and resolution fee increased despite this due to larger volumes and amounted to SEK 34 million (30) in 2019. Because IFRS 16 Leases was implemented as a new standard as of 1 January 2019, without retroactive application, leases of premises are now recognised as a right-of-use (leased) asset and lease liability in the balance sheet. As a result, part of the rental expense is also defined as an interest expense, which amounted to approximately SEK 0.5 million per quarter in 2019.

Other income was unchanged despite increased commission income, mainly due to higher other commission expenses, which were partly the result of an increased number of mortgage applications. Income from Avanza Markets increased by 15 per cent and from Corporate Finance by 16 per cent, while currency-related income were slightly lower.

Operating expenses

Operating expenses for the full-year increased by 10.6 per cent, excluding extraordinary items, in line with previously announced budgeted figure of 10.5 per cent. The increase is mainly due to higher personnel costs. The full-year cost increase includes neither the extraordinary write-down of SEK 8.3 million of leased asset in the fourth quarter 2019 nor the fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension in 2018, which from the beginning has been excluded from the budgeted increase. Including these extraordinary items, operating expenses rose by 6 per cent. The write-down is due to the consolidation of Avanza's offices again under one roof at Regeringsgatan 103 in Stockholm in autumn 2020.

Personnel costs rose due to an increased number of employees, mainly to expanded development capacity. IT costs also increased. Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised as a right-of-use (leased) asset and lease liability in the balance sheet. This reduces reported costs for premises, while depreciation increases by about the same amount. At the same time, an interest expense arises in net interest income.

The guidance on Avanza's annual cost growth is 9–12 per cent, with an estimated cost growth of around 10 per cent for 2020. This increase includes neither the SEK 8.3 million write-down of leased asset in 2019 nor the extraordinary cost associated with the move, which is estimated at SEK 11 million in 2020.

The increased costs will allow Avanza to capitalise on new growth opportunities in a responsible way while staying focused on costs, benefitting both customers and shareholders.

The cost to savings capital ratio was 0.19 per cent, which was a decrease of 1 percentage point. Given continued strong growth in customers and savings capital, as well as further efficiency improvements, the long-term ambition is to reduce the cost to savings capital ratio to 0.16 per cent, in line with the very best international peers in the industry. This makes Avanza resilient in various market conditions at the same time that it provides an important competitive advantage. In the last five years, Avanza has cut its cost to savings capital ratio from 0.29 to 0.19 per cent on a full year basis.

Credit losses

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

Result from participations in associated companies

During the fourth quarter Stabelo made a new share issue. With the new share issue Avanza's ownership in Stabelo was reduced from just under 30 per cent to just over 27 per cent of the outstanding shares. Stabelo is classified as an associated company in Avanza's accounts and Stabelo's results are included in the consolidated accounts in accordance with the equity method.

Taxes

At the beginning of the year, the corporate tax rate was lowered from 22 to 21.4 per cent. Further reduction of the corporate tax will be made in 2021 to 20.6 per cent. Based on current volumes, the effective tax is estimated to around 14 per cent in 2020.

In its budget bill the Ministry of Finance has announced plans to introduce a banking tax as of 2022. There is no concrete information yet on what it will look like or how it will

be calculated. There are no plans, however, to raise the resolution fee. The tax will affect a limited number of companies and it will not matter where they have their head office.

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. The company's financial results are rather impacted by cyclical market factors such as stock market development, volatility and the repo rate. Customer and net inflow are normally higher at the beginning of the year.

Future outlook

The Swedish financial market is becoming highly digitised, which is making it easier for customers to switch banks, at the same time that mobile usage has increased customer activity. Transparency has increased, as has the understanding of the impact that fees have on savings in a low interest rate environment. Customers today also have more rights when it comes to data portability, i.e. the right to receive their data in a format that can be shared with other companies. This is often called Open Banking. Because of this, the banking market is fragmenting with new competition, which is increasing the importance of customer satisfaction as well as a strong brand and innovation. As customers spread their personal finances between multiple companies, there is also a growing need for a better overview.

Demographic trends and the increasing financial burden being placed on the working population, as well as the gradual deterioration of the public and collective pension and welfare systems, are raising the importance of individual pension savings. Here the stricter loan to value requirements for mortgage loans have also focused attention on the need for savings.

The UN's Sustainable Development Goals have brought to the forefront the financial industry's opportunities to positively impact climate change. There has also been talk about climate risks: how a company's products or services could be affected by climate change and how profitability is affected by stricter regulations and climate laws. A sustainability perspective is becoming both a financial and ethical issue in the area of savings as well. By educating, inspiring and making it easier for customers to find sustainable choices, Avanza can contribute to the Sustainable Development Goals and at the same time provide savings options that are well-suited for the times we live in.

These trends and changes are expected to continue to drive development in the future with regard to digitisation, customer offers and digital decision support, and provide a favorable growth climate for Avanza. Avanza's growth objectives includes attracting broader target groups – experienced and established investors as well as new ones – and attracting a larger proportion of existing customer's savings by offering new products and services. Avanza's modern platform, high user experience, low prices and broad range of products and services provide ample opportunity to meet savers' changing needs and habits. Growth among new customers is expected to increase the share of fund savings at Avanza, which, together with the growth objectives in pensions and mortgages, reduce sensitivity to market fluctuations.

Read more in the Annual Report at investors.avanza.se.

Quarterly overview

Quarterly overview (SEK m unless otherwise stated)	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017
Net brokerage income	123	126	105	112	111	111	92	122	122
Fund commissions	91	86	83	72	74	81	74	72	64
Net interest income	58	53	51	39	29	31	29	29	27
Other income	56	48	46	44	53	44	49	48	58
Operating income	329	313	284	268	267	267	244	271	271
Personnel	-115	-90	-107	-103	-97	-83	-97	-90	-98
Marketing	-3	-4	-3	-8	-4	-5	-3	-5	-8
Depreciation ¹	-22	-14	-14	-14	-5	-5	-5	-5	-3
Other expenses ^{1,2}	-48	-40	-42	-40	-84	-42	-48	-52	-48
Operating expenses before credit losses	-187	-148	-166	-164	-190	-135	-153	-152	-157
Credit losses, net	0	0	2	-1	0	0	-1	0	0
Profit/loss from participations in associated companies	-2	-2	-2	-2	-1	-	-	-	-
Operating profit	140	163	117	100	76	132	90	120	114
Operating margin, %	43	52	41	37	29	49	37	44	42
Earnings per share before dil., SEK ³	0.79	0.91	0.67	0.57	0.40	0.71	0.53	0.69	0.65
Shareholders' equity per share before dilution, SEK ^{3,4}	12.65	11.96	10.10	9.35	10.66	10.16	8.82	8.32	9.51
Return on shareholders' equity, %	26	33	27	23	15	30	25	31	28
Net inflow	6,820	9,940	8,270	7,570	6,360	8,380	4,840	7,960	3,550
No. of new customers (net)	37,300	36,800	31,500	33,600	28,600	32,200	23,300	42,400	42,500
No. of customers at the end of the period	976,400	939,100	902,300	870,800	837,100	808,500	776,400	753,100	710,600
Savings capital at the end of the period	407,700	377,100	359,300	335,700	300,000	331,000	307,100	288,700	282,900
Income to savings capital ratio, %	0.34	0.34	0.33	0.34	0.34	0.33	0.33	0.38	0.38
Costs to savings capital ratio, % ⁵	0.19	0.16	0.19	0.21	0.20	0.17	0.21	0.21	0.22

1) Due to the introduction of IFRS 16 Leases in 2019, leases on premises are now recognised in the balance sheet, which results in reduced reported costs for premises, while depreciation increases. Depreciation also includes write-down of SEK 8.3 m i Q4-2019.

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

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

4) The holding in Stabelo has been revalued in connection with the transition to IFRS 9, resulting in an increase of SEK 10 million in the opening balance 2018. Historical figures and key ratios have been adjusted.

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

Financial position

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

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

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

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the fourth quarter 2019 total credit losses amounted to SEK 11 million, which is the equivalent, on average, to less than 0.03 per cent per year.

Significant risks and uncertainty factors

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

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

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

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for 2019 was SEK -22 million (SEK -17m). The Parent Company does not report any revenues. Anticipated dividend from subsidiaries of SEK 160 million (SEK 267m) was reported for 2019.

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

Capital surplus

SEK m	31-12-2019	31-12-2018
Own funds		
Shareholders' equity, the Group	1,945	1,614
Solvency capital	1,294	909
Less non-distributable solvency capital ¹	-145	-138
Subordinated loan ²	76	75
Additional value adjustments ²	-20	-17
Intangible assets and deferred tax receivables	-76	-85
Own funds before dividend adjustments²	3,075	2,359
Capital requirements		
Capital requirement Pillar 1 ²	-1,762	-1,253
of which Solvency capital requirement ¹	-1,149	-771
Buffer requirement ²	-365	-288
Capital requirement Pillar 2	-120	-83
Capital requirements²	-2,248	-1,624
Capital surplus before dividend²	828	735
Capital surplus per share, SEK ^{2,3}	5.38	4.85

1) *Non-distributable solvency capital = Solvency capital - Solvency capital requirement.*

2) *A revision has been made for additional value adjustments, which relate to assets that are measured at fair value through other comprehensive income. This has been reported to the Swedish FSA. The deduction is included as of 30 September 2019 with adjusted comparative figures for 31 December 2018.*

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

Intangible assets and deferred tax receivables are not included in own funds under the capital adequacy rules and are thus not distributable and should be deducted from the shareholders' equity. See also Note 7, page 19.

The capital surplus, i.e. the maximum amount available for dividend payments and repurchases of the company's own shares, totaled SEK 828 million as of 31 December 2019.

The Solvency 2 rules means that the conglomerate's largest sector is the insurance sector. As a result, the Group's

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

Other corporate events

Executive Management

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

Malin Nybladh, Head of HR and a member of Group Management since May 2018, left Avanza on 1 April.

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

During the fourth quarter, Maria Christofi-Johansson, Head of Customer Relations and member of Group Management, left Avanza. Head of Customer Relations will no longer be a part of Group Management.

Annual General Meeting 2019

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

As proposed, a dividend of SEK 10.50 per share was authorised (corresponding to SEK 2.10 per share after share split).

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

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

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

The Annual Report 2018 was published on 26 February 2019.

Share split and amendment of the articles of association

The Annual General Meeting approved a share split in Avanza Bank Holding AB (publ), whereby each existing share was divided into five shares. The Board decided the 16 April 2019 as record date for the split, which increased the total number of shares in the company from 30,272,996 to 151,364,980. The Annual General Meeting also resolved to amend the articles of association related to the split.

Annual General Meeting 2020

The Annual General Meeting of the company's shareholders will be held in Stockholm on 17 March 2020. The annual report is scheduled to be made available at the company's office and on the website, investors.avanza.se, on 21 February 2020.

Nomination committee

The Nomination Committee comprises the Chairman of the Board Sven Hagströmer, Erik Törnberg representing Creades AB, Sean Barrett representing HMI Capital, LLC and Magnus Dybeck representing the Dybeck family and companies. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information about the Nomination Committee, please visit Avanza's website at investors.avanza.se.

Dividend

The Board of Directors proposes a dividend of SEK 2.30 (SEK 2.10) per share, which corresponds to 79 (83) per cent of net profit. The policy is a dividend of at least 70 per cent of net profit.

Incentive programmes

Sub-programme 3 of the warrant programme authorized by the Extraordinary General Meeting on 13 June 2014 had exercise period from 26 August 2019 to 2 September 2019. After recalculation of the warrant programme the exercise price was SEK 75.40 per share (adjusted for the share split) and 2,440,200 shares were possible to subscribe for. 2,421,342 shares were subscribed for and all subscribed shares have been issued. The number of shares outstanding and registered per 31 December 2019 amounts to 153,786,322.

The Annual General Meeting 2019 authorised a new incentive programme based on warrants. The programme runs for three years and comprises a maximum of 2,250,000 warrants (the number of warrants takes into account the share split), each of which grants entitlement to subscribe for one share in the company. If all the warrants are exercised, the dilution effect is a maximum of 1.5 per cent. The programme has an exercise price of SEK 94.80 per share and the expiration date is 1 September 2022. 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 2019 been authorised to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased during 2019 and the company holds no repurchased shares as of 31 December 2019.

Transactions with associated parties

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

Significant events after the end of the reporting period

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

Consolidated Income Statement

SEK m	Note	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Operating income					
Commission income	1, 2	319	284	1,191	1,111
Commission expenses	3	-50	-49	-200	-183
Interest income calculated using the effective interest method		71	55	253	212
Other interest and similar income		10	8	36	29
Interest expenses		-23	-34	-87	-122
Net result of financial transactions		1	2	0	2
Other operating income		0	0	0	0
Total operating income		329	267	1,193	1,049
Operating expenses					
General administrative expenses		-158	-140	-569	-541
Depreciation of tangible and intangible fixed assets		-22	-5	-63	-20
Other operating expenses		-6	-44	-34	-69
Total operating expenses before credit losses		-187	-190	-666	-629
Operating profit before credit losses		142	77	528	420
Credit losses, net		0	0	0	-1
Profit/loss from participations in associated companies		-2	-1	-8	-1
Operating profit		140	76	520	418
Tax on profit for the period		-19	-16	-73	-69
Net profit¹		121	60	447	349
Earnings per share before dilution, SEK ²		0.79	0.40	2.94	2.32
Earnings per share after dilution, SEK ²		0.79	0.39	2.94	2.31
Average no. shares before dilution, thousands ²		153,786	151,365	152,115	150,432
Average no. shares after dilution, thousands ²		153,786	152,053	152,115	150,827
Outstanding no. shares before dilution, thousands ²		153,786	151,365	153,786	151,365
Outstanding no. shares after dilution, thousands ²		154,125	151,643	154,125	151,643
No. shares upon full dilution, thousands ²		160,536	158,315	160,536	158,315

- 1) The entire profit accrues to the Parent Company's shareholders.
2) Adjusted in accordance with the share split in April 2019.

Consolidated statement of comprehensive income

SEK m	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Net profit	121	60	447	349
<i>Items that will be reversed to the income statement</i>				
Changes in fair value of financial instruments ¹	-19	-30	19	-39
Tax on changes in fair value of financial instruments ¹	4	7	-4	9
<i>Items that will not be reversed to the income statement</i>				
Changes in value of associated companies ²	-	40	-	40
Tax on changes in value of associated companies	-	-	-	-
Other comprehensive income after tax	-15	16	15	9
Total comprehensive income after tax³	106	76	462	359

- 1) Refers to financial instruments at fair value via other comprehensive income.
2) Book value of the holdings in Stabelo has been set at market value based on the transaction made during the fourth quarter 2018.
3) The entire profit accrues to the Parent Company's shareholders.

Consolidated Balance Sheet

SEK m	Note	31-12-2019	31-12-2018
Assets			
Balances at central banks		1,340	2,907
Lending to credit institutions	4	1,766	914
Lending to the public	5	13,106	10,339
Bonds		19,782	16,958
Shares and participations		0	1
Shares and participations in associated companies		108	116
Assets in insurance operations		116,369	86,457
Intangible fixed assets		76	84
Right-of-use asset		76	-
Tangible fixed assets		35	40
Other assets		3,022	4,104
Prepaid costs and accrued income		262	221
Total assets		155,942	122,138
Liabilities and shareholders' equity			
Deposits by the public		36,400	33,317
Liabilities in insurance operations		116,370	86,458
Lease liability		86	-
Other liabilities		945	508
Accrued costs and prepaid income		97	142
Subordinated liabilities		100	100
Shareholders' equity		1,945	1,614
Total liabilities and shareholders' equity		155,942	122,138

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - December 2018					
Shareholders' equity 31-12-2017	75	442	-	910	1,427
<i>Adjustment of shareholder's equity 01-01-2018 for retroactive application of IFRS 9 (net after tax)</i>					
Increased provision for anticipated credit losses in accordance with IFRS 9	-	-	-	-3	-3
Valuation of bonds at fair value through other comprehensive income	-	-	24	-	24
Revaluation of shares and participations ¹	-	-	10	-	10
Adjusted shareholders' equity 01-01-2018¹	75	442	34	907	1,458
Net profit for the period	-	-	-	349	349
Other comprehensive income for the period	-	-	-40	50	9
Total comprehensive income for the period	-	-	-40	399	359
Transactions with owners					
Dividend paid	-	-70	-	-245	-315
New issue (exercise of warrants)	1	108	-	-	108
Warrants issue	-	5	-	-	5
Shareholder's equity 31-12-2018¹	76	484	-6	1,061	1,614
January - December 2019					
Shareholders' equity 31-12-2018	76	484	-6	1,061	1,614
Net profit for the period	-	-	-	447	447
Other comprehensive income for the period	-	-	15	-	15
Total comprehensive income for the period	-	-	15	447	462
Transactions with owners					
Dividend paid	-	-6	-	-312	-318
New issue (exercise of warrants)	1	181	-	-	183
Warrants issue	-	4	-	-	4
Shareholders' equity 31-12-2019	77	664	9	1,196	1,945

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

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

Consolidated Cash Flow Statement

SEK m	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Operating activities				
Operating profit	140	76	520	418
Adjustment for items not included in cash flow	14	5	32	20
Taxes paid	1,030	-183	859	3
Changes in operating activities' assets and liabilities	-989	1,743	819	4,454
Cash flow from operating activities	195	1,642	2,230	4,895
Investment operations				
Acquisition and disposals of intangible and tangible fixed asset	-5	-7	-9	-25
Acquisition of shares and participations	-	-40	-	-46
Investment in bonds	440	204	-2,809	-2,506
Cash flow from investment operations	436	157	-2,819	-2,577
Financial operations				
Cash dividend	-	-	-318	-315
Subordinated bond	0	0	0	0
New issue (exercise of warrants)	-	-	183	108
Warrants issue	-	-	4	5
Cash flow from financial operations	0	0	-131	-202
Cash flow for the period	631	1,799	-720	2,116
Liquid assets at the beginning of the period ¹	2,446	1,998	3,797	1,681
Liquid assets at the end of the period ¹	3,077	3,797	3,077	3,797
Change	631	1,799	-720	2,116

1) Liquid assets are defined as balances at central banks plus lending to credit institutions excluding pledged assets. At the end of the period SEK 29 million (SEK 24m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement

SEK m	2019 Jan-Dec	2018 Jan-Dec
Operating expenses		
Administration expenses	-15	-10
Other operating expenses	-7	-7
Operating profit/loss	-22	-17
Profit from financial investments		
Profit/loss from participations in Group companies	182	284
Interest expenses and similar items	0	0
Profit/loss before tax	160	267
Tax on profit/loss for the period	0	0
Net profit/loss for the period	160	267

Parent Company statement of comprehensive income

SEK m	2019 Jan-Dec	2018 Jan-Dec
Net profit/loss for the period	160	267
Other comprehensive income after tax	-	40
Total comprehensive income after tax	160	307

Parent Company Balance Sheet

SEK m	31-12-2019	31-12-2018
Assets		
Financial fixed assets	533	533
Current receivables ¹	354	337
Liquid assets	0	1
Total assets	887	871
Shareholders' equity and liabilities		
Restricted shareholders' equity	77	76
Non-restricted shareholders' equity	803	779
Current liabilities	7	16
Total shareholders' equity and liabilities	887	871

1) Of which receivables from subsidiaries SEK 352 million (SEK 336m as of 31-12-2018).

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

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

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

SEK m	Reported balance sheet items	Conversion to IFRS 16	Adjusted balance sheet items
	31-12-2018	01-01-2019	01-01-2019
Assets			
Right-of-use asset	–	115	115
Total assets	122,138	115	122,253
Liabilities and shareholders' equity			
Lease liability	–	115	115
Total liabilities	120,524	115	120,639
Shareholders' equity	1,614	–	1,614
Total liabilities and shareholders' equity	122,138	115	122,253

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

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

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

Notes

Note 1 Revenue from contracts with customers

SEK m	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Trading in commission-generating securities	171	159	654	621
Fund savings	98	79	359	327
Corporate services	13	7	27	24
Other commission income	38	39	151	140
Total	319	284	1,191	1,111
<i>Timing of revenue recognition</i>				
Service or goods transferred to customer at a specific point in time	319	284	1,191	1,111
Service or goods transferred to customer over time	-	-	-	-
Total	319	284	1,191	1,111

Revenue from contracts with customers largely comes from securities trading and includes profit from exchange income of SEK 31 million (SEK 31m) in the lines Trading in commission-generating securities and Fund savings for the fourth quarter.

Note 2 Commission income

SEK m	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Gross brokerage income	146	132	556	520
Fund commissions	91	74	332	301
Other commission income ¹	82	78	303	290
Total	319	284	1,191	1,111

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

Note 3 Commission expenses

SEK m	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Transaction costs ¹	-23	-21	-90	-85
Payment services commissions	-14	-11	-54	-49
Other commission expenses ²	-13	-16	-56	-49
Total	-50	-49	-200	-183

1) Costs directly related to brokerage income.

2) Include application costs related to mortgages, SEO costs, costs for traders systems as well as a number of smaller costs.

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,421 million (SEK 1,575 m as of 31 December 2018) which are reported net against client fund payables of SEK 1,421 million (SEK 1,575 m as of 31 December 2018). Of the liquid assets of SEK 3,106 million as per the end of the period, SEK 29 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

Note 5 Lending to the public

Lending to the public is reported after deduction for confirmed and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 10 million (SEK 12m as of 31 December 2018). Thus, the change in the accumulated provision for expected credit losses has affected the result of the first quarter by SEK 1 million.

Lending to the public amounted to SEK 13,106 million, of which SEK 5,156 million (SEK 4,361m as of 31 December 2018) with collateral in the form of securities and SEK 7,949 million (SEK 5,978m as of 31 December 2018) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 8,936 million (SEK 6,979m as of 31 December 2018) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amounts to SEK 984 million (SEK 998m as of 31 December 2018).

Note 6 Financial instruments

Classification of financial instruments

31-12-2019 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
Assets					
Balances at central banks	–	1,340	–	–	1,340
Lending to credit institutions	–	1,766	–	–	1,766
Lending to the public	–	13,106	–	–	13,106
Bonds	–	–	19,782	–	19,782
Shares and participations	0	–	–	–	0
Shares and participations in associated companies	–	108	–	–	108
Assets in insurance operations	107,032	9,337	–	–	116,369
Intangible assets	–	–	–	76	76
Right-of-use asset	–	–	–	76	76
Tangible assets	–	–	–	35	35
Other assets	–	3,022	–	–	3,022
Prepaid costs and accrued income	–	227	–	35	262
Total assets	107,032	28,905	19,782	222	155,942
Liabilities					
Deposits by the public	–	36,400	–	–	36,400
Liabilities in insurance operations	116,369	–	–	1	116,370
Lease liability	–	–	–	86	86
Other liabilities	–	940	–	5	945
Accrued costs and prepaid income	–	51	–	46	97
Subordinated liabilities	–	100	–	–	100
Total liabilities	116,369	37,490	–	138	153,996

Financial instruments valued at fair value

31-12-2019, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	58,860	0	0	58,860
Fund units	45,510	0	–	45,510
Bonds and other interest-bearing securities	21,350	632	–	21,982
Other securities	394	69	–	462
Total assets	126,114	700	0	126,814
Liabilities				
Liabilities in insurance operations (investment agreements)	–	116,369	–	116,369
Total liabilities	–	116,369	–	116,369

Fair value

In the case of financial instruments reported at amortised cost, incurring variable interest, or with short maturities, the reported value and fair value are equal. The fair value of those financial instruments reported at fair value, primarily Assets in the insurance operations and bonds in Avanza's liquidity portfolio, is determined as shown below.

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

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

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

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

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

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

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

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

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

Note 7 Capital requirement for the financial conglomerate

SEK m	31-12-2019	31-12-2018
Own funds		
Shareholders' equity, the Group	1,945	1,614
Proposed dividend	-354	-318
Shareholders' equity, financial conglomerate	1,592	1,296
<i>Additional</i>		
Solvency capital ¹	1,294	909
Subordinated loan ²	76	75
<i>Less</i>		
Additional value adjustments ²	-20	-17
Intangible assets	-76	-84
Deferred tax receivables	-	0
Total own funds²	2,866	2,179
Own funds per sector		
Own funds for regulated units in the insurance sector ¹	1,489	1,071
Own funds for regulated units within the banking and investment services sector ²	1,378	1,108
Total own funds	2,866	2,179
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹	1,149	771
Capital requirement for regulated units within the banking and investment services sector ²	1,098	853
of which additional buffer requirement ²	365	288
of which additional Pillar 2 requirement	120	83
Total capital requirement²	2,248	1,624
Capital surplus	619	555
Own funds/Capital requirement	1.28	1.34

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

2) A revision has been made for additional value adjustments, which relate to assets that are measured at fair value through other comprehensive income. This has been reported to the Swedish FSA. The deduction is included as of 30 September 2019 with adjusted comparative figures for 31 December 2018.

The above table refers to the financial conglomerate, including 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).

During the year only audited profits are included in the calculation of shareholder's equity for the financial conglomerate. Adjustments are made for assumed or proposed dividend if the profit for the period has been audited. Assumed dividend refers to the current period and the proposed dividend is dividend proposed by the Board of Directors to the Annual General Meeting for the full financial year.

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

Note 8 Own funds and capital requirement for the consolidated situation

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

SEK m	31-12-2019	31-12-2018 ¹
Tier 1 capital		
Shareholders' equity, consolidated situation	1,865	1,585
Proposed dividend	-354	-318
Equity, consolidated situation (adjusted for assumed/proposed dividend)	1,511	1,267
Deducted items		
Additional value adjustments ²	-20	-17
Intangible assets	-76	-84
Deferred tax receivables	-	0
Significant holdings in the financial sector ^{1 2}	-5	-38
Common equity tier 1 capital²	1,411	1,128
Subordinated loan	76	75
Tier 2 capital	76	75
Total own funds	1,487	1,203
Capital requirement		
Credit risk according to the standardised approach ²	525	384
Market risk (position risk)	0	0
Settlement risk	0	0
Credit valuation adjustment risk according to the standardised method	-	-
Operational risk according to the basic indicator approach	147	128
Capital requirement	672	512
Risk exposure amount		
Credit risk according to the standardised approach	6,564	4,795
of which institutions	350	182
of which corporates	73	37
of which retail	310	161
of which secured by mortgages on immovable property	2,809	2,092
of which covered bonds ²	1,879	1,643
of which equity ^{1 2}	353	291
of which other items	790	389
Market risks (position risk)	0	1
Settlement risk	2	3
Credit valuation adjustment risk according to the standardised method	-	-
Operational risk according to the basic indicator approach	1,836	1,599
Total risk exposure amount¹	8,402	6,398
Capital ratios and buffers		
Common equity tier 1 ratio, % ²	16.8	17.6
Tier 1 ratio, % ²	16.8	17.6
Total capital ratio, % ²	17.7	18.8
Own funds in relation to capital requirement ²	2.21	2.35
Institution-specific buffer requirement, %	5.0	4.5
of which capital conservation buffer requirement, %	2.5	2.5
of which countercyclical buffer, %	2.5	2.0
Total capital requirement including buffer requirement, %	13.0	12.5
Common equity tier 1 capital available for use as a buffer, % ²	12.3	13.1
Total own funds	1,487	1,203
Capital requirement (8%)	-672	-512
Buffer requirement	-365	-288
Additional Pillar 2 requirement	-120	-83
Total capital requirement	-1,157	-882
Capital surplus after buffer requirement and Pillar 2	330	321
Leverage ratio		
Total exposure amount leverage ratio ²	40,902	36,406
Tier 1 capital ²	1,411	1,128
Leverage ratio, %	3.4	3.1

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

2) A revision has been made for additional value adjustments, which relate to assets that are measured at fair value through other comprehensive income. This has been reported to the Swedish FSA. The deduction is included as of 30 September 2019 with adjusted comparative figures for 31 December 2018.

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

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, 21 January 2020

Sven Hagströmer
Chairman of the Board

Viktor Fritzen
Member of the Board

Jonas Hagströmer
Member of the Board

Birgitta Klasén
Member of the Board

Mattias Miksche
Member of the Board

Hans Toll
Member of the Board

Jacqueline Winberg
Member of the Board

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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 08.15 (CEST) on 21 January 2020.

A webcast presentation will be held by Rikard Josefson, CEO, and Birgitta Hagenfeldt, CFO, on 21 January 2020 at 10.00 (CEST). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at investors.avanza.se. 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: 27674885#

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.

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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Financial calendar

Annual Report 2019	21 February 2020
Annual General Meeting	17 March 2020
Interim Report January – March 2020	21 April 2020
Interim Report January – June 2020	14 July 2020

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

Brokerage per commission note²⁾

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

Brokerage/Turnover²⁾

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

Client funds²⁾

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

Commission note

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

Costs per customer²⁾

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 ratio²⁾

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

Credit loss level¹⁾

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

Customer

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

Deposits

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

Earnings per share¹⁾

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 share¹⁾

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 commissions²⁾

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

Income per customer²⁾

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 ratio²⁾

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

Internally financed lending

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

Net brokerage income²⁾

Gross brokerage income less direct costs.

Deposits/Savings capital

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

Net inflow

Deposits, less withdrawals, of liquid assets and securities.

Net inflow/Savings capital

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

Operating expenses¹⁾

Operating expenses before credit losses.

Operating margin¹⁾

Operating profit/loss in relation to operating income.

Own funds³⁾

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

Profit margin¹⁾

Profit/loss after tax in relation to operating income.

Return on equity¹⁾

Profit/loss after tax in relation to the average shareholders' equity during the period. The return on shareholders' equity for interim periods is recalculated at a yearly rate.

Savings capital

The combined value of accounts held with Avanza.

Solvency capital³⁾

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

Solvency capital requirement³⁾

Estimated capital requirements under Solvency 2 rules.

Turnover

Turnover in security trading.

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

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

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