

Interim Report January–June 2024

Second quarter 2024 compared to second quarter 2023

- **Operating income** increased by 11 per cent to SEK 929 million, mainly as a result of higher brokerage and currency-related income and fund commissions. Other income decreased mainly due to SEK 15.3 million in customer compensations related to interest on ISK. Operating income rose by 13 per cent excluding customer compensations
- **Operating expenses** increased by 19 per cent to SEK 341 million, mainly as a result of higher personnel costs and an administrative fine from IMY of SEK 15 million, as previously communicated. Excluding the administrative fine from IMY, operating expenses increased by 13 per cent
- **Operating profit** amounted to SEK 588 million, an increase of 8 per cent. Excluding the administrative fine from IMY and customer compensations totalling SEK 30 million, operating profit amounted to SEK 618 million, an increase of 13 per cent
- **Profit for the period** was SEK 506 million, an increase of 7 per cent
- **Earnings per share** before dilution amounted to SEK 3.22, an increase of 7 per cent

Events during the quarter

- Fredrik Broman was recruited as Chief Technology Officer and a member of Group management. He takes up his new post on 19 August. Additionally, Karin Åge has taken over as Chief Human Resource Officer and Erik Gjötterberg as Chief Business Development Officer, both joining Group Management
- Improved analysis opportunities were launched on the platform with more report data and historical performance indicators as well as the option of advanced technical analysis
- The option to hold shares in pension accounts which are under payout is now available for Private Banking and Pro
- Avanza ranked as Sweden's most highly regarded company in the finance industry and the eighth most highly regarded company in any category in Verian's Reputation Index 2024

No. of customers

+8%

Total 1,984,500

Savings capital

+21%

Total SEK 894 bn

"We have the wind in our sails with many popular launches during the quarter and prestigious awards. Customer activity was strong initially, but slowed in the second half of the quarter with the stock market trending sideways and low volatility. One-off effects negatively impacted operating profit by SEK 30 million in total, while trading income, net interest income and the fund margin were stable compared to the first quarter," says CEO Gustaf Unger.

	Q2 2024	Q1 2024	Change %	Q2 2023	Change %	Jan-Jun 2024	Jan-Jun 2023	Change %
Operating income, SEK m	929	951	-2	833	11	1,879	1,701	10
Operating expenses, SEK m	-341	-303	12	-287	19	-644	-577	12
Operating profit, SEK m	588	647	-9	546	8	1,235	1,125	10
Profit for the period, SEK m	506	555	-9	472	7	1,061	973	9
Earnings per share before dilution, SEK	3.22	3.53	-9	3.02	7	6.75	6.21	9
Operating margin, %	63	68	-5	66	-2	66	66	0
Return on shareholders' equity, %	35	36	-1	37	-2	37	39	-2
Net inflow, SEK m	17,200	22,000	-22	16,100	7	39,200	33,100	18
No. of new customers (net)	33,700	49,800	-32	24,000	40	83,500	65,200	28
No. of customers at the end of the period	1,984,500	1,950,800	2	1,841,900	8	1,984,500	1,841,900	8
Savings capital at the end of the period, SEK m	893,700	858,900	4	736,900	21	893,700	736,900	21
Income to savings capital ratio, %	0.42	0.46	-0.04	0.46	-0.03	0.44	0.48	-0.04
Costs to savings capital ratio, %	0.16	0.15	0.01	0.16	0.00	0.15	0.16	-0.01

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For key ratios reported in percentages, the change compared to previous periods are stated as percentage points. For definitions see page 27.

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 and corporate customers, such as entrepreneurs, asset managers and those who want an occupational pension.

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

- attractive offers and a strong user experience
- market conditions and its effects on trading activity and fund volumes
- interest rates and changes in deposit and lending volumes

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

Avanza values a simple, transparent and capital-efficient balance sheet with low risk.

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 have more left in their own pockets than with any other bank or pension company. This makes innovation, as well as scalability and efficiency, important to Avanza's strategy. Avanza's business model is built on scalability and high cost-efficiency. Strong customer growth, combined with low costs, leads to long-term growth, and enables Avanza to deliver value to both customers and shareholders. Continuous development, digitisation and internal efficiency also reduce operational risks and increase stability.

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

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

Long-term targets 2025

Satisfied customers

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

Engaged employees

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

Value growth

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

Sustainability

- Strengthen the Sustainability Score in customers' investments
- Increase equality in savings
- Net zero emissions according to Science Based Target

Priorities for 2024

- Stability and availability
- A world-class user experience and offering for active and high-net-worth customers
- Help new customers to start saving
- Improved pension offering
- Internal efficiency improvements to free up resources for focus areas

For more information, see [avanza.se/ir](https://www.avanza.se/ir), and the Annual Report.



CEO comment

Solid growth and stable fund margin in the quarter

Growth remained solid during the quarter with 33,700 new customers and a net inflow of SEK 17 billion. As a result, 28% more customers than last year chose Avanza for their savings and investments during the first half of the year. Together with our previous customers, they generated a 18% higher net inflow than last year. We saw strong interest in funds with a net inflow of SEK 11 billion this quarter. The fund margin was stable even though the share of index funds continued to rise in the quarter. Growing the fund business is an important part of our strategy and reduces income volatility.

Improved customer experience for true stock market enthusiasts

There is a lot happening on the development front and we had an active quarter in terms of launches. The focus has mainly been on new features and support for those we call our stock market enthusiasts, a priority area for the year. Several improvements have been made to both fundamentals and technical analysis. We have also improved the stop-loss on exchange traded products and added algorithmic trading strategies for order execution. When it comes to Private Banking, our customers now can keep shares in their pension account during payout, which they have been requesting for some time.

I see Avanza's continued growth and all the fantastic awards we have received from customers after our launches as proof that they appreciate what we do. In the recently published Reputation Index for 2024 we continued to rank as number 8 overall and the highest in finance. I am convinced that Avanza's strong brand, what we are doing to improve the savings market and the close relationships with our customers have contributed to this prestigious award.

One-off effects negatively impacted the quarter by SEK 30 million

Market sentiment was positive at the start of the quarter and we saw increased risk tolerance among customers, who were buoyed by hopes of lower interest rates in the U.S. and Europe. In Sweden, the Riksbank cut the policy rate in early May. The second half of the quarter was more cautious with the stock market trending sideways and low volatility. While the latter is not favourable for stock trading, trading income, including brokerage income and currency exchange fees, were still in line with the first quarter. In total, however, income decreased compared to the previous quarter due to commission expenses in the form of customer reimbursements of just over SEK 15 million after Avanza offered customers too high of an interest rate on their investment savings accounts (ISK). This was caused by an erroneous legislative amendment that will be corrected as of 2025, as we highlighted in the report for the first quarter. It is hard to determine how much more remains, but all our customers should have received their final tax notices over a month ago and we are seeing a slowing rate of claims. Operating expenses increased compared to the previous quarter, impacted by a SEK 15 million administrative fine from the Swedish Authority for Privacy Protection (IMY), affecting comparability. Personnel costs also include costs related to the management changes made this spring. The estimated cost increase of 9.5% compared to 2023 remains unchanged, but excludes the fine from IMY. Operating profit

excluding the customer reimbursements and fine decreased by 4 per cent compared to the first quarter.

A retrograde pension industry where politicians have to step in

Last quarter, I mentioned my concern about the government's proposal to limit the interest deduction for margin lending. Unfortunately, it looks like our customers and every other Swedish saver will have to accept the limited interest deductions. It is not the right move for the savings market. On the other hand, it looks like savers will be able, after the turn of the year, to benefit from tax-free savings in ISK and endowment insurance of up to SEK 300,000 in total. This is positive for Sweden as well as for individual savers, and in the long run for Avanza as well, as I believe it will increase savings.

Another area going backward and in the wrong direction is pension transfer rights. Far too many Swedes are stuck today with expensive and limited pension savings and if the transfer market worked correctly would be able to live more comfortably in retirement if they could transfer their savings. Unfortunately, many pension companies are putting up obstacles. I therefore hope – for the sake of all pension savers – that the government modernises the transfer rules so that we finally have a competitive pension industry. Why not begin by eliminating the requirement to obtain a previous employer's signature?

Nearly complete management team

There is a lot happening at Avanza in the form of development and the management team is also soon complete. We recently announced the recruitment of Fredrik Broman as our new CTO. Fredrik will be an important addition to management and Avanza, especially considering the goal to transition our production environment to the cloud. Besides strengthening our customer experience further, a key task for him will be to increase the share of time our development teams can devote to customer improvements through further technological advancement. When Fredrik begins in August, we will also be launching the organisational change I mentioned previously to create streamlined technology and product organisations. We are still in the process of recruiting a new Chief Product Officer (CPO). On 1 July, Erik Gjötterberg joined Group Management as Chief Business Development Officer. He will initially work with the long-term strategy while keeping an eye out for potential future deals. The hope is to present an updated, clearer strategy as soon as possible, but no later than in January. Avanza's highest priority is still to protect, value and develop the outstanding savings business we have and our nearly 2 million customers.

Have a wonderful summer!

Stockholm, 11 July 2024



Gustaf Unger,
CEO Avanza



Operations during the quarter

Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by 2 per cent in the quarter. Volatility was still low, especially in May and June.

Turnover on the Stockholm Stock Exchange including First North decreased by 1 per cent and the number of transactions by 4 per cent compared to the previous quarter. Among Avanza's customers, turnover as well as the number of transactions decreased by 4 per cent. Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover, despite somewhat lower market shares compared to the previous quarter. This was a consequence of slightly higher market shares among actors engaged in institutional trading.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of just over SEK 76 billion in the quarter. Avanza's net inflow to mutual funds was SEK 11 billion.

Market shares	2024 Q2	2024 Q1	2023 Q2	2023 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	20.2	20.3	19.2	19.1
Turnover, %	7.1	7.4	6.3	7.0
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	14.5	33.5	20.0	35.2

The Riksbank cut the policy rate by 25 basis points in May, but held it unchanged in June with reference to inflation being close to the target, although the outlook remains uncertain. If inflation prospects remain the same, the Riksbank's forecast is that the policy rate can be cut two to three times in the second half of the year. The next rate decision will be announced on 20 August 2024.

In May, data was released on the Swedish savings market for the first quarter 2024, which totalled just over SEK 11,470 billion, an increase of 7 per cent compared to a year earlier. The occupational pension market grew by 6 per cent to SEK 3,930 billion. During the same period, Avanza's savings capital increased by 20 per cent, while occupational pension capital increased by 31 per cent.

Avanza's share of the Swedish savings market increased to 7.5 per cent. The market share of the net inflow for the first quarter was 20.5 per cent.

Market shares	Apr 2023- Mar 2024	Jan 2023- Dec 2023	Apr 2022- Mar 2023
<i>The Swedish savings market</i>			
Market share at the end of the period, %	7.5	7.1	6.6
Net inflow, %	21.7	22.5	6.4 ¹⁾
<i>The Swedish life insurance market</i>			
Premium inflow, %	9.5	9.2	8.9
Premium inflow for non-collectively agreed occupational pension insurance, %	8.3	8.5	8.5

1) The market share in the fourth quarter 2022 was negatively affected by an outflow of SEK -4.4 billion linked to a cooperation with an asset management firm as well as insurance portfolio transfer of collectively agreed occupational pensions of SEK -2.4 billion to Futur Pension.

The market share for premiums paid for non-collectively agreed occupational pensions in the trailing 12-month period decreased slightly compared to the same quarter in 2023. The market share of the premium inflow in the competitive pension and life insurance market, i.e. including endowment insurance, increased.

Launches and events

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten, IMY) due to a potential breach of the General Data Protection Regulation (GDPR). This was after Avanza inadvertently activated functions which enabled Meta (formerly Facebook) to collect personal data from Avanza's platform in encrypted form. Meta has confirmed that the information has not been used for its own or other firms' commercial purposes and that the data has been deleted. In June 2024, IMY announced its decision to issue an administrative fine of SEK 15 million, which impacts the quarterly result. The amount is not included in the previously estimated cost increase of 9.5 per cent compared to the full-year 2023.

In April, Avanza submitted supplementary data to the Swedish Tax Agency for customers with credit agreements in investment savings accounts (ISK), and which at some point have had an unutilised credit. Avanza has chosen to compensate those customers, who have reached out and can verify that the Swedish Tax Agency has imposed extra tax on them. Total customer compensation in the quarter amounts to SEK 15.3 million, read more on page 13.

The user experience on the platform is being updated more or less on a daily basis. The following is a sample of launches and other events during the quarter.

To improve the experience and analysis opportunities for our customers who are most interested in stock trading, more report data and historical performance indicators were launched in a separate analysis tab. The feature has been continuously refined during the quarter based on customer feedback and requests. Access to advanced technical analysis via TradingView's charting platform was also introduced with a broad range of support levels, indicators and drawing tools. Additionally, market data was improved for over 1,200 exchange traded funds through a new supplier. This means better quality and an even broader range. The stop-loss for exchange traded products was improved so that it is triggered by an instrument's bid or ask price instead of actual transactions. Order management was improved with the addition of algorithmic ordering, TWAP and VWAP. TWAP divides up large orders into several smaller orders evenly spread out over a predetermined interval. VWAP uses historical trading patterns to determine how to best position smaller orders over a specific time range.

As part of the work to improve the pension experience, Private Banking and Pro customers can now have stocks in their pension account while it is under payout. This is something that customers have been requesting for some time.

To make it easier for new customers to start saving, a new version of the "trade funds" page was launched, specially designed for those who have not yet made their first investment. The process of setting up monthly savings was revised and now contains fewer steps to reduce the thresholds for monthly automatic savings. The onboarding process for companies is now fully digital and their address will already be

filled in when they register, making for a smoother experience and reducing manual steps and the risk of errors.

Increased internal efficiency is created through continuous process improvements. During the quarter, the mortgage pages were further refined so that customers can track the status of their application, improving their experience and reducing the workload for customer service. Now it is also possible to digitally change amortisation amounts and automatic for internal Private Banking mortgages, which previously required a printed form. Furthermore, the first AI application was launched. Generative AI is now used to compile the many comments and suggestions submitted by customers through "Feedback buddy".

The account pages have been updated with better and more stable technology and now also contain several new smart features for a more personalised experience. Customers can among other things adjust the spacing between lines in their list of holdings, hide tool icons and buy and sell buttons, and add or take away columns. The new pages also contain an expandable chart with several different time periods and comparative indices.

A reputational study conducted by Reputation&Trust showed that Avanza is the most highly regarded company in the Swedish banking sector. This was confirmed by Verian's (formerly Kantar Public) Reputation Index 2024, where Avanza also ranked as Sweden's eighth most highly regarded company, competing with large international companies such as IKEA, Volvo and Spotify. The index is based on questions about public reputation, personal impressions, trust, success and quality. Avanza's reputational score for 2024 was 62, unchanged from 2023. A score of over 60 is considered high, and Avanza is one of only 12 companies with the highest reputation according to Verian's survey.

At this year's "Brainy Days" hackathon over 30 new ideas were presented, a few of which have already been launched.

Development of customers and savings capital

The number of customers increased by 33,700 net in the quarter and amounted to a total of 1,984,500 as of 30 June. The share of women among new customers was 46 per cent during the second quarter, and women made up 39 per cent of the total number of customers as of 30 June. Of the total number of customers, 9 per cent were occupational pension customers. Customer churn rolling 12 months was 0.7 per cent. The number of average daily active users on the platform increased during the quarter to 412,000, holidays and weekends included.

Net inflow in the quarter amounted to SEK 17 billion, which together with appreciation resulted in a total savings capital of SEK 894 billion, an increase of 4 per cent. Customers within the Standard segment accounted for the net inflow in the quarter. The outflow within Private Banking and Pro was a result of customers' purchase of assets outside the stock market and Avanza. New customers represented 25 per cent of the net inflow.

Total recurring monthly savings by Avanza's customers, excluding occupational pensions, increased to SEK 1.6 billion. Recurring occupational pension premiums averaged SEK 357 million per month in the trailing 12-month period, an increase of 1 per cent compared to the corresponding period a year earlier. The lower growth rate is a result of the economic situation and personnel reductions, especially within the tech industry.

At the end of the quarter, 34 per cent of customers' capital was invested in funds, 1 percentage point higher than at the beginning of the quarter. 36 per cent of the fund capital was invested in Avanza's own funds. Total fund capital increased by 7 per cent during the quarter and net inflow was SEK 11 billion.

Customers' deposits as a percentage of the savings capital, continued to decrease and accounted for 11.6 per cent, including external savings accounts, a result of customers continuing to buy securities on a net basis. Deposits in Avanza's own savings account, where the interest rate was lowered to 3.25 per cent in the quarter, increased to SEK 28.5 billion, but the rate of increase has slowed down. Deposits in accounts that pay interest represent 65 per cent of customers' total deposits excluding external savings accounts, compared to 93 per cent as of 31 March 2024. A result of lowering deposit rates from 0.25 per cent to 0.00 per cent on trading accounts for the Standard Segment, in connection with the policy rate cut.

Lending within internally financed mortgages increased. Margin lending increased by 9 per cent. The external mortgage volumes continued to decrease in light of a continued cautious mortgage market.

	2024	2024	Change	2023	Change	2024	2023	Change	2023
Net inflow, SEK m	Q2	Q1	%	Q2	%	Jan-Jun	Jan-Jun	%	Jan-Dec
Standard	17,530	19,610	-11	17,260	2	37,130	30,580	21	65,870
Private Banking	-130	2,030	-106	-1,380	97	1,900	1,460	-	4,770
Pro	-200	360	-154	220	-189	170	1,060	-	1,660
Net inflow	17,200	22,000	-22	16,100	7	39,200	33,100	18	72,300
Equity-, fund-, and savings accounts	13,200	15,770	-16	13,070	1	29,000	24,970	16	62,100
Pension- & insurance-based accounts	4,000	6,230	-	3,030	32	10,200	8,130	26	10,200
of which endowment insurance	2,110	4,750	-	1,290	63	6,860	4,600	49	3,510
of which occupational pensions	1,820	1,470	24	1,650	10	3,280	3,340	-2	6,340
Net inflow	17,200	22,000	-22	16,100	7	39,200	33,100	18	72,300

	Change			Change			Change	
Customers, savings capital and lending, SEK m	30-06-2024	31-03-2024	%	31-12-2023	%	30-06-2023	%	
Standard, No.	1,946,780	1,914,380	2	1,865,590	4	1,807,720	8	
Private Banking, No.	34,200	33,000	3	31,900	7	30,700	11	
Pro, No.	3,520	3,420	3	3,610	-2	3,480	1	
No. of customers	1,984,500	1,950,800	2	1,901,100	4	1,841,900	8	
of which occupational pension customers, No.	172,600	168,700	2	165,300	4	157,900	9	
Standard	510,700	490,500	4	446,500	14	424,400	20	
Private Banking	324,900	311,600	4	285,600	14	268,600	21	
Pro	58,100	56,800	2	49,600	17	43,900	32	
Savings capital	893,700	858,900	4	781,700	14	736,900	21	
Equity-, fund-, and savings accounts	635,400	611,600	4	559,600	14	524,300	21	
Pension- & insurance-based accounts	258,300	247,300	4	222,100	16	212,600	22	
of which endowment insurance	171,100	164,300	4	147,400	16	142,500	20	
of which occupational pensions	68,700	65,100	5	58,300	18	54,400	26	
Savings capital	893,700	858,900	4	781,700	14	736,900	21	
Equities, bonds, derivatives, etc.	490,300	474,300	3	432,500	13	412,900	19	
Mutual funds	299,700	280,800	7	243,100	23	228,100	31	
Deposits	103,700	103,800	0	106,100	-2	95,900	8	
of which savings account	28,500	27,800	3	26,800	6	14,816	92	
of which external deposits (Savings account+)	42,000	41,900	0	42,700	-2	36,700	15	
Savings capital	893,700	858,900	4	781,700	14	736,900	21	
Internally financed lending	21,300	20,300	5	19,600	9	19,100	11	
of which margin lending	9,510	8,740	9	8,100	17	7,900	20	
of which mortgages (Bolån PB)	11,800	11,600	2	11,500	3	11,200	5	
External mortgages (Bolån+)	19,400	19,600	-1	20,300	-4	22,200	-13	
Lending	40,700	39,900	2	39,900	2	41,400	-2	
Return, average account since 1 Jan, %	9	7	2	7	2	6	0	
OMX Stockholm GI since 1 Jan, %	11	8	3	19	-8	11	0	

Financial overview

	2024	2024	Change	2023	Change	2024	2023	Change	2023
	Q2	Q1	%	Q2	%	Jan-Jun	Jan-Jun	%	Jan-Dec
Income Statement, SEK m									
Net brokerage income	212	217	-2	172	23	428	401	7	724
Fund commissions, net	185	166	11	147	26	352	291	21	594
Currency-related income, net	100	99	2	65	55	199	147	35	287
Net interest income	398	409	-3	390	2	807	739	9	1,574
Other income, net	33 ¹⁾	60	-45	59	-44	93 ¹⁾	123	-24	258
Operating income	929	951	-2	833	11	1,879	1,701	10	3,437
Personnel	-210	-191	10	-183	15	-402	-361	11	-704
Marketing	-4	-10	-60	-2	64	-13	-13	3	-28
Depreciation, amortisation and impairment	-23	-22	4	-22	4	-45	-44	3	-88
Other expenses	-104 ²⁾	-80	29	-80	30	-184 ²⁾	-159	16	-328
Operating expenses before credit losses	-341	-303	12	-287	19	-644	-577	12	-1,148
Profit before credit losses	588	648	-9	546	8	1,235	1,125	10	2,289
Credit losses, net	0	-1	-	0	0	0	0	0	3
Operating profit	588	647	-9	546	8	1,235	1,125	10	2,292
Adjusted operating profit	618^{1,2)}	647	-4	546	13	1,265^{1,2)}	1,125	12	2,292
Tax on profit for the period	-82	-92	-12	-74	11	-174	-152	15	-310
Profit for the period	506	555	-9	472	7	1,061	973	9	1,982
Key ratios									
Operating margin, %	63	68	-5	66	-2	66	66	0	67
Profit margin, %	55	58	-4	57	-2	56	57	-1	58
Return on shareholders' equity, %	35	36	-1	37	-2	37	39	-2	38
Earnings per share before dilution, SEK	3.22	3.53	-9	3.02	7	6.75	6.21	9	12.64
Earnings per share after dilution, SEK	3.21	3.53	-9	3.01	7	6.74	6.19	9	12.64
Credit loss level, %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.02
Income to savings capital ratio, %	0.42	0.46	-0.04	0.46	-0.03	0.44	0.48	-0.04	0.48
Costs to savings capital ratio, %	0.16	0.15	0.01	0.16	0.00	0.15	0.16	-0.01	0.16
Savings capital per customer, SEK	450,340	440,270	2	400,080	13	450,340	400,080	13	411,190
Income per customer, SEK	1,890	1,970	-4	1,820	4	1,930	1,880	3	1,870
Costs per customer, SEK	-690	-630	10	-630	10	-660	-640	4	-620
Net brokerage income/trading day, SEK m	3.6	3.5	3	3.0	21	3.5	3.3	7	2.9
No. brokerage-generating notes/trading day	152,600	149,500	2	145,300	5	151,000	152,000	-1	134,900
Turnover in brokerage-generating securities/trading day, SEK m	3,750	3,720	1	3,200	17	3,730	3,630	3	3,200
Turnover in brokerage-generating foreign securities/trading day, SEK m	780	720	8	500	56	750	530	39	510
Gross brokerage income/turnover in brokerage-generating securities, %	0.112	0.110	0.002	0.111	0.001	0.111	0.107	0.004	0.108
No. trading days	59.0	62.0	-5	58.0	2	121.0	121.5	0	249.0
Investments, SEK m	30	3	1,000	9	255	33	12	188	24
Average no. employees	670	662	1	652	3	667	646	3	654
Platform availability, %	99.98	100.00	-0.02	99.10	0.88	100.00	99.50	0.50	99.80

1) The second quarter 2024 includes customer compensations of SEK 15.3 million related to Avanza offering too high interest rates on Investment Savings Accounts (ISK).

2) The second quarter 2024 includes the administrative fine of SEK 15 million from the Swedish Authority for Privacy Protection (IMY).

Key ratios	Change			Change			
	30-06-2024	31-03-2024	%	31-12-2023	%	30-06-2023	%
Shareholders' equity per share before dilution, SEK	32.61	40.70	-20	37.09	-12	30.25	8
Outstanding no. shares before dilution, thousands	157,237	157,237	0.0	157,237	0.0	156,619	0.4
Outstanding no. shares after dilution, thousands	157,463	157,351	0.1	157,363	0.1	156,937	0.3
No. shares upon full dilution, thousands	161,512	160,012	0.9	160,837	0.4	161,269	0.2
No. employees	677	662	2	661	2	655	3
Share price, SEK	257.50	230.90	12	233.50	10	219.50	17
Market capitalisation, SEK m	40,500	36,300	12	36,700	10	34,400	18

Second quarter compared to the previous quarter

Operating profit for the second quarter decreased by 9 per cent, mainly due to increased operating expenses, although operating income decreased.

The operating margin decreased by 5 percentage points to 63 per cent and the return on shareholders' equity was 35 per cent.

Operating income

Operating income decreased by 2 per cent compared to the previous quarter. Net brokerage income, net interest income and other income decreased, while net currency-related income and net fund commissions increased.

Net brokerage income decreased by 2 per cent due to three fewer trading days in the quarter. The number of brokerage-generating notes per trading day increased by 2 per cent and turnover per trading day was essentially unchanged. The total number of notes and turnover in the quarter decreased by 3 per cent and 4 per cent, respectively. The number of brokerage-generating customers increased by 2 per cent. Increased gross brokerage income per brokerage-generating turnover to 11.2 basis points (11.0) contributed positively, which was a result of increased trading in foreign markets. The share of brokerage income from Private Banking and Pro customers was unchanged at 26 per cent.

Net currency-related income increased by 2 per cent to SEK 100 million (99) due to higher turnover in foreign securities, of which the commission-generating share increased by 3 per cent. Brokerage-generating trading in foreign markets accounted for 21 per cent (19) of total brokerage-generating turnover in the quarter, the highest share since the first quarter 2021.

Net fund commissions increased by 11 per cent due to higher average fund capital. Fund capital at the end of the quarter was 7 per cent higher than at the beginning. The net fund inflow amounted to SEK 11 billion. Average income per SEK of fund capital decreased to 25.9 basis points (26.1), in line with the end of the first quarter. As of 30 June, income per SEK of fund capital was 25.8 basis points. The share of capital in index funds increased by 0.9 percentage points to just over 46 per cent.

Net interest income decreased by 3 per cent due to lower market interest rates, which negatively impacted the Treasury portfolio and where the return was SEK 471 million (480). Income from the internally financed mortgage also decreased, while income from margin lending increased. Margin lending volume increased by 9 per cent. Income from Avanza's internally financed lending amounted to SEK 231 million (233). The interest rate on mortgage loans was cut on average by 0.17 percentage points in mid-April and by an additional 0.25 percentage points in mid-May, while mortgage volumes increased by 2 per cent. The average interest rate on internally financed lending decreased to 4.44 per cent (4.67). The average annualised rate on deposits was 1.88 per cent (1.86) in the quarter and the interest expense amounted to SEK 290 million (291). The resolution fee and deposit guarantee fee increased to SEK 13 million (12) and is estimated for the full-year 2024 at SEK 50 million (36).

Other income decreased by 45 per cent, which was due to lower commission income, but mainly higher commission expenses. Commission expenses increased mainly because Avanza offered too high of an interest rate on ISK and during the quarter customers were reimbursed SEK 15.3 million; for more information, see page 13. The cost of payment services commissions increased to SEK 30 million (28) due to increased trading in foreign markets. Other commission income decreased by 9 per cent, mainly due to lower income from Avanza Markets, which decreased to SEK 37 million (42),

but also lower income from external mortgages. Income from Corporate Finance increased to SEK 4 million (2) and income from stock lending amounted to SEK 10 million (9).

Operating expenses

Operating expenses increased by 12 per cent, mainly due to higher other expenses and personnel costs. Other expenses increased due to the administrative fine of SEK 15 million from the Swedish Authority for Privacy Protection, as previously announced; for more information, see page 4. The increased personnel costs mainly include an increase of hourly employees as well as expenses related to management changes. Marketing costs were seasonally lower in the quarter.

Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. For more information, see Note 5.

Taxes

The effective tax rate decreased during the quarter to 13.9 per cent (14.3). The fluctuation in the tax rate between quarters depends on how large a share of income generates corporate tax versus yield tax. The bank pays standard corporate tax, whereas the majority of the insurance company's income is subject to yield tax, which reduces the effective tax rate.

January-June 2024 compared to January-June 2023

Operating profit increased by 10 per cent compared to the first half of 2023. Operating income and operating expenses both rose.

The operating margin was unchanged at 66 per cent. The return on shareholders' equity decreased to 37 per cent.

Operating income

Operating income increased by 10 per cent as a result of higher net brokerage income, net currency-related income and net interest income, as well as fund commissions, while other income decreased.

Net brokerage income increased by 7 per cent. Gross brokerage income per brokerage-generating turnover increased to 11.1 basis points (10.7), mainly due to increased trading in foreign markets. Brokerage-generating turnover increased by 2 per cent, while the number of brokerage-generating notes decreased by 1 per cent.

Net currency-related income increased by 35 per cent as a result of higher turnover in brokerage-generating foreign securities, which increased by 39 per cent.

Net fund commissions increased by 21 per cent due to 31 per cent higher fund capital, while average income per SEK of fund capital decreased from 28.2 to 26.0 basis points due to a higher share of capital in index funds. Income per SEK of fund capital was 25.8 basis points as of 30 June 2024.

Net interest income increased by 9 per cent, mainly due to higher market interest rates and an increased return on the Treasury portfolio, which increased to SEK 951 million (635). This was also a result of increased deposits. Income from internally financed lending increased to SEK 464 million (372). The average interest rate on internally financed lending rose to 4.55 per cent (3.82). Higher interest rates and increased deposit volumes also contributed to higher interest expenses. The interest expense for deposits amounted to SEK 581 million (245). The average annualised interest rate on deposits increased to 1.86 per cent (0.85).

Other income decreased by 24 per cent, mainly as a result of higher commission expenses, which increased by 37 per cent mainly due to customer reimbursements of SEK 15.3 million related to the tax on ISK (see page 13) as well as higher costs for payment commissions of SEK 58 million (48). On the income side, income primarily decreased from stock lending, SEK 19 million (33), and external mortgages, while income from Avanza Markets increased by SEK 79 million (66).

Operating expenses

Operating expenses increased by 12 per cent, mainly due to higher personnel costs and other expenses. Personnel costs increased by 11 per cent as a result of increased personnel, the yearly salary review and expenses attributable to the management changes. The average number of employees increased by 3 per cent. Other expenses include the administrative fine of SEK 15 million from the Swedish Authority for Privacy Protection (see page 4) and higher licensing costs.

The costs to savings capital ratio for the first half-year decreased to 15 basis points (16). The long-term target to spotlight efficiency and the focus on costs remain unchanged with a maximum costs to savings ratio of 12 basis points over time. High cost-efficiency is a priority and has during the years contributed to Avanza's resilience in various market conditions, at the same time that it constitutes an important competitive advantage.

The cost increase for 2024, as previously announced, is estimated at 9.5 per cent. More than half of the increase is higher personnel costs, the majority of which is attributable to total salary adjustments of 4 per cent, higher occupational pension premiums for employees and increased costs due to the replacement of the CEO. New personnel will not be added in 2024 other than in exceptional circumstances. The costs of licenses and information are increasing, mainly as a result of inflation adjustments, but also due to the increased number of employees. This portion accounts for approximately one third of the total cost increase.

Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. For more information, see Note 5.

Taxes

The effective tax rate increased to 14.1 per cent (13.5). The fluctuation in the tax rate between quarters depends on how large a share of income generates corporate tax versus yield tax. The bank pays standard corporate tax, whereas the majority of the insurance company's income is subject to yield tax, which reduces the effective tax rate.

Net interest income sensitivity

The policy rate was cut by 0.25 percentage points to 3.75 per cent in May and held unchanged at the Riksbank's meeting in June. Inflation is nearing the target and if the outlook remains the same, the Riksbank's forecast is that the policy rate could be cut two or three times in the second half of the year. The next rate decision will be announced on 20 August 2024.

Changes in the policy rate affect the return on the Treasury portfolio, i.e. surplus liquidity, which mainly is invested in covered bonds, as deposits with the Riksbank and with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending constitutes mortgage loans to Private Banking customers and margin lending. The mortgage rate is tied to the policy rate. The interest rate on margin lending is based on demand and the competitive landscape.

The cost side of net interest income mainly consists of interest payments on customer deposits. Avanza pays interest on deposits in savings accounts, but on equity and fund accounts, ISK and endowment insurance only for Private Banking and Pro customers. Deposits in these accounts represent 65 per cent of customers' total deposits excluding external savings accounts. Deposits in Avanza's own savings account amounted to SEK 28.5 billion as of 30 June 2024 and the interest rate was cut in late May to 3.25 per cent.

All else being equal, without accounting for changes in volume or customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or increase of the policy rate would affect full-year net interest income by between SEK -250 million and SEK 640 million. The calculation is based on rates by the end of the second quarter and only highlights the sensitivity in net interest income. On the upside, Avanza has absorbed the entire increase without sharing it with customers, which would be implausible, and on the downside lowered rates on both deposits as well as lending.

Seasonal effects

Avanza has no major seasonal variations, except that the third quarter is typically characterised by lower personnel costs due to the summer vacation as well as seasonally lower Corporate Finance activity. Marketing costs are usually higher during the first and third quarters, although this may be affected by product launches in other quarters. Avanza's financial results are impacted by the stock market, volatility and the policy rate. Customer growth and net inflow are normally higher at the beginning of the year.

Future outlook

Households' conditions for saving have changed due to high inflation and rising interest rates in the last years. At the same time, the understanding of as well as the need for saving is increasing in society. As a result of the macroeconomic conditions and market sentiment, market activity was lower during these years, but lower inflation as well as hopes that interest rates have peaked has contributed to increasing optimism and higher customer activity in the beginning of 2024. Different economic situations requires adaptability and also underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to parry, but also to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

A strong savings tradition and good opportunities for growth

A high share of the population in Sweden own stocks and funds. While Avanza already has a high market share of the equity-owning population, there is still good growth potential. Everyone in Sweden with a bank account who understands the importance of saving is a potential customer. Avanza's growth ambition includes attracting broader target groups, experienced and established investors as well as new ones – and to attract a larger share of existing customers' savings with new products and services. Growth among new customers is expected to increase Avanza's share of fund savings, which along with the growth targets in pensions reduces the sensitivity to market fluctuations.

Greater responsibility for personal finances

For some time, we have been shifting toward a society where individuals are expected to take on greater responsibility for their financial well-being. Everyone needs a buffer for unexpected events, in addition to which savings are needed for every stage of life. There is a great need for private pension savings, and it will remain that way as long as the pension system is designed according to today's model where the level of compensation is expected to decline in the coming decades. For the individual this means either delaying retirement or offsetting for the difference through personal savings. Another example is the structure of the housing market, where nearly 80 per cent of homeowners have a mortgage. High mortgage rates, inflation and real wage cuts increases the incentive to save for a home. In addition, there is a big savings gap between men and women. Women save less compared to men, and put more of their money into savings accounts. Avanza is actively working to reach a broader audience and promote women's savings.

Digitisation and increased competition

Digitisation is leading to a more agile financial market with a wider range of competitively priced products and services, as well as higher demands on the user experience. This along with macroeconomic conditions, as well as the insight on the potential for personal savings, have led to increased competition in the savings market, particularly regarding active traders with a high net worth. Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competitors enter the savings market. As Sweden's largest platform for savings and investments, Avanza also have a solid database and extensive expertise in personal savings, a competitive advantage in the development of new products and services. This helps to stay relevant and create personalised services, while also creating exciting opportunities in AI. Avanza's large customer base provide an attractive platform for interesting collaborations that can strengthen the offering and Avanza's user experience further.

New regulations and stronger consumer protection

The EU has been working for many years to strengthen the European capital markets and to harmonise and clarify regulations. Avanza is well positioned with respect to the rules on increased transparency, improved consumer protection and digital development. For Avanza, the interests of customers come first, and clarity and transparency are emphasized in pricing. Avanza has always advocated low fees and a long-term approach and avoided commission-driven advice, instead developing tools on the platform to help customers save based on their personal needs.

The Swedish government has for several years tried to make the transfer market more efficient, which has been done by expanding transfer rights and limiting the fees charged on occupational pension transfers. At the same time, the complex and administratively time-consuming transfer process has not changed and more work is needed to create a well-functioning, freer pension market. Should the transfer market be simplified, Avanza has a competitive pension offering without platform fees, a wide range of investment opportunities and a world-class user experience.

Since its introduction in 2012, the ISK have quickly become the most popular account form for saving in securities. The introduction of the account has simplified investing in the stock market and reduced barriers to entry. In late 2023, the government presented a proposal on a tax-exempt basic level of in total SEK 300,000 on ISK and endowment insurance, which would further reduce the barriers to begin investing in the stock market and is expected to have a positive impact on savings. The current proposal includes a January 2025 start date.

Intergenerational wealth transfers

The big generation born in the 1940s and 50s has built up tremendous wealth and today owns a large share of total savings capital. Within a few years there will be a major transfer of wealth from older to younger generations. Avanza has attracted a large share of young customers in the last decade. Younger customers generally have fewer resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now. If Avanza continues to create attractive offerings and good reasons to stay on the platform, there is great potential in the young savers who have learned about and become interested in the savings market. Avanza has a low customer churn at less than 1 per cent.

The financial industry's role for sustainable development

The financial industry, with its ability to steer capital to sustainable economic activities, has a key role to play in the transition to a sustainable economy. For Avanza, it is important to live up to these expectations and have a platform with sustainable products in each area, as well as extensive support to help customers integrate ESG aspects in their investment decisions. This is becoming an increasingly important competitive advantage as demand for sustainable savings products steadily grows. Continuously improving our sustainability offering and increasing transparency on the platform also align with the EU Action Plan on Financing Sustainable Growth and many sustainability regulations that have been implemented in recent years, and which will enhance the basis of the tools and information available on Avanza's platform.

For more information on long-term trends, see Avanza's Annual Report at [avanza.se/ir](https://www.avanza.se/ir). Also see page 13 for more on significant risks and uncertainty factors.

Nine quarters in summary

Quarterly overview, SEK m	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net brokerage income	212	217	161	162	172	229	196	216	215
Fund commissions, net	185	166	150	153	147	144	137	141	143
Currency-related income, net	100	99	69	71	65	83	65	80	86
Net interest income	398	409	431	404	390	349	369	222	115
Other income, net	33 ¹⁾	60	72	64	59	64	81	81	58
Operating income	929	951	882	854	833	868	847	740	618
Personnel	-210	-191	-189	-154	-183	-178	-166	-141	-170
Marketing	-4	-10	-6	-9	-2	-11	-7	-8	-5
Depreciation, amortisation and impairment	-23	-22	-23	-22	-22	-22	-21	-21	-21
Other expenses	-104 ²⁾	-80	-89	-80	-80	-79	-79	-68	-77
Operating expenses before credit losses	-341	-303	-306	-266	-287	-289	-273	-238	-272
Credit losses, net	0	-1	3	0	0	0	-1	0	-1
Operating profit	588	647	580	588	546	579	573	502	345
Adjusted operating profit³⁾	618^{1,2)}	647	580	588	546	579	573	502	345
Operating margin, %	63	68	66	69	66	67	68	68	56
Earnings per share before dilution, SEK	3.22	3.53	3.18	3.25	3.02	3.20	3.16	2.78	1.90
Shareholders' equity per share before dilution, SEK	32.61	40.70	37.09	33.72	30.25	34.84	31.61	28.23	25.00
Return on shareholders' equity, %	35	36	36	41	37	38	42	42	26
Net inflow	17,200	22,000	18,100	21,200	16,100	17,000	-7,450	6,030	8,400
No. of new customers, net	33,700	49,800	27,900	31,300	24,000	41,100	12,700	24,100	19,700
No. of customers at the end of the period	1,984,500	1,950,800	1,901,100	1,873,200	1,841,900	1,817,800	1,776,700	1,764,000	1,739,900
Savings capital at the end of the period	893,700	858,900	781,700	715,400	736,900	715,700	663,900	639,900	652,700
Income to savings capital ratio, %	0.42	0.46	0.47	0.47	0.46	0.50	0.52	0.46	0.35
Costs to savings capital ratio, %	0.16	0.15	0.16	0.15	0.16	0.17	0.17	0.15	0.16

1) The second quarter 2024 includes customer compensations of SEK 15.3 million related to Avanza offering too high interest rates on Investment Savings Accounts (ISK).

2) The second quarter 2024 includes the administrative fine of SEK 15 million from the Swedish Authority for Privacy Protection (IMY).

3) See table Items affecting comparability.

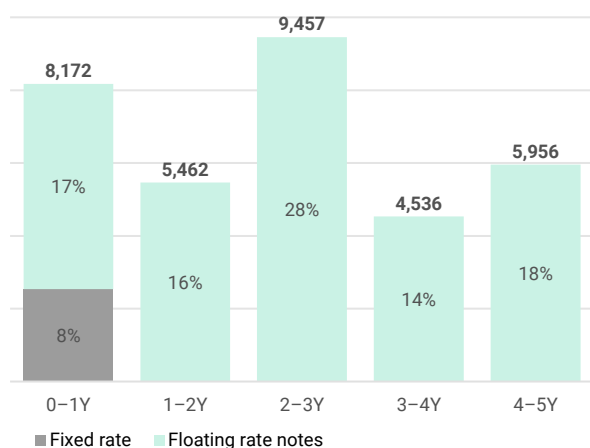
Items affecting comparability, SEK m	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<i>Operating income</i>									
Other income (customer compensations related to ISK)	-15								
<i>Operating expenses</i>									
Other expenses (sanction fee IMY)	-15								
Total	-30	-	-	-	-	-	-	-	-

Financial position

Avanza is self-financed through equity and customer deposits. The majority of deposits from the public are covered by the government deposit guarantee and are spread across a very large number of households. As of 30 June 2024, deposits amounted to SEK 62.0 billion and loans to the public to SEK 22.6 billion. All lending is secured by listed securities or pledges on homes or tenant-owned apartments, and the credit quality is assessed to be good. The average loan-to-value ratio for mortgages amounted to 40 per cent as of 30 June 2024 and for margin lending to 25 per cent. Between 2001 and 30 June 2024, actual and expected credit losses amounted to SEK 12 million, or an average of 0.02 per cent per year. Avanza has no realised credit losses attributable to events after 2011. Lending as a share of deposits amounted to 36.5 per cent as of 30 June 2024.

Surplus liquidity, which as of 30 June 2024 amounted to SEK 43.6 billion, is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and

Maturity structure of interest-bearing securities as of 30 June 2024 (SEK m, nominal value)



systemically important Nordic banks, and to a lesser extent bonds issued by the Swedish government and municipalities. All of Avanza's assets have high liquidity and all covered bonds have the highest bond rating with Standard & Poor's (AAA) or Moody's (Aaa). The average fixed interest term on interest-bearing securities is a maximum of 3 months. Interest-bearing securities with fixed interest terms, excluding Riksbank Certificates with just one week's fixed interest term, constituted 4 per cent of all interest-bearing securities as of 30 June 2024. Interest rate risk is limited as Avanza intends, and normally has the capacity, to hold its bonds to maturity. To cope with short-term fluctuations in deposits and lending from/to the general public, a significant share of the assets is held on account and is disposable immediately or the following business day. Avanza strives for a bond portfolio with an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If Avanza still has to sell bonds in advance, the impact on earnings is limited. The amortised cost of the bonds as of 30 June was SEK 25 million higher than fair value.

Avanza has a strong capital position with good margins to the regulatory requirements as well as low risk in the balance sheet. The dividend policy stipulates a dividend of 70 per cent of profit for the year, but considering Avanza's strong capitalisation the Annual General Meeting decided to resolve on a dividend of SEK 11.50 per share, corresponding to a dividend ratio of 91 per cent of profit for 2023. Unlike in previous years, Avanza has not asked its external auditors to audit the quarterly results, because of which the profit generated has not been added to own funds. As of 30 June, Avanza's leverage ratio for the consolidated situation was 5.2 per cent. With the current leverage ratio, deposits can increase by SEK 33 billion without risking to fall short of the requirement of 3.5 per cent. Details on own funds and capital requirements for the consolidated situation can be found in Note 8.

Financial position ¹⁾	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Common Equity Tier 1 (CET1) capital, SEK m	3,615	3,594	3,574	3,696	3,572	3,504	3,402	3,148	2,979
Total capital, SEK m	3,615	3,594	3,574	3,696	3,572	3,504	3,402	3,148	2,979
Common Equity Tier 1 ratio, %	25.5	24.3	24.7	29.1	28.2	26.3	26.2	25.3	24.0
Total capital ratio, %	25.5	24.3	24.7	29.1	28.2	26.3	26.2	25.3	24.0
Total risk-based capital requirement, % ²⁾	18.2	18.2	18.2	18.2	16.1	15.1	15.1	15.1	12.6
Leverage ratio, % ²⁾	5.2	5.0	5.0	5.4	5.4	5.6	5.5	4.6	4.4
Lending/deposits, %	36.5	34.4	31.7	34.6	35.0	38.6	35.5	37.2	38.2

1) Refers to the consolidated situation.

2) As of Q3 2023, the SFSA decided on a risk-based Pillar 2 requirement of 5.71 per cent and a Pillar 2 guidance of 0.5 per cent regarding the leverage ratio.

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, reputation and long-term profitability of the business.

A detailed description of the Group's risks, risk exposure and risk management can be found in Avanza's Annual Report for 2023, pages 4, 19–21, 46–48 and Note 34. No significant risks have arisen beyond those described in the Annual Report and in this report.

Avanza does not engage, and has not previously engaged, in proprietary trading in securities.

In January 2024, a draft law to protect against over-indebtedness was presented which would phase out the interest deduction on consumer loans without secure collateral. The memorandum also covers margin lending, where the loan-to-value ratio in practice never exceeds 90 per cent and where the collateral tends to increase in value over time. In addition, there is access to market data and daily valuations of the collateral, which can be sold immediately to prevent over-indebtedness. Avanza is of the opinion that margin lending should be exempted from the proposal, since it hurts savers who want higher exposure and greater potential returns on their savings capital. Avanza has together with other banks through the Swedish Bankers' Association and the Swedish Securities Markets Association submitted a response that rejects the proposal. If the proposal were nevertheless to pass, it would affect the attractiveness of Avanza's margin lending, which could impact volume growth or earnings from the product.

In May 2023, the EU Commission proposed a ban on commissions on all investment services without advice. Both the proposal banning commissions and the proposal for EU benchmarks for expenses and fees have been widely criticized by the industry and negotiations are continuing within and between the three institutions involved with the EU in decision-making. So far, the European Parliament has not been able to agree on a commission ban and the compromise text that most recently passed did not include a commission ban. Avanza has together with the Swedish Securities Markets Association and on its own made legislators aware of this. Sweden as a country has also announced that it does not support a partial ban, although member states are free to choose to introduce a total ban. If a commission ban were introduced, it would primarily affect Avanza's external fund business and Avanza Markets. In that case, Avanza has various alternatives to adapt its business model.

When the ISK was launched in 2012, the law limited the interest rate on deposits to the standard rate of capital income, i.e. the government borrowing rate on 30 November of the previous year, which was to prevent any arbitrage opportunities from arising. This means that interest exceeding the standard rate of capital income had to be reported as income from capital and thereby faced double taxation. In 2016, the standard rate of capital income was changed to the government borrowing rate plus one percentage point. However, when this was implemented, legislators neglected to make a corresponding change to how high an interest rate can be paid before double taxation is incurred. As worded, the law no longer aligned with the original purpose. No one noticed that a consequential change was needed in the Income Tax Act, nor was it mentioned in the act's drafts. Like the legislators, Avanza overlooked the fact that the interest rule had not been changed at the same time as the tax, which Avanza has now informed both the Government Offices of Sweden and the Swedish Tax Agency about. Legislators have now proposed that the law be reverted to its original purpose starting from 2025, but since the amendment Avanza has offered too high of an interest rate on ISKs. Consequently, in April, Avanza submitted supplementary data to the Swedish Tax Agency for customers who at some point during 2018–2023 have had unutilised credit in their ISK. Unutilised credit arises if the portfolio is leveraged, and securities are then sold. Less than 2 per cent of the total number of customers utilise credit. Avanza has reimbursed customers who reached out and can verify that the Swedish Tax Agency has imposed extra tax on them. As of 30 June, the compensation paid to customers amounted to SEK 15.3 million and the number of incoming claims has subsided. It cannot be determined how many customers will be re-audited by the Swedish Tax Agency, but all those affected should have received their final tax notices in early June and in the majority of cases the amounts involved are minimal.

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group and does not conduct any operations beside the role as owner of its subsidiaries. The Parent Company does not report any turnover. The operating result for the first half of 2024 was SEK –24 million (SEK –20m). The Parent Company's equity per 30 June 2024 amounted to SEK 808 million (SEK 2,642 million as of 31 December 2023) and liquid assets amounted to SEK 6 million (SEK 6 million as of 31 December 2023).

The dividend for 2023 of SEK 1,808 million (SEK 1,175m) was paid to shareholders in April 2024 following a resolution by the Annual General Meeting in April.

Other corporate events

Executive Management

Gunnar Olsson was appointed Acting CEO on 13 November 2023. On 25 March, Gustaf Unger took over as the new CEO. Gustaf has extensive banking experience from senior positions mainly at SEB and Nordea, where the focus was on savings and investments through wealth management and private banking as well as pensions.

In December 2023, Peter Almqvist, CIO, announced that he was leaving Avanza after 13 years. Peter stepped down from his post on 31 March and left Group Management on 31 January. In March, Anders Karlsson stepped down as Chief Product & Technology Officer (CPTO) and a member of Group Management after a mutual agreement was reached between Anders and Avanza due to differing views on leadership. On 19 August, Fredrik Broman, who has a background as Vice President Engineering at Tink and has held several other senior engineering positions, will take over as CTO. When Fredrik begins there will be a change to the organisation to create streamlined technology and product organisations. Fredrik will be responsible for IT and engineering, while the recruitment of a Chief Product Officer (CPO) is underway.

On 2 May, Karin Åge took over as the new Chief Human Resource Officer, succeeding Camilla Hedenfelt, who held the position since 2019. For the last nine years Karin has worked in executive search and prior to that sales and business development at SEB.

On 1 July, Erik Gjötterberg took over as Chief Business Development Officer, a new role in Group Management. Throughout his career Erik has worked with business development in several senior positions, including at Nordea and SEB, where he most recently was Head of Strategy and Governance at Nordea Liv & Pension.

After Erik joined Avanza's Group Management, it consists of nine members, five of whom are women.

Annual General Meeting 2024

The Annual General Meeting on 11 April 2024 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 Catharina Eklöf, Hans Toll and Sofia Sundström, who declined re-election. John Hedberg was elected as Deputy Chairman of the Board, a role that is new for this year. Julia Haglind and Lisa Åberg was elected as new board members.

The proposed dividend of SEK 11.50 per share was approved.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2023 were adopted.

Avanza's Annual and Sustainability Report for 2023 was published on 23 February 2024.

Incentive programmes

The Annual General Meeting 2021 approved three incentive programmes based on warrants (2021/2024, 2022/2025 and 2023/2026). Each programme extends for three years and comprises a maximum of 1,200,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, it results in a dilution of 1.7 per cent.

The Annual General Meeting 2024 approved a new incentive programme based on warrants (2024/2027). The incentive programme was subscribed in May 2024 and extends through 30 November 2027 with a subscription price of SEK 282.12. The programme comprises a maximum of 1,500,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, it results in a dilution of 0.95 per cent. The warrant programme has been implemented on market terms. For more information, visit [avanza.se/ir](https://www.avanza.se/ir).

Repurchase of the company's own shares

The Board of Directors has a renewed authorisation from the Annual General Meeting 2024 to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ), was by. The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in 2024 and the company holds no repurchased shares as of 30 June 2024.

New issues of shares

The Annual General Meeting 2024 resolved to authorise the Board of Directors, on one or several occasions prior to the next Annual General Meeting, with or without derogation from the shareholders' pre-emption rights, to resolve to issue new shares. The total number of shares that may be issued may not exceed a number that increases the share capital by more than 10 percent based on the total share capital of the company at the time of the Annual General Meeting 2024. Payment may be made in cash and/or with non-cash consideration or set-off against a claim or otherwise with conditions.

Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2023, Note 35. No significant changes have subsequently taken place.

Significant events after the end of the reporting period

There have been no significant events after the end of the period.

Consolidated Income Statement

SEK m	Note	2024	2023	2024	2023	2023
		Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Commission income	1, 2	631	517	1,257	1,122	2,176
Commission expenses	2	-99	-73	-187	-159	-311
Interest income calculated using the effective interest method	3	710	608	1,425	1,115	2,537
Other interest and similar income	3	2	0	5	1	3
Interest expenses	3	-314	-218	-623	-377	-966
Net result of financial transactions		-2	0	2	-2	-1
Other operating income		0	0	0	0	0
Operating income		929	833	1,879	1,701	3,437
General administrative expenses		-293	-257	-558	-508	-1,007
Depreciation, amortisation and impairment		-23	-22	-45	-44	-88
Other operating expenses		-25	-8	-41	-25	-53
Operating expenses before credit losses		-341	-287	-644	-577	-1,148
Operating profit before credit losses		588	546	1,235	1,125	2,289
Credit losses, net		0	0	0	0	3
Operating profit		588	546	1,235	1,125	2,292
Tax on profit for the period		-82	-74	-174	-152	-310
Profit for the period¹⁾		506	472	1,061	973	1,982
Earnings per share before dilution, SEK		3.22	3.02	6.75	6.21	12.64
Earnings per share after dilution, SEK		3.21	3.01	6.74	6.19	12.64
Average no. shares before dilution, thousands		157,237	156,619	157,237	156,619	156,754
Average no. shares after dilution, thousands		157,453	157,017	157,379	157,169	156,838

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

Consolidated statement of other comprehensive income

SEK m	2024	2023	2024	2023	2023
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Profit for the period	506	472	1,061	973	1,982
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments ¹⁾	19	7	34	13	58
Tax on changes in value of financial instruments ¹⁾	-4	-1	-7	-3	-12
<i>Items that will not be reversed to the Income Statement</i>					
Changes in value of shares and participations	-	-21	-	-21	-99
Tax on changes in value of shares and participations	-	-	-	-	-
Total other comprehensive income after tax	15	-16	27	-11	-53
Total comprehensive income after tax²⁾	521	457	1,088	962	1,929

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, condensed

SEK m	Note	30-06-2024	31-12-2023
Assets			
Cash and balances with central banks		6,702	8,630
Treasury bills eligible for refinancing		1,300	4,698
Loans to credit institutions	4	3,068	2,599
Loans to the public	5	22,611	19,583
Bonds		32,549	31,195
Shares and participations		154	154
Assets in insurance operations		250,413	213,713
Intangible fixed assets		76	87
Right-of-use assets		81	96
Tangible fixed assets		77	58
Other assets		1,880	774
Prepaid expenses and accrued income		568	866
Total assets		319,480	282,453
Liabilities and shareholders' equity			
Deposits from the public		62,022	61,728
Liabilities in insurance operations		250,415	213,715
Lease liabilities		77	92
Other liabilities		1,629	922
Accrued expenses and deferred income		209	164
Shareholders' equity		5,128	5,832
Total liabilities and shareholders' equity		319,480	282,453

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - June 2023					
Shareholders' equity 31-12-2022	78	579	65	4,229	4,950
Profit for the period	-	-	-	973	973
Other comprehensive income after tax	-	-	-11	-	-11
Total profit or loss and other comprehensive income after	-	-	-11	973	962
Transactions with owners					
Dividend paid	-	-	-	-1,175	-1,175
Warrants issue	-	-4	-	4	-
Shareholders' equity 30-06-2023	78	574	54	4,032	4,738
January - December 2023					
Shareholders' equity 31-12-2022	78	579	65	4,229	4,950
Profit for the period	-	-	-	1,982	1,982
Other comprehensive income	-	-	-53	-	-53
Total comprehensive income	-	-	-53	1,982	1,929
Transactions with owners					
Dividend paid	-	-	-	-1,175	-1,175
New issue (exercise of share warrants)	0	114	-	-	115
Warrants issue	-	8	-	4	13
Shareholders' equity 31-12-2023	79	701	12	5,041	5,832
January - June 2024					
Shareholders' equity 31-12-2023	79	701	12	5,041	5,832
Profit for the period	-	-	-	1,061	1,061
Other comprehensive income	-	-	27	-	27
Total comprehensive income	-	-	27	1,061	1,088
Transactions with owners					
Dividend paid	-	-	-	-1,808	-1,808
Warrants issue	-	10	-	6	16
Shareholders' equity 30-06-2024	79	712	39	4,299	5,128

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

Consolidated Cash Flow Statement, condensed

SEK m	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun
Operating activities				
Operating profit	588	546	1,235	1,125
Adjustment for items not included in cash flow	23	22	46	45
Taxes paid	133	-31	388	-600
Changes in operating activities' assets and liabilities	-1,488	5,221	-3,359	3,199
Cash flow from operating activities	-744	5,758	-1,690	3,768
Investment activities				
Acquisition and disposals of intangible and tangible fixed assets	-30	-8	-33	-11
Acquisition of shares and participations	-	-15	-	-15
Net investment in treasury bills eligible for refinancing	1,000	-3,198	3,399	-3,196
Net investment in bonds	-448	-655	-1,320	3,456
Cash flow from investment activities	521	-3,877	2,046	233
Financial activities				
Amortisation lease liabilities	-11	-11	-23	-21
Cash dividend	-1,808	-1,175	-1,808	-1,175
New issue (exercise of share warrants)	-	-	-	-
Warrants issue	16	-	16	-
Cash flow from financial activities	-1,803	-1,185	-1,815	-1,196
Cash flow for the period	-2,026	696	-1,459	2,805
Liquid assets at the beginning of the period ¹⁾	11,778	9,050	11,211	6,942
Liquid assets at the end of the period ¹⁾	9,752	9,747	9,752	9,747
Change	-2,026	696	-1,459	2,805

1) Liquid assets are defined as cash and balances with central banks as well as loans to credit institutions excluding pledged assets. At the end of the period SEK 19 million (SEK 19m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement, condensed

SEK m	2024 Jan-Jun	2023 Jan-Jun
Operating expenses		
Administration expenses	-18	-15
Other operating expenses	-6	-5
Operating profit/loss	-24	-20
Profit/loss from financial investments		
Profit/loss from participations in Group companies	-	-
Interest income and similar items	2	1
Interest expenses and similar items	0	0
Profit/loss before tax and appropriations	-21	-19
Appropriations		
Group contribution	-11	-7
Profit/loss before tax	-32	-26
Tax on profit/loss for the period	6	5
Profit/loss for the period	-26	-21

Parent Company statement of comprehensive income

SEK m	2024 Jan-Jun	2023 Jan-Jun
Profit/loss for the period	-26	-21
<i>Items that will not be reversed to the income statement</i>		
Changes in value of shares and participations	-	-21
Tax on changes in value of shares and participations	-	-
Total other comprehensive income after tax	-	-21
Total comprehensive income after tax	-26	-42

Parent Company Balance Sheet, condensed

SEK m	30-06-2024	31-12-2023
Assets		
Financial fixed assets	591	582
Current receivables ¹⁾	219	2,066
Cash and bank balances	6	6
Total assets	816	2,653
Shareholders' equity and liabilities		
Restricted shareholders' equity	79	79
Unrestricted shareholders' equity	729	2,564
Current liabilities	7	11
Total shareholders' equity and liabilities	816	2,653

1) Of which receivables from subsidiaries SEK 193 million (SEK 2,053m as of 31 December 2023).

Notes

Accounting principles

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

The accounting principles and calculation methods for both the Group and the Parent Company are unchanged from those applied in the Annual Report 2023.

The information on pages 1-14 is an integrated part of this financial report.

Note 1 Revenue from contracts with customers

SEK m	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Trading in brokerage-generating securities	341	266	686	607	1,125
Fund savings	198	158	376	315	639
Corporate services	4	2	6	2	16
Other commission income	89	91	189	197	395
Total	631	517	1,257	1,122	2,176
<i>Timing of revenue recognition</i>					
Service or goods transferred to customer at a specific point in time	631	517	1,257	1,122	2,176
Service or goods transferred to customer over time	-	-	-	-	-
Total	631	517	1,257	1,122	2,176

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 Net commission income

SEK m	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Commission income					
Brokerage income	248	207	501	473	862
Fund commissions	191	153	362	302	615
Currency-related income	100	65	199	147	288
Other commission income ¹⁾	93	93	195	200	412
Total commission income	631	517	1,257	1,122	2,176
Commission expenses					
Transaction costs ²⁾	-36	-34	-73	-72	-138
Payment services commissions	-30	-23	-58	-48	-94
Other commission expenses ³⁾	-33 ⁴⁾	-16	-56 ⁴⁾	-39	-80
Total commission expenses	-99	-73	-187	-159	-311
Total net commission income	532	443	1,070	964	1,864

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

2) Costs directly related to brokerage income.

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

4) The second quarter 2024 includes customer compensations of SEK 15.3 million related to Avanza offering too high interest rates on Investment Savings Accounts (ISK).

Note 3 Net interest income

SEK m	2024	2023	2024	2023	2023
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Interest income					
Interest income from loans to credit institutions	104	93	214	162	389
Interest income from loans to the public ¹⁾	242	254	479	481	986
Interest income from interest-bearing securities	364	262	732	472	1,162
Other interest income	2	0	5	1	3
Total interest income	713	608	1,431	1,116	2,540
Interest expenses					
Interest expenses for loans to credit institutions	0	0	0	0	0
Interest expenses for deposits from the public ¹⁾	-301	-209	-597	-354	-922
Resolution and state deposit guarantee fee	-13	-11	-25	-22	-36
Other interest expenses	0	1	-1	-1	-8
Total interest expenses	-314	-218	-623	-377	-966
Total net interest income	399	390	807	739	1,574

1) Q2 2024 includes interest income of SEK 11 million related to customers' credit accounts, which are matched by an equal interest expense. For Q2 2023, the corresponding amount was SEK 58 million and SEK 185 million for the full year 2023.

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK – million (SEK 716m as of 31 December 2023) which are reported net against client fund payables of SEK – million (SEK 716m as of 31 December 2023). During the first quarter 2024, Avanza changed the terms for deposits on IPS accounts (Individual pension savings), resulting in those deposits no longer being classified as client funds. The reason for the change was that the old conditions for IPS accounts were not in line with industry standards. Of the liquid assets of SEK 9,771 million as per the end of the period, SEK 19 million were pledged as collateral.

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 6 million (SEK 6m as of 31 December 2023). Thus, the accumulated provision for expected credit losses has affected profits for the period by SEK 0 million.

SEK 1,353 million (SEK 0 million as of 31 December 2023) of lending to the public at the end of the period was covered in its entirety by cash pledged on endowment insurance accounts. This portion of lending does not affect net interest income since the deposit rate is the same as the lending rate. The remainder of lending to the public amounted to SEK 21,258 million, of which SEK 9,510 million (SEK 8,096m as of 31 December 2023) with collateral in the form of securities and SEK 11,747 million (SEK 11,486m as of 31 December 2023) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 13,429 million (SEK 12,809m as of 31 December 2023) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,677 million (SEK 1,319m as of 31 December 2023).

Note 6 Financial instruments**Classification of financial instruments**

30-06-2024 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
Assets					
Cash and balances with central banks	–	6,702	–	–	6,702
Treasury bills eligible for refinancing	–	1,300	–	–	1,300
Loans to credit institutions	–	3,068	–	–	3,068
Loans to the public	–	22,611	–	–	22,611
Bonds	–	24,167 ¹⁾	8,383	–	32,549
Shares and participations	1	15	138	–	154
Assets in insurance operations	239,393	11,020	–	–	250,413
Intangible fixed assets	–	–	–	76	76
Right-of-use asset	–	–	–	81	81
Tangible assets	–	–	–	77	77
Other assets	–	1,880	–	–	1,880
Prepaid expenses and accrued income	–	439	–	129	568
Total assets	239,393	71,202	8,521	364	319,480
Liabilities					
Deposits from the public	–	62,022	–	–	62,022
Liabilities in insurance operations	250,413	–	–	3	250,415
Lease liabilities	–	–	–	77	77
Other liabilities	–	424	–	1,205	1,629
Accrued expenses and deferred income	–	104	–	104	209
Total liabilities	250,413	62,550	–	1,389	314,352

1) Fair value amounts to SEK 24,192 million.

Financial instruments valued at fair value

30-06-2024, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	128,131	–	138	128,270
Fund units	106,377	–	–	106,377
Bonds and other interest-bearing securities	10,166	225	–	10,391
Other securities	2,738	138	–	2,876
Total assets	247,413	363	138	247,914
Liabilities				
Liabilities in insurance operations (investment agreements)	–	250,413	–	250,413
Total liabilities	–	250,413	–	250,413

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. Fair value is determined by using the official bid rate on the closing date. The majority of equities and funds pertaining to the insurance operations as well as bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category. 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.
- Level 2 – The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties. Bonds that are less liquid can be found at this level and are measured on the yield curve. 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). This category's stockholdings refer to an unlisted ownership in Stabelo Group AB. When there is a lack of active market, the choice of valuation model in level 3 is governed by what is deemed appropriate for the individual instrument. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge of valuation in financial markets. In cases where it is considered necessary, relevant adjustments are made to reflect fair value, in order to accurately reflect the parameters that exist in the financial instruments and that should be reflected in its valuation.

The level of the hierarchy for fair values where the valuation at fair value is categorised 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. No instruments have been reclassified since the end of last year.

Note 7 Capital requirement for the financial conglomerate

The table below 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).

When calculating own funds for regulated units in the banking and investment services sector, only profits which have been subject to review by the auditors are included. If profit for the period has been subject to review, this is adjusted for any assumed or proposed dividend. The accumulated profit for 2024 has not been subject to review by the auditors and consequently is not included in own funds.

SEK m	30-06-2024	31-12-2023
Own funds per sector		
Own funds for regulated units in the insurance sector ¹⁾	4,220	3,532
Own funds for regulated units within the banking and investment services sector	3,187	3,138
Total own funds	7,408	6,670
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹⁾	2,711	2,213
Capital requirement for regulated units within the banking and investment services sector	2,442	2,345
Total capital requirement	5,153	4,557
Capital surplus	2,255	2,113
Own funds/Capital requirement	1.44	1.46

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 Capital adequacy and liquidity information

The information in this section refers to the consolidated situation, which consists of Avanza Bank Holding AB (publ), Avanza Bank AB (publ) and Avanza Fonder AB and presents the aggregate capital requirement and own funds. Disclosures are provided in accordance with the Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers, the general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, and Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and the regulation (FFFS 2010:7) on managing liquidity risks for credit institutions and securities companies. Further information provided annually can be found at avanza.se/ir.

Own funds must cover the minimum capital requirement (8 per cent), the Pillar 2 requirement and the combined buffer requirement. The combined buffer requirement consists of a capital conservation buffer (2.5 per cent) and a countercyclical capital buffer (2 per cent) and will be met with Common Equity Tier 1 capital. The SFSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2023. In conjunction, the SFSA decided on a risk-based Pillar 2 requirement of total 5.71 per cent for the consolidated situation distributed between credit related concentration risk (0.90 per cent) and interest rate risk in the banking book (4.81 per cent). Three quarters of the capital requirement shall be covered by Tier 1 capital, of which at least three quarters must be Common Equity Tier 1 capital. Furthermore, the SFSA has informed Avanza regarding the Pillar 2-guidance concerning leverage ratio, 0.5 per cent on group level, beyond the minimum requirement for the leverage ratio of 3.0 per cent. The guidance must be covered by CET1 capital. Avanza has considered the new level of the Pillar 2 requirement and Pillar 2 guidance in its capital planning. The liquidity buffer applied in calculating the LCR at the Group level, may consist of at most 50 percent covered bonds issued by Swedish issuing institutes.

Avanza has authorisation from the SFSA to include the revenue recognised during the year when calculating its capital adequacy ratio. The accumulated profit for 2024 has not been reviewed by external auditors, because of which quarterly profit is not included in own funds. The foreseeable dividend for the current year therefore is also zero.

In June 2024, amendments to the CRR and Directive 2013/36/EU, detailing the implementation of parts of Basel 3 in the EU, were published in the Official Journal of the European Union. The areas that primarily affect the capital requirements for Avanza concern the revision of the standardised approach for credit risk related to mortgages and the standardised approach for operational risk. Other amendments are expected to have a lesser impact. To ensure that it meets the risk-based capital and leverage ratio requirements, Avanza monitors external as well as internal buffer requirements. Avanza is a well-capitalised to manage current and upcoming requirements.

Own funds, SEK m	30-06-2024	31-12-2023
Common Equity Tier 1 (CET1) capital		
Shareholders' equity according to the balance sheet	4 328	5 482
Foreseeable dividend	-	-1 808
Interim results that have not been verified by persons in an independent position	-628	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	3 701	3 674
Additional value adjustments	-10	-13
Intangible assets (net of related tax liability)	-76	-87
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)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-86	-99
Common Equity Tier 1 (CET1) capital	3 615	3 574
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	3 615	3 574
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	3 615	3 574

Risk exposure amount and capital requirement, SEK m	30-06-2024		31-12-2023	
Risk exposure amount				
Credit risk according to the standardised approach	9,291		9,570	
of which exposures to institutions	604		499	
of which exposures to corporates	38		39	
of which retail exposures	223		237	
of which exposures secured by mortgages on immovable property	4,149		4,036	
of which exposures in default risk weight	21		17	
of which exposures to covered bonds	2,968		2,813	
of which exposures to equity	479		479	
of which exposures to other items	809		1,450	
Counterparty credit risk	1		1	
Market risk (position risk)	1		1	
Settlement risk	28		0	
Credit valuation adjustment risk according to the standardised method	-		-	
Operational risk according to the standardised approach	4,877		4,877	
Total risk exposure amount	14,199		14,450	
Capital requirement				
Credit risk according to the standardised approach	743	5.2%	766	5.3%
of which exposures to institutions	48	0.3%	40	0.3%
of which exposures to corporates	3	0.0%	3	0.0%
of which retail exposures	18	0.1%	19	0.1%
of which exposures secured by mortgages on immovable property	332	2.3%	323	2.2%
of which exposures in default	2	0.0%	1	0.0%
of which exposures in the form of covered bonds	237	1.7%	225	1.6%
of which equity exposures	38	0.3%	38	0.3%
of which other items	65	0.5%	116	0.8%
Counterparty credit risk	0	0.0%	0	0.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	2	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	-	0.0%	-	0.0%
Operational risk according to the standardised approach	390	2.7%	390	2.7%
Capital requirement	1,136	8.0%	1,156	8.0%
Total own funds	3,615	25.5%	3,574	24.7%
Minimum own funds requirement (Pillar 1)	1,136	8.0%	1,156	8.0%
Combined buffer requirement	639	4.5%	650	4.5%
Additional own funds requirement (Pillar 2) ¹⁾	811	5.7%	825	5.7%
Pillar 2 guidance	-	-	-	-
Total risk-based capital requirement (desired level of own funds)	2,586	18.2%	2,631	18.2%
Capital surplus after risk-based capital requirement	1,029	7.2%	943	6.5%
Leverage ratio				
Leverage ratio total exposure measure	69,913		71,011	
Leverage ratio, %	5.2%		5.0%	
Tier 1 capital	3,615	5.2%	3,574	5.0%
Minimum own funds requirement (Pillar 1)	2,097	3.0%	2,130	3.0%
Additional own funds requirement (Pillar 2)	-	-	-	-
Leverage ratio guidance	350	0.5%	355	0.5%
Total leverage ratio requirement (desired level of own funds)	2,447	3.5%	2,485	3.5%
Capital surplus after leverage ratio requirement	1,168	1.7%	1,089	1.5%

1) The additional own fund requirement are equivalent to the Swedish FSA's decided Pillar 2 requirements.

Financial reports

Key metrics, SEK m		30-06-2024	31-03-2024	30-09-2023	30-06-2023	30-06-2023
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	3,615	3,594	3,574	3,696	3,572
2	Tier 1 capital	3,615	3,594	3,574	3,696	3,572
3	Total capital	3,615	3,594	3,574	3,696	3,572
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	14,199	14,793	14,450	12,718	12,676
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	25.5%	24.3%	24.7%	29.1%	28.2%
6	Tier 1 ratio (%)	25.5%	24.3%	24.7%	29.1%	28.2%
7	Total capital ratio (%)	25.5%	24.3%	24.7%	29.1%	28.2%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.7%	5.7%	5.7%	5.7%	3.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.2%	3.2%	3.2%	3.2%	2.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4.3%	4.3%	4.3%	4.3%	2.7%
EU 7d	Total SREP own funds requirements (%)	13.7%	13.7%	13.7%	13.7%	11.6%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
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 (%)	2.0%	2.0%	2.0%	2.0%	2.0%
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 (%)	4.5%	4.5%	4.5%	4.5%	4.5%
EU 11a	Overall capital requirements (%)	18.2%	18.2%	18.2%	18.2%	16.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.8%	10.6%	11.0%	15.4%	16.6%
Leverage ratio						
13	Leverage ratio total exposure measure	69,913	71,659	71,011	69,009	66,318
14	Leverage ratio (%)	5.2%	5.0%	5.0%	5.4%	5.4%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	26,522	25,633	22,390	19,328	17,339
EU 16a	Cash outflows - Total weighted value	6,899	6,784	6,591	6,552	6,598
EU 16b	Cash inflows - Total weighted value	3,431	3,148	2,893	2,904	2,891
16	Total net cash outflows (adjusted value)	3,469	3,636	3,699	3,648	3,707
17	Liquidity coverage ratio (%)	778%	710%	606%	531%	471%
Net Stable Funding Ratio						
18	Total available stable funding	58,271	58,277	58,699	57,120	55,097
19	Total required stable funding	29,602	29,696	29,341	29,187	28,347
20	NSFR ratio (%)	197%	196%	200%	196%	194%

Additional information on liquidity

Pursuant to FFFS 2010:7, Avanza reports its liquidity risk positions. Liquidity risk is the risk that Avanza cannot meet its payment obligations at maturity without the cost of obtaining means of payment rising significantly. Avanza's payment obligations mainly come from the deposits that Avanza Bank's customers do not place in various financial instruments or products. When this occurs, deposits arise that Avanza manages.

To manage the liquidity, Avanza's Board of Directors has established internal rules on selecting and approving counterparties as well as investment alternatives and maturities. The distribution of responsibilities and reporting have also mainly been predetermined.

The liquidity reserve is financed by deposits from the public and own equity. Avanza's liquidity is invested in covered bonds, bonds and issued by the Swedish government or Swedish municipalities. A smaller percentage is invested in systematically important Nordic banks and the Riksbank. Avanza Bank AB is a member of the Swedish Riksbank.

Avanza does not engage in proprietary trading in securities and all interest-bearing financial instruments are held to maturity. The overarching concern in liquidity management is that Avanza's customers can get their deposits back at any time. As a result, deposits are distributed across various counterparties, instruments and maturities, so that the portfolio matures consistently over time. Avanza's payment obligations are in SEK and surplus liquidity is therefore invested in SEK. Avanza does not take currency risk.

Liquidity reserve, SEKm		30-06-2024	31-12-2023
Liquid assets			
	Covered bonds and securities issued by governments and municipalities	10,460	10,484
		29,303	33,094
Total liquid assets		39,763	43,579
Sources of funding, SEKm		30-06-2024	31-12-2023
Deposits and borrowing from the public		62,022	61,728
Lease liability		77	92
Other liabilities		1,099	1,562
Accrued expenses and deferred income		195	146
Shareholders' equity		4,328	5,482
Total liabilities and shareholders' equity		67,721	69,011

The Board of Directors and the CEO ensures that the Interim Report gives a fair overview of the company and the Group activities, balance and results, and describes the material risks and uncertainties that the company and the companies of the Group is facing.

Stockholm, 11 July 2024

Sven Hagströmer
Chairman of the board

Magnus Dybeck
Member of the board

Julia Haglind
Member of the board

Jonas Hagströmer
Member of the board

John Hedberg
Member of the board

Linda Hellström
Member of the board

Johan Roos
Member of the board

Leemon Wu
Member of the board

Lisa Åberg
Member of the board

Gustaf Unger
CEO

For additional information



Gustaf Unger, CEO
+46 (0)72 142 96 53



Anna Casselblad, CFO
+46 (0)8 409 420 11



Sofia Svavar, Chief Communications & IR Officer
+46 (0)8 409 420 17
ir@avanza.se

This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CET) on 12 July 2024.

A webcast presentation will be held by Gustaf Unger, CEO, and Anna Casselblad, CFO, on 12 July 2024 at 10.00 (CEST). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at avanza.se/ir. Further information and registration for participation is available at investors.avanza.se/en/ir/calendar/upcoming-events.

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

Contact information

Visiting address: Regeringsgatan 103, Stockholm
Postal address: Box 1399, SE-111 93 Stockholm
Telephone: +46 (0)8 562 250 00
Email: ir@avanza.se
Corp. Identity no: 556274-8458
Registered office: Stockholm
Website: avanza.se
Corporate web: avanza.se/ir

Upcoming publication dates for monthly statistics

July 2024	5 August 2024
August 2024	4 September 2024
September 2024	3 October 2024

Financial calendar

Interim Report January – September 2024	18 October 2024
Preliminary Financial Statement 2024	21 January 2025

Definitions

The measures and key ratios used in the financial report are defined below. Some key ratios are alternative performance measures (APM), which are financial measures that are not defined within IFRS or other applicable regulations such as capital adequacy and solvency. APM are applicable when relevant to describe Avanza's operations and financial situation. APM are not directly comparable to other corporations. Financial key ratios and APM are described in the note references below.

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.

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 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 level¹⁾

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

Currency related income, net²⁾

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

Customer²⁾

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

Deposits²⁾

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 share²⁾

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

eNPS

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

Equity per share²⁾

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

External deposits²⁾

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

External mortgages²⁾

External mortgages in financial institutions opened and managed via Avanza's platform.

Fund commissions, net²⁾

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 securities²⁾

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of trading in various brokerage fee classes.

Income per customer²⁾

Operating income on an annual basis in relation to the average number of customers during the period. The ratio shows the effect of trading activity, trading in various brokerage fee classes and price changes.

Income to savings capital 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 lending²⁾

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 expected credit losses.

Lending/Deposits¹⁾

Lending to the public as per the balance sheet in relation to deposits by the public as per the balance sheet.

Leverage Ratio³⁾

Leverage ratio is a non-risk-weighted measure showing Tier 1 capital and the total exposure amount according to Article 429 of the CRR.

Note²⁾

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

Net brokerage income²⁾

Gross brokerage income less direct costs.

Net inflow²⁾

Deposits, less withdrawals, of liquid assets and securities.

Operating margin²⁾

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 regarding the way

in which the own funds and the capital requirement are determined.

P/E ratio²⁾

Share price in relation to earnings per share.

Profit margin²⁾

Profit/loss after tax in relation to operating income.

Return on shareholders' equity¹⁾

Profit/loss after tax in relation to the average shareholders' equity during the period. Recalculated at an annual basis.

Savings capital²⁾

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 customer²⁾

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 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.

Surplus liquidity²⁾

Surplus liquidity consists of cash and balances with central banks, treasury bills eligible for refinancing, loans to credit institutions, and bonds on the balance sheet, as well as client funds.

The Swedish savings market

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

The Swedish life insurance market

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

Turnover²⁾

Turnover in security trading.

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

2) Financial or other key ratios that can be traced in Avanza's Excel spreadsheets with financial histories, published quarterly on 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.