

# Interim Report January–March 2023

## First quarter 2023 compared to first quarter 2022

- **Operating income** increased by 13 per cent to SEK 868 million. Net interest income was higher, mainly due to higher market interest rates. Net brokerage income, net currency-related income and other income decreased due to lower trading activity. Fund commissions were lower as well
- **Operating expenses** increased by 16 per cent to SEK 289 million, mainly due to higher personnel costs and other expenses. Costs for 2023 are, as previously communicated, estimated at a maximum of SEK 1,160 million
- **Operating profit** amounted to SEK 579 million, an increase of 11 per cent
- **Profit for the period** was SEK 501 million, an increase of 13 per cent
- **Earnings per share** before dilution amounted to SEK 3.20, an increase of 12 per cent
- The Annual General Meeting in March resolved to re-elect all members of the Board of Directors. John Hedberg was elected as a new Board member. The dividend, which was approved as proposed, is SEK 7.50 per share, corresponding to 70 per cent of profit for 2022

### Events during the quarter

- Avanza Disruptive Innovation by ARK Invest was launched. The fund is a collaboration with ARK Investment Management LLC, which is managed by Cathie Wood
- Avanza Fonder also launched its first Article 9 fund, Avanza Impact by Circulus, in collaboration with Coeli Asset Management. The objective is that the majority of the turnover of the companies in the fund will have direct ties to one or more of the UN Sustainable Development Goals
- In Universum's annual survey of Sweden's most attractive employers for students, Avanza ranked third (3<sup>rd</sup>) in Business and Economics for the second year in a row

### No. of customers

**+6%**

Total 1,817,800

### Savings capital

**-3%**

Total SEK 716 bn

*"Customer activity and investor sentiment improved during the quarter, which reduced liquidity. Lower liquidity and improved interest rates on customer deposits negatively affected net interest income. In spite of this, we are reporting our second best quarter ever. Stronger investor sentiment and confidence in the market are positive for our long-term growth, even though macroeconomic development this year in all likelihood will remain uncertain. Customer growth and the strong net inflow in the quarter still shows that those who can are prioritising their savings," says CEO Rikard Josefson.*

	Q1 2023	Q4 2022	Change %	Q1 2022	Change %
Operating income, SEK m	868	847	2	768	13
Operating expenses, SEK m	-289	-273	6	-249	16
Operating profit, SEK m	579	573	1	521	11
Profit for the period, SEK m	501	494	1	443	13
Earnings per share before dilution, SEK	3.20	3.16	1	2.85	12
Operating margin, %	67	68	-1	68	-1
Return on shareholders' equity, %	38	42	-4	36	2
Net inflow, SEK m	17,000	-7,450	-328	16,600	3
No. of new customers (net)	41,100	12,700	225	60,100	-32
No. of customers at the end of the period	1,817,800	1,776,700	2	1,720,200	6
Savings capital at the end of the period, SEK m	715,700	663,900	8	740,900	-3
Income to savings capital ratio, %	0.50	0.52	-0.02	0.40	0.11
Costs to savings capital ratio, %	0.17	0.17	0.00	0.13	0.04

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, corporate customers, banks, and asset managers.

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

## An investment in growth

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

- attractive offers and a strong user experience
- market conditions 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 savings 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 the industry's lowest costs to savings capital ratio. Strong customer growth, combined with low costs, leads to long-term growth, and enables Avanza to deliver value to both customers and shareholders. Continuous development, digitisation and internal efficiency also reduce operational risks and increase stability.

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

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

## 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 the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement

### Sustainability

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

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



## CEO comment

### Avanza's low risk profile – a strategic choice

The first quarter was eventful. It started strongly with the stock market on an upswing, but in March turbulence arose after a run on several U.S. banks. This created problems mainly because these banks had not properly managed their interest rate risk and had too long interest term. The longer-term bonds in their portfolios fell in value once interest rates rose, and to fulfil customer withdrawals, they were forced to sell these bonds in advance, generating huge losses.

Avanza also has a bond portfolio to manage surplus liquidity. Europe and Sweden have stricter regulations, however, and Avanza also has additional limits. The average maturity in Avanza's bond portfolio is maximum 90 days, compared to over three years that we saw with the U.S. banks. This means that if we were to be forced to sell bonds before maturity, the impact on our profit would be marginal and it would not affect our customers. The low risk in Avanza's balance sheet is a strategic choice we made many, many years ago and which we still work actively to maintain. I feel very secure with Avanza's low risk, both in terms of interest rate risk and credit risk, which in times like these is comforting for both customers and shareholders.

### Our customers realise the importance of savings

Customer growth in the quarter was over 41,000 and we had a net inflow of SEK 17 billion. This was despite the struggles that many people have faced to manage the increased expenses caused by higher inflation and interest rates. We see that our customers are still trying to maintain their savings, and those who can are amortising their mortgages. This is impacting the mortgage volume, which has had a slow growth rate despite new lending and the fact that we now offer Sweden's cheapest mortgage to our Private Banking customers. Looking at the monthly savings, they are stable since the previous quarter at SEK 1.5 billion. It makes me happy that our customers have realised the importance of saving and are really trying to keep up a good habit. Saving during good years – and for as long as we can – better prepares us for tougher times.

Macroeconomic development will in all likelihood remain uncertain in 2023, with interest rate hikes, inflation jitters and uncertainty tied to the war in Ukraine. We will do everything we can to continue to support our customers with information, insight and new services.

### Two exciting new funds and better decision-making tools

During the quarter, we launched two new actively managed funds. One is Avanza Disruptive Innovation by ARK Invest. The manager, Cathie Wood, is controversial and the fund has aroused strong feelings, both positive and negative, among many people. We knew it would. It is a fund with high risk but where we have seen a demand from customers who believe in disruptive technologies. To date, the fund has attracted nearly 26,000 investors and SEK 230 million in assets under management. The second fund – Avanza Impact by Circulus – is an Article 9 fund, i.e. with sustainable investments as its objective. The fund, which has also received the Nordic Swan ecolabel, invests exclusively in micro- and small-cap companies that contribute to the UN Sustainable Development Goals. The UN calculates that investments of USD 5–7 trillion would be needed each year to solve the world's sustainability challenges! Therefore, it feels good to be able to offer our customers a fund that enables them to invest in this huge effort.

Sustainability has always been important to Avanza. Since the start, we have tried to democratise savings through low fees, transparency, information and financial literacy. In January, we made it easier to learn about companies to invest in by providing over a thousand stock analyses from Morningstar, with an emphasis on U.S. companies. Our sustainability work also includes creating opportunities for ESG investments by encouraging more sustainable choices through better information and decision-making tools. In the area of fund savings, we have been working on this for some time, and now customers can filter funds based on which of the SDGs that the underlying companies contribute to. During the quarter, we also took the first small steps to provide sustainability data on individual shares by adding information on gender equality in their board of directors, management and the company as a whole. In the area of sustainability data, there is more to be done.

### Second highest quarterly profit ever

Profit for the first quarter was the strongest since the first quarter 2021. Trading income improved from the previous quarter as a result of improved customer activity and investor sentiment, which also contributed to a decrease in deposits of just over SEK 4 billion. This, along with the fact that we have been paying interest on our customers' liquidity in most accounts since January, contributed to slightly lower net interest income than in the previous quarter. We are also seeing our own savings account, which is now available to everyone, attract larger volumes – especially at the end of the quarter, when we raised the interest rate to 2.3%. Other accounts offer slightly different interest rates based on the type of account and customer segment. In most cases there is a disadvantage to leave large balances in accounts that are subject to standard tax, which is reflected in our various interest rates. How we react to future rate hikes is difficult to say. Previous policy rate hikes have been handled in different ways, and we will probably continue to do so – taking into account customer demand and competitive landscape.

Expenses increased by 6% compared to the previous quarter, mainly due to the previously announced salary increase as of January. Compared to the first quarter 2022 expenses increased by 16%, which to a large degree is due to the work on the new backoffice system, which was capitalised in the spring of 2022. We are comfortable with our cost cap of SEK 1,160 million for the full year. Capitalisation is strong with very good margins relative to the capital requirements and where we, as it looks now, can handle an increase in deposits of as high as SEK 27 billion. We have previously announced plans to issue AT1 capital, which we are still discussing from a capital efficiency perspective, but where we can calmly wait until market conditions are better.

### Avanza's customers are price conscious and making decisions accordingly

A debate that has popped up in recent years concerns a possible commission ban on distribution of other companies' funds. Within the EU this discussion has heated up again, but there are many strong opponents. What I think is missing in the debate is the importance of transparency. In my opinion, the business models that could develop as a result of such a ban could reduce transparency. At Avanza we clearly show the total cost for the customer and what Avanza receives in compensation. In 2021, Avanza's customers paid an average of 0.7% in fees on equity funds. The corresponding figure for

Sweden as a whole was 1.06%. For 2022 the cost for our customers fell to 0.6%. This underscores that Avanza's customers are well aware of the fees and their importance and are making decisions accordingly. If the industry introduces a ban on commissions, we will be able to adjust our payment model, but the question is whether customers will actually benefit from such a ban.

### **Avanza has what it takes to continue to develop strongly**

In the year-end report we announced that Peter Strömberg stepped down in January from his position in Group Management and as Chief Product & Tech Officer. It is with great pleasure that I can now announce that we have recruited Anders Karlsson to succeed Peter. Anders, who will take over in June, is currently Product Director at Klarna. He has extensive experience with product management, customer experience and business transformation as well as years of experience from senior positions at Handelsbanken and Nasdaq. It will be fun to work with Anders and I hope that he will like working with us.

Avanza is a fantastic company and has developed strongly in recent years. We have grown from teenager to young adulthood with the same playfulness and desire to challenge still intact, but with greater maturity and a stronger governance structure. I am convinced that Avanza has all it needs to continue to develop strongly, and we have just scratched the surface in terms of growth in Sweden. I feel confident that Avanza stands on a strong foundation, with my fantastic

colleagues there to support our customers. Therefore, I also feel comfortable in taking the next step in my life and phasing out of an operational role to devote more time to other endeavours. I will continue working, however, until a new CEO is in place. And as the old hockey player I am, you can trust that I will devote all the energy I have to playing out the third period – and overtime if needed.

Stockholm, 23 April 2023



Rikard Josefson, CEO Avanza



# Operations

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by nearly 9 per cent in the quarter. Volatility decreased.

Turnover on the Stockholm Stock Exchange including First North increased by 8 per cent while the number of transactions was unchanged compared to the previous quarter. Among Avanza's customers, turnover increased by 4 per cent and the number of transactions by 8 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. Avanza's market shares regarding the number of transactions increased compared to the previous quarter, while the market shares for turnover decreased slightly.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of SEK 25 billion in the quarter. Avanza reported a net inflow to mutual funds of nearly SEK 7 billion.

The policy rate was raised in mid-February by 50 basis points to 3.0 per cent and is expected to be raised again during the spring. The next policy rate decision will be published on 26 April 2023.

Market shares	2023 Q1	2022 Q4	2022 Q1	2022 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	19.1	17.6	17.6	17.3
Turnover, %	8.1	8.3	8.4	8.1

<i>The Swedish fund market (excl. PPM)</i>				
Net savings, % <sup>1</sup>	26.4	6.9	11.9	N/A

<sup>1</sup>The Swedish fund market reported a net outflow during the first quarter 2022 of which Avanza's share was 11.9 per cent. For the full year 2022 the net outflow in the fund market was SEK 4 billion, whereas Avanza had a net inflow of nearly SEK 2 billion.

Data on the Swedish savings market for the fourth quarter of 2022 was released in February. The Swedish savings market at the end of 2022 amounted to SEK 10,400 billion, a decrease of just over 10 per cent compared to a year earlier. The occupational pension market decreased by just over 7 per cent and amounted to SEK 3,690 billion. During the same period, Avanza's savings capital decreased by 18 per cent and occupational pension capital decreased by 4 per cent. Avanza's savings capital is to a high extent invested in equities and funds, which have been negatively affected by the market during 2022.

Avanza's share of the Swedish savings market increased slightly and amounted to 6.4 per cent by the end of 2022. This, however, was a decrease from 7.0 per cent by the end of 2021. The market share of the net inflow for the 12-month period decreased to 5.8 per cent. Most net inflow to the savings market during the fourth quarter was occupational pensions, where Avanza's market share is lower. Avanza's market share of the occupational pension market was unchanged at 1.2 per cent. Fund shares reflected a continued outflow.

Market shares	Jan 2022- Dec 2022	Oct 2021- Sep 2022	Jan 2021- Dec 2021
<i>The Swedish savings market</i>			
Market share at the end of the period, %	6.4	6.3	7.0
Net inflow, %	5.8	10.7	17.2
<i>The Swedish life insurance market</i>			
Premium inflow, %	9.6	10.4	12.0
Premium inflow for non-collectively agreed occupational pension insurance, %	8.5	8.4	7.8

Market shares regarding premiums paid for non-collectively agreed occupational private pension for the last twelve-month period increased slightly compared to the previous measured period. The share of premium inflow in the competitive pension and life insurance market, i.e. including endowment insurance, decreased.

## Launches and events during the quarter

The user experience is updated continuously on the website and for mobile devices. Following is a sample of new features as well as other events during the quarter.

Two new actively managed funds were launched: Avanza Disruptive Innovation by ARK Invest and Avanza Impact by Circulus. Avanza Disruptive Innovation is a collaboration with ARK Investment Management LLC, which is led by Cathie Wood. The fund's objective is to identify innovative companies that are changing industries and society at its core. Avanza Impact by Circulus is an Article 9 fund and invests in global micro- and small-cap companies with the objective that the majority of the turnover from these companies will have direct ties to one or more of the UN Sustainable Development Goals. The fund is managed in partnership with Coeli Asset Management AB.

Avanza's savings account, which had previously been targeted to corporate customers, was opened up to private customers. We also added the option of automatic monthly savings to the savings account. The "Savings Target" feature was developed with the possibility to share targets with family and friends. The aim is to provide a better overview of the collective savings and hopefully further motivate to reach the target.

Analyses from Morningstar were added for over 1,000 U.S. and European stocks. The analyses are a sought-after tool and include i.e. buy and sell recommendations, target prices and sustainability analyses. The routine for refunding foreign withholding tax on pension and insurance accounts was improved so that the taxes are repaid as soon as the following year, instead of after three years as had previously been done. In addition, the tax was refunded for the years 2020, 2021 and 2022. SEK 26 million was refunded to customers for stock loans for the first quarter.

To facilitate sustainable investments, the sustainability data for funds was expanded to include information on whether each fund's investments benefit any of the SDGs and whether it has sustainability as a stated priority. In the fund list, customers can filter funds based on these criteria as well. As a first step in the development of sustainability data for individual shares, data on gender equality was added.

To make it easier to compare mortgage rates, a new rate page was added for the external mortgage offering. Here customers can fill in information on their home to easily find out the interest rate they would pay with Avanza.

In Universum's annual survey of Sweden's most attractive employers for students, Avanza ranked third (3<sup>rd</sup>) in Business and Economics for the second year in a row. In the highly competitive IT category, Avanza maintained 14th place (14<sup>th</sup>).

During the quarter, Avanza improved its ranking in Brilliant Awards – Customer Experience to second (3<sup>rd</sup>) in the category Best customer service in Banking. Brilliant Awards – Customer Experience is an annual award for organisations that have successfully created exceptional customer experiences through their customer service.



## Development of customers and savings capital

The number of customers grew by 41,100 in the quarter and amounted to a total of 1,817,800 as of 31 March. The share of women among new customers in the first quarter was 43 per cent and made up 38 per cent of the total number of customers. Of the total number of customers, 8 per cent were occupational pension customers. The number of customers within Private Banking and Pro decreased, a result of a review of customers in different benefit levels. Customer churn was 1.6 per cent.

The number of average daily active users on the platform was nearly 391,000, holidays and weekends included.

Net inflow in the quarter amounted to SEK 17 billion, of which new customers accounted for 13 per cent. In addition, the rise in share prices during the quarter affected the savings capital positively, which increased to SEK 716 billion.

Total recurring rolling 12-month monthly savings by Avanza's customers, excluding occupational pensions, amounted to SEK 1.5 billion, in line with the previous quarter. Recurring occupational pension premiums averaged SEK 345 million per month in the trailing 12-month period, an increase of 15 per cent compared to the corresponding period a year earlier. Last year's turbulent market conditions affected the net

inflow of occupational pension transfers, which decreased by 13 per cent in the trailing 12 months compared to the previous 12-month period.

At the end of the quarter, 29 per cent of customers' capital was invested in funds, slightly higher compared to the beginning of the year. Just over 34 per cent of the fund capital was invested in Avanza's own funds. Total fund capital increased by 9 per cent during the quarter, a result of the market development and net inflow. Net inflow to funds was nearly SEK 7 billion.

Customers' total deposits, i.e. deposits as a percentage of the savings capital, was 13 per cent, a decrease of 2 percentage points compared to the end of the fourth quarter and a result of customers' increased investments in securities. Deposits in Avanza's own savings account, which is now available to all customers and where the interest rate as of 31 March was 2.3 per cent, increased significantly at the end of the quarter to SEK 6.8 billion, nearly doubling from the start of the year. Deposits in accounts that pay interest represent 93 per cent of the total deposits on Avanza's balance sheet.

Margin lending increased, as did the internally financed mortgage volumes – despite higher amortisations. The external mortgage volumes decreased as a result of increased amortisations and price competition.

Net inflow, SEK m	2023 Q1	2022 Q4	Change %	2022 Q1	Change %	2022 Jan-Dec
Standard	13,320	1,940	587	15,780	-15	35,350
Private Banking	2,840	-8,640	-133	430	557	-11,500
Pro	840	-750	-212	390	116	-250
<b>Net inflow</b>	<b>17,000</b>	<b>-7,450</b>	<b>-328</b>	<b>16,600</b>	<b>3</b>	<b>23,600</b>
Equity-, fund-, and savings accounts	11,890	-1,880	-734	10,840	10	18,560
Pension- & insurance-based accounts	5,110	-5,570	-192	5,760	-11	5,040
of which endowment insurance	3,310	-4,840	-168	4,280	-23	1,760
of which occupational pensions	1,690	1,600	6	1,450	16	5,740
<b>Net inflow</b>	<b>17,000</b>	<b>-7,450</b>	<b>-328</b>	<b>16,600</b>	<b>3</b>	<b>23,600</b>

Customers, savings capital and lending, SEK m	31-03-2023	31-12-2022	Change %	31-03-2022	Change %
Standard, No.	1,784,480	1,741,530	2	1,685,430	6
Private Banking, No.	29,900	31,700	-6	31,200	-4
Pro, No.	3,420	3,470	-1	3,570	-4
<b>No. of customers</b>	<b>1,817,800</b>	<b>1,776,700</b>	<b>2</b>	<b>1,720,200</b>	<b>6</b>
of which occupational pension customers, No.	153,600	148,300	4	133,100	15
Standard	406,900	377,200	8	416,300	-2
Private Banking	264,800	257,900	3	292,400	-9
Pro	44,000	28,800	53	32,200	37
<b>Savings capital</b>	<b>715,700</b>	<b>663,900</b>	<b>8</b>	<b>740,900</b>	<b>-3</b>
Equity-, fund-, and savings accounts	511,700	476,200	7	530,400	-4
Pension- & insurance-based accounts	204,000	187,700	9	210,500	-3
of which endowment insurance	139,000	127,800	9	147,100	-6
of which occupational pensions	49,900	45,800	9	45,400	0
<b>Savings capital</b>	<b>715,700</b>	<b>663,900</b>	<b>8</b>	<b>740,900</b>	<b>-3</b>
Equities, bonds, derivatives, etc.	417,000	377,700	10	441,900	-6
Mutual funds	208,500	191,700	9	202,200	3
Deposits	90,200	94,500	-5	96,800	-7
of which external deposits (Savings account+)	34,900	36,000	-3	31,400	11
<b>Savings capital</b>	<b>715,700</b>	<b>663,900</b>	<b>8</b>	<b>740,900</b>	<b>-3</b>
Internally financed lending	19,900	19,300	3	21,100	-6
of which margin lending	8,500	8,040	6	10,400	-18
of which mortgages (Bolån PB)	11,400	11,200	2	10,700	7
External mortgages (Bolån+)	23,300	24,100	-3	21,700	7
<b>Lending</b>	<b>43,200</b>	<b>43,400</b>	<b>0</b>	<b>42,900</b>	<b>1</b>
Return, average account since 1 Jan, %	5	-21	26	-10	15
OMX Stockholm GI since 1 Jan, %	9	-22	31	-14	23

## Financial overview

	2023 Q1	2022 Q4	Change %	2022 Q1	Change %	2022 Jan-Dec
<b>Income Statement, SEK m</b>						
Net brokerage income	229	196	17	328	-30	956
Fund commissions, net	144	137	5	157	-9	577
Currency-related income, net	83	65	28	133	-38	364
Net interest income	349	369	-5	83	321	789
Other income, net	64	81	-21	66	-3	286
<b>Operating income</b>	<b>868</b>	<b>847</b>	<b>2</b>	<b>768</b>	<b>13</b>	<b>2,973</b>
Personnel	-178	-166	7	-159	11	-636
Marketing	-11	-7	54	-9	22	-28
Depreciation	-22	-21	4	-18	25	-81
Other expenses	-79	-79	0	-63	26	-286
<b>Operating expenses before credit losses</b>	<b>-289</b>	<b>-273</b>	<b>6</b>	<b>-249</b>	<b>16</b>	<b>-1,031</b>
<b>Profit before credit losses</b>	<b>579</b>	<b>574</b>	<b>1</b>	<b>519</b>	<b>11</b>	<b>1,941</b>
Credit losses, net	0	-1	-	2	-	-1
<b>Operating profit</b>	<b>579</b>	<b>573</b>	<b>1</b>	<b>521</b>	<b>11</b>	<b>1,940</b>
Tax on profit for the period	-78	-78	0	-78	0	-274
<b>Profit for the period</b>	<b>501</b>	<b>494</b>	<b>1</b>	<b>443</b>	<b>13</b>	<b>1,666</b>
<b>Key ratios</b>						
Operating margin, %	67	68	-1	68	-1	65
Profit margin, %	58	58	-1	58	0	56
Return on shareholders' equity, %	38	42	-4	36	2	36
Earnings per share before dilution, SEK	3.20	3.16	1	2.85	12	10.69
Earnings per share after dilution, SEK	3.18	3.15	1	2.81	13	10.67
Credit loss level, %	0.00	0.00	-	0.01	-0.01	0.00
Income to savings capital ratio, %	0.50	0.52	-0.02	0.40	0.11	0.42
Costs to savings capital ratio, %	0.17	0.17	0.00	0.13	0.04	0.15
Savings capital per customer, SEK	393,730	373,650	5	430,700	-9	373,650
Income per customer, SEK	1,930	1,910	1	1,820	6	1,720
Costs per customer, SEK	-640	-620	4	-590	9	-600
Net brokerage income/trading day, SEK m	3.6	3.1	17	5.3	-31	3.8
No. brokerage-generating notes/trading day	158,200	135,500	17	208,600	-24	161,100
Turnover in brokerage-generating securities/trading day, SEK m	4,020	3,670	10	5,840	-31	4,260
Turnover in brokerage-generating foreign securities/trading day, SEK m	570	420	36	900	-37	610
Gross brokerage income/turnover in brokerage-generating securities, %	0.105	0.099	0.006	0.104	0.000	0.104
No. trading days	63.5	63.5	-	62.5	2	251.0
Investments, SEK m	3	9	-67	15	-80	43
Average no. employees	642	642	0	601	7	622
Platform availability, %	99.9	99.8	0.1	99.8	0.1	99.9

<b>Key ratios</b>	<b>31-03-2023</b>	<b>31-12-2022</b>	<b>Change %</b>	<b>31-03-2022</b>	<b>Change %</b>
Shareholders' equity per share before dil., SEK	34.84	31.61	10	32.78	6
Outstanding no. shares before dilution, thousands	156,619	156,619	-	155,572	0.7
Outstanding no. shares after dilution, thousands	157,240	156,994	0.2	157,386	-0.1
No. shares upon full dilution, thousands	161,269	161,269	-	161,272	0.0
No. employees	648	635	2	598	8
Share price, SEK	243.00	223.60	9	242.00	0
Market capitalisation, SEK m	38,100	35,000	9	37,600	1

## First quarter compared to the previous quarter

Operating profit for the first quarter increased by 1 per cent. Both operating income and operating expenses were higher.

The operating margin decreased by one percentage point to 67 per cent and the return on shareholders' equity was 38 per cent.

### Revenues

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

Net brokerage income increased by 17 per cent due to an increased number of brokerage-generating notes and higher brokerage-generating turnover, which increased by 17 per cent and 10 per cent respectively. Gross brokerage income per brokerage-generating turnover also increased, from 9.9 to 10.5 basis points, mainly due to increased trading in foreign markets. Customers in higher brokerage fee classes, who pay a lower commission per SEK of turnover, accounted for 26 per cent of brokerage income, unchanged from the previous quarter.

Net currency-related income increased by 28 per cent to SEK 83 million (65) due to higher turnover in foreign securities. Turnover in brokerage-generating foreign securities increased by 37 per cent and turnover in foreign funds increased by 3 per cent. Brokerage-generating trading in foreign markets accounted for 14 per cent of total brokerage-generating turnover, nearly 3 percentage points higher than the previous quarter.

Net fund commissions increased by 5 per cent due to higher average fund capital. The fund capital at the end of the quarter was 9 per cent higher than at the end of the fourth quarter. Income per SEK of fund capital continued to decrease due to increased capital in index funds. The share of fund capital in index funds was nearly 41 per cent, an increase of 1 percentage point from the previous quarter. Income per SEK of fund capital decreased to 28 basis points at the end of the quarter. The net inflow to funds was nearly SEK 7 billion.

Net interest income decreased by 5 per cent, mainly as a result of higher interest expenses, even though interest income increased. On 1 January 2023, Avanza started paying interest on deposits in the majority of customers' accounts, as announced in November. Interest expenses amounted to SEK 159 million, of which SEK 95 million was due to the interest rate on deposits for equity and fund accounts, investment savings accounts, endowment insurance and savings accounts. The average interest rate on deposits during the quarter was 0.66 per cent. The resolution fee and deposit guarantee fee amounted to SEK 11 million (8). Interest income increased mainly as a result of a higher return on surplus liquidity thanks to a higher average STIBOR rate, even though the volume of surplus liquidity decreased as a result of lower deposits as customers increased their investments in securities. The bond portfolio is tied to the 3M STIBOR. With regard to Avanza's internally financed mortgages, which directly track the policy rate, the policy rate hike of 75 basis points in November was delayed until February 2023, as previously announced. This contributed to increased income in the quarter. The same applies to the policy rate hike in February, which will not be reflected in the mortgage rate until 1 May. The average interest rate on internally financed lending, including margin lending, was 3.60 per cent for the first quarter, compared to 3.20 per cent in the previous quarter.

Other income decreased by 21 per cent, mainly due to lower income from Avanza Markets, Corporate Finance and stock lending. Income from Avanza Markets decreased to SEK

39 million (46) due to lower trading activity. Income from stock lending decreased to SEK 18 million (21), while income from Corporate Finance decreased to SEK 0 million (5), which was due to continued low activity caused by market uncertainty.

### Operating expenses

Operating expenses increased by 6 per cent, mainly as a result of higher personnel costs due to a salary increase of 4 per cent as of 1 January, as previously communicated. Marketing expenses, which are seasonally higher at the beginning of the year, also increased.

### Credit losses

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

### Taxes

In the quarter, the effective tax rate decreased slightly to 13.5 per cent (13.7). The tax rate fluctuates between quarters depending on the share of revenues generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where a majority of the revenues are taxed according to the tax laws applicable to life insurance companies, which reduces the effective tax rate.

## First quarter 2023 compared to first quarter 2022

Operating profit increased by 11 per cent compared to the first quarter of 2022. Operating income as well as operating expenses increased.

The operating margin decreased by one percentage point to 67 per cent while the return on shareholders' equity increased to 38 per cent.

### Revenues

Operating income increased by 13 per cent, mainly due to higher net interest income. Net brokerage income, net currency-related income and other income decreased.

Net brokerage income decreased by 30 per cent due to lower customer activity. Brokerage-generating turnover was 30 per cent lower and the number of brokerage-generating notes was 23 per cent lower. Gross brokerage income per brokerage-generating turnover increased slightly from 10.4 to 10.5 basis points.

Net currency-related income decreased by 38 per cent as a result of lower turnover in brokerage-generating foreign securities, which decreased by 36 per cent.

Net fund commissions decreased by 9 per cent due to lower average income per SEK of fund capital, which decreased from 31 to 29 basis points. This was a result of an increased share of capital in index funds. The share of fund capital in index funds was nearly 41 per cent, compared to just over 36 per cent a year earlier. Average fund capital was slightly higher than in the first quarter 2022.

Net interest income increased by 321 per cent, mainly due to higher market interest rates and an increased return on surplus liquidity, but also higher income from internally financed lending. This was despite that lending volume decreased by 6 per cent. Interest expenses increased as well after Avanza started paying interest on customers' deposits on 1 January 2023. Interest expenses amounted to SEK 159 million, of which SEK 95 million was due to the interest rate on deposits for equity and fund accounts, investment savings accounts, endowment insurance and savings accounts. The average interest rate on deposits during the quarter was 0.66 per cent, compared to 0 per cent a year earlier. The resolution



fee and deposit guarantee fee amounted to SEK 11 million (12).

Other income decreased by 3 per cent, mainly due to lower income from Avanza Markets caused by lower trading activity. Income from Avanza Markets was SEK 39 million (51). On the other hand, income from stock lending increased to SEK 18 million (8). The limit on how much can be borrowed was raised from SEK 5 billion to SEK 10 billion in the third quarter 2022, and the number of shares and accounts included in the stock lending program has also been expanded since then.

#### *Operating expenses*

Operating expenses increased by 16 per cent to SEK 289 million, mainly due to increased personnel costs and higher other expenses. Personnel costs increased by 11 per cent as a result of more employees and a salary increase of 4 per cent as of 1 January 2023. The average number of employees increased by 7 per cent. Other expenses increased by 26 per cent, mainly due to the work on the new backoffice system, which was capitalised up until April 2022.

The costs to savings capital ratio increased to 17 basis points (13) due to increased expenses, but also from the impact of market fluctuations on savings capital. The savings capital was 3 per cent lower than a year ago. 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 makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

Costs for 2023 are not expected to exceed SEK 1,160 million. The cost estimate includes salary increases of 4 per cent from 1 January 2023. Personnel costs will also increase, due to the full-year effect of employees who began in 2022 as well as ongoing recruitments, according to the people plan for 2022. IT expenses are also expected to increase, mainly due to higher licensing costs, and as a result of weaker SEK and inflation. The full-year effect of the amortisation of the new back-office system is also contributing to higher costs in 2023.

#### *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 to 13.5 per cent (15.0) as a result of a higher share of revenues generated in the insurance company, where most revenues are taxed according to the laws applicable to life insurance companies, which reduces the effective tax rate.

The risk tax, or so-called bank tax, that was introduced for credit institutions in 2022, does not affect Avanza since the total liabilities in the bank fall below the threshold of SEK 150 billion.

### **Net interest income sensitivity**

The policy rate was raised by 75 basis points in late November and again by 50 basis points to 3.0 per cent in mid-February. The policy rate is expected to be further raised in the spring. The Riksbank's next rate decision will be announced on 26 April 2023.

Changes in the policy rate affects the return on surplus liquidity which mainly is invested in covered bonds and as deposits 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 is comprised of mortgage loans to Private Banking customers and margin lending. The mortgage rate is directly tied to the policy rate, but the increases in the mortgage rate to reflect the latest policy rate hikes have been postponed until 1 February and 1 May 2023. 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. On 1 January, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK) and endowment insurance. Deposits in these accounts, including Avanza's own savings account, represent 93 per cent of total deposits on the balance sheet. Deposits in Avanza's own savings account, which is now available for all customers, amounted to SEK 6.8 billion as of 31 March 2023 and the interest rate was 2.3 per cent.

In a rising rate environment, it becomes harder to determine the impact of rate increases. Pricing of both deposits and lending becomes increasingly dependent on customer behaviour and the competitive landscape.

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 raise of the policy rate would affect full-year net interest income by between SEK -260 million and SEK 560 million. The calculation is based on rates by the end of the first quarter and only highlights the sensitivity in the net interest income. The downside is lesser than the upside because all rate levels on deposits does not amount to 1 percentage point and therefore cannot be lowered by that much.

### **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. 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

Conditions in the savings market changed dramatically in 2022 as customer activity and the net inflow both decreased as a result of macroeconomic conditions and market turbulence. The new macroeconomic situation requires adaptability and underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

- Sweden has a well-functioning stock market and a strong savings tradition with a high share of the population owning 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 and mortgages reduces the sensitivity to market fluctuations.
- A long-term shift in society has left individuals with more responsibility for their personal finances. Everyone needs a cash buffer when unforeseen events occur. Savings are necessary at every stage of life. There is also a large savings gap between men and women. Women save relatively less and to a greater extent in savings accounts. At the same time, the number of female shareholders is increasing in Sweden and for Avanza. The savings capital held by women on Avanza's platform, however, only amounts to 25 per cent. Avanza has expanded its efforts to motivate and inspire more women to save.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and customer satisfaction are major strengths when new competition enters the savings market. Avanza's cost-effectiveness and proven business model are also a strength.
- Avanza is well-positioned in terms of regulations on increased transparency, higher consumer protection and

higher digital development in the financial markets. Avanza puts its customers first and cherish clear and transparent pricing. Avanza has always advocated low fees and a long-term approach, steering clear of commission-driven advice and instead developing tools on the platform to help customers make their own investment decisions and customise savings based on individual needs.

- Avanza's no-fee pension offer, together with a broad offering and digital tools, are strong competitive advantages as transfer rights for unit-linked insurance policies was expanded and strengthened in 2021 and 2022. New technology and Open Finance regulations at the same time pave the way for more tools and services to be developed.
- A major transfer of assets from older to younger generations is ongoing. The older generation has accumulated tremendous wealth, which will impact many younger people in a positive way, not to mention the future of the capital markets and demand for Avanza's services. Over the last ten-year period, Avanza has attracted a large share of young customers. While they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if Avanza continues to create attractive offers and gives them good reasons to stay on the platform. Avanza has a low churn of 1.6 per cent.
- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are important factors as interest and demand for sustainable investments grow. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base and strong brand provides an attractive platform for interesting collaborations that can strengthen the customer offering and user experience.

For more information on long-term trends, see Avanza's Annual Report at [avanza.se/ir](https://avanza.se/ir). Also see page 12 for more on significant risks and uncertainty factors.

## Nine quarters in summary

Quarterly overview, SEK m	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net brokerage income	229	196	216	215	328	354	330	334	439
Fund commissions, net	144	137	141	143	157	176	173	161	150
Currency-related income, net	83	65	80	86	133	135	114	129	247
Net interest income	349	369	222	115	83	82	83	80	76
Other income, net <sup>1</sup>	64	81	81	58	66	78	67	50	44
<b>Operating income</b>	<b>868</b>	<b>847</b>	<b>740</b>	<b>618</b>	<b>768</b>	<b>824</b>	<b>767</b>	<b>754</b>	<b>957</b>
Personnel	-178	-166	-141	-170	-159	-159	-125	-145	-137
Marketing	-11	-7	-8	-5	-9	-7	-5	-3	-9
Depreciation	-22	-21	-21	-21	-18	-18	-18	-17	-17
Other expenses	-79	-79	-68	-77	-63	-68	-45	-51	-39
<b>Operating expenses before credit losses</b>	<b>-289</b>	<b>-273</b>	<b>-238</b>	<b>-272</b>	<b>-249</b>	<b>-253</b>	<b>-192</b>	<b>-216</b>	<b>-202</b>
Credit losses, net	0	-1	0	-1	2	0	-1	-1	1
<b>Operating profit</b>	<b>579</b>	<b>573</b>	<b>502</b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>756</b>
<b>Adjusted operating profit<sup>2</sup></b>	<b>579</b>	<b>573</b>	<b>502</b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>746</b>
Operating margin, %	67	68	68	56	68	69	75	71	79
Earnings per share before dil., SEK	3.20	3.16	2.78	1.90	2.85	3.11	3.10	2.91	4.08
Shareholders' equity per share before dilution, SEK	34.84	31.61	28.23	25.00	32.78	30.21	30.04	26.58	23.68
Return on shareholders' equity, %	38	42	42	26	36	41	44	46	74
Net inflow	17,000	-7,450	6,030	8,400	16,600	17,900	18,400	22,900	30,500
No. of new customers, net	41,100	12,700	24,100	19,700	60,100	71,800	70,100	85,100	152,800
No. of customers at the end of the period	1,817,800	1,776,700	1,764,000	1,739,900	1,720,200	1,660,100	1,588,400	1,518,200	1,433,200
Savings capital at the end of the period	715,700	663,900	639,900	652,700	740,900	809,600	735,000	713,600	653,900
Income to savings capital ratio, %	0.50	0.52	0.46	0.35	0.40	0.43	0.42	0.44	0.63
Costs to savings capital ratio, %	0.17	0.17	0.15	0.16	0.13	0.13	0.11	0.13	0.13

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

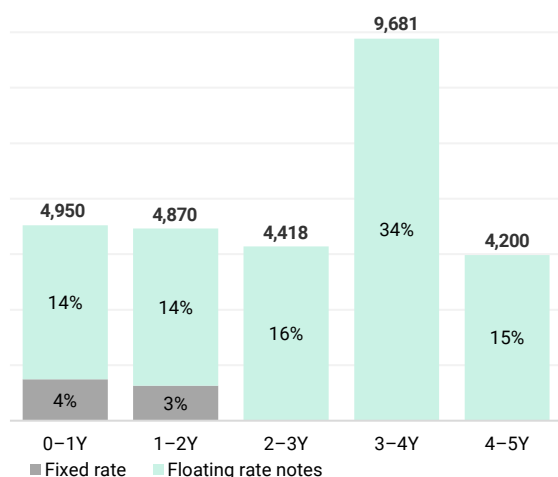
2) See table Items affecting comparability.

Items affecting comparability, SEK m	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Operating expenses									
Other expenses (reversal of write-down Vasaqatan)									10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>

## Financial position

Avanza is self-financed through equity and customer deposits. Deposits are spread across a very large number of households and amounted as of 31 March 2023 to SEK 53.9 billion, a decrease of 1 per cent from the beginning of the year. The majority of deposits are covered by the government deposit guarantee. Internally financed lending increased by 3 per cent to SEK 19.9 billion as of 31 March. All lending is secured by listed securities or pledges on homes or tenant-owned apartments. Lending as a share of deposits amounted to 38.6 per cent as of 31 March, compared to 35.5 per cent at the beginning of the year. Surplus liquidity is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and 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 regarding interest bearing securities is a maximum of 3 months, of which 93 per cent have variable coupons (FRN – Floating Rate Notes) as of 31 March. 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 on the following business day. Avanza's bond portfolio has 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.

**Maturity structure of interest bearing securities as of 31 March 2023 (SEK m, nominal value)**



Financial position <sup>1</sup>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Common Equity Tier 1 (CET1) capital, SEK m	3,504	3,402	3,148	2,979	3,000	2,966	2,799	2,647	2,410
Total capital, SEK m	3,504	3,402	3,148	2,979	3,000	2,966	2,799	2,647	2,410
Common Equity Tier 1 ratio, %	26.3	26.2	25.3	24.0	23.1	24.0	26.2	25.0	23.9
Total capital ratio, %	26.3	26.2	25.3	24.0	23.1	24.0	26.2	25.0	23.9
Total risk-based capital requirement, % <sup>3</sup>	15.1	15.1	15.1	12.6	12.5	12.6	12.9	13.0	13.1
Leverage ratio, % <sup>2,3</sup>	5.6	5.5	4.6	4.4	4.5	4.8	4.5	4.7	4.3
Lending/deposits, %	38.6	35.5	37.2	38.2	38.9	37.8	38.3	40.7	37.6

1) Refers to the consolidated situation.

2) Regulatory requirement of 3 per cent effective as of 28 June 2021.

3) As of Q3 2022, the SFSA decided on a risk-based Pillar 2 requirement of 3.59 per cent and a Pillar 2 guidance of 0.9 per cent regarding the leverage ratio.

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 effect on earnings is limited. The amortised cost of the bonds as of 31 March was SEK 125 million higher than the fair value.

Avanza's capitalisation is governed by the regulatory requirement of a 3 per cent leverage ratio and the Swedish FSA's Pillar 2 guidance of an additional 0.9 per cent. The leverage ratio is mainly driven by changes in customers deposits. As of 31 March, Avanza's leverage ratio for the consolidated situation was 5.6 per cent. This means that deposits can increase by SEK 27 billion without risking to fall short of the requirement of 3.9 per cent. The margin to the leverage ratio requirement is good, but from a capital efficiency perspective there are still plans to issue Additional Tier 1 capital when market conditions have improved. Details on own funds and capital requirements for the consolidated situation can be found in Note 8.

## 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 2022, pages 18–19, 44–47 and Note 35. 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.

The Swedish financial market has performed strongly for many years with a high savings ratio. The last year's rising inflation, higher energy prices and higher interest rates are affecting the ability of households to save. If the new savings pattern persists, there is a risk that it could hurt the financial sector. From a historical perspective, however, the household savings ratio has always recovered over time. At the same time, the market turbulence has negatively impacted the willingness to take risk and, as a result, stock market activity. Together with higher deposit rates, this could lead to capital transfers from risk assets to savings accounts and securities with lower risk and where Avanza's compensation is lower.

Market uncertainty and changing macroeconomic factors could also impact Avanza's credit risk and financial position.

Turmoil broke out in the banking sector in the first quarter after bank collapses in the U.S. and the UBS takeover of Credit Suisse. Avanza's financial position differs markedly from the banks that faced problems and the risks are not deemed to have increased; see also Financial position above.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) due to a potential breach of the General Data Protection Regulation (GDPR). This was after Avanza inadvertently activated functions which enabled Facebook to collect personal data from Avanza's website in encrypted form. Facebook has confirmed that the information has not been used for its own or other firms' commercial purposes and that the data has been deleted. If Facebook has used the information, which we do not know, it was only related to Avanza's own marketing. Avanza immediately shut down the functions once the error was detected. Avanza's assessment is that no customers were put at harm. The case by the Swedish Authority for Privacy Protection is under way and it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

### **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 revenues. The operating result for the first quarter 2023 was SEK -9 million (SEK -9m). The Parent Company's equity per the end of the first quarter 2023 amounted to SEK 1,972 million (SEK 1,981m per 31 December 2022) and liquid assets amounted to SEK 4 million (SEK 6m per 31 December 2022).

The dividend for 2022 of SEK 1,175 million (SEK 1,431m) was paid to shareholders in April 2023 following a resolution by the Annual General Meeting in March.



## Other corporate events

### Executive Management

Peter Strömberg, Chief Product & Tech Officer (CPTO) and a member of Group Management, will be leaving Avanza at the end of April. Peter resigned from his position in Group Management in January. Anders Karlsson has been recruited as the new CPTO, succeeding Peter. Anders is currently Product Director at Klarna and has extensive experience in product management, customer experience and business transformation. His experience in the financial sector stretches far back to positions with Handelsbanken and Nasdaq. Anders will assume his role at Avanza in June. Avanza's Group Management currently consists of nine members, 56 per cent of whom are women.

### Annual General Meeting 2023

The Annual General Meeting on 30 March 2023 resolved that the Board of Directors shall comprise ten members without deputies.

The Chairman of the Board and Board members were re-elected. John Hedberg was elected as a new member of the Board.

The proposed dividend of SEK 7.50 per share was approved.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2022 were adopted.

Avanza's Annual and Sustainability Report for 2022 was published on 24 February 2023.

### Incentive programmes

The Annual General Meeting 2020 approved a new incentive programme based on warrants (2020/2023). The incentive programme extends for three years and comprises a maximum of 2,250,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, the incentive programme will result in maximum dilution of 1.44 per cent.

The Annual General Meeting 2021 approved three new 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, each incentive programme will result in maximum dilution of 0.77 per cent.

### Repurchase of the company's own shares

The Board of Directors was authorised by the Annual General Meeting 2023 to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in the first quarter 2023 and the company holds no repurchased shares as of 31 March 2023.

### New issues of shares

The Annual General Meeting 2023 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 2023. 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 2022, Note 36. No significant changes have subsequently taken place.

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

In early April, Rikard Josefson, Avanza's CEO, announced that he intends to leave Avanza. To achieve an orderly succession, he does not intend to step down until a new CEO has taken over and the handover process is completed, though no later than the end of June 2024. As soon as a new CEO has taken over, Rikard's employment translates into one without a management position, with otherwise unchanged conditions.

## Consolidated Income Statement

SEK m	Note	2023 Q1	2022 Q1	2022 Jan-Dec
<b>Operating income</b>				
Commission income	1, 2	606	783	2,512
Commission expenses	2	-85	-97	-331
Interest income calculated using the effective interest method	3	507	115	935
Other interest and similar income	3	1	-	1
Interest expenses	3	-159	-32	-147
Net result of financial transactions		-1	-1	-1
Other operating income		0	-	4
<b>Total operating income</b>		<b>868</b>	<b>768</b>	<b>2,973</b>
<b>Operating expenses</b>				
General administrative expenses		-251	-216	-900
Depreciation		-22	-18	-81
Other operating expenses		-16	-15	-50
<b>Total operating expenses before credit losses</b>		<b>-289</b>	<b>-249</b>	<b>-1,031</b>
<b>Operating profit before credit losses</b>		<b>579</b>	<b>519</b>	<b>1,941</b>
Credit losses, net		0	2	-1
<b>Operating profit</b>		<b>579</b>	<b>521</b>	<b>1,940</b>
Tax on profit for the period		-78	-78	-274
<b>Profit for the period<sup>1</sup></b>		<b>501</b>	<b>443</b>	<b>1,666</b>
Earnings per share before dilution, SEK		3.20	2.85	10.69
Earnings per share after dilution, SEK		3.18	2.81	10.67
Average no. shares before dilution, thousands		156,619	155,572	155,916
Average no. shares after dilution, thousands		157,297	157,650	156,209

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

## Consolidated statement of other comprehensive income

SEK m	2023 Q1	2022 Q1	2022 Jan-Dec
<b>Profit for the period</b>	<b>501</b>	<b>443</b>	<b>1,666</b>
<i>Items that will be reversed to the Income Statement</i>			
Changes in value of financial instruments <sup>1</sup>	6	-55	-116
Tax on changes in value of financial instruments <sup>1</sup>	-1	11	24
<b>Total other comprehensive income after tax</b>	<b>5</b>	<b>-44</b>	<b>-92</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>	<b>506</b>	<b>399</b>	<b>1,574</b>

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

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

## Consolidated Balance Sheet, condensed

SEK m	Note	31-03-2023	31-12-2022
<b>Assets</b>			
Cash and balances with central banks		7,248	4,915
Treasury bills eligible for refinancing		800	802
Loans to credit institutions	4	1,821	2,052
Loans to the public	5	20,830	19,259
Bonds		27,685	31,789
Shares and participations		238	237
Assets in insurance operations		197,088	180,337
Intangible fixed assets		102	107
Right-of-use assets		87	87
Tangible fixed assets		56	60
Other assets		696	837
Prepaid expenses and accrued income		455	608
<b>Total assets</b>		<b>257,107</b>	<b>241,091</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		53,927	54,308
Liabilities in insurance operations		197,090	180,339
Lease liability		83	83
Other liabilities		401	1,260
Accrued expenses and deferred income		149	150
Shareholders' equity		5,456	4,951
<b>Total liabilities and shareholders' equity</b>		<b>257,107</b>	<b>241,091</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - December 2022</b>					
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
Profit after tax reported in the income statement	-	-	-	1,666	1,666
Other comprehensive income for the period	-	-	-92	-	-92
Total comprehensive income for the period	-	-	-92	1,666	1,574
<b>Transactions with owners</b>					
Dividend paid	-	-	-	-1,431	-1,431
New issue (exercise of share warrants)	1	90	-	5	96
Warrants issue	-	12	-	-	12
<b>Shareholders' equity 31-12-2022</b>	<b>78</b>	<b>579</b>	<b>65</b>	<b>4,229</b>	<b>4,951</b>
<b>January - March 2023</b>					
<b>Shareholders' equity 31-12-2022</b>	<b>78</b>	<b>579</b>	<b>65</b>	<b>4,229</b>	<b>4,951</b>
Profit after tax reported in the income statement	-	-	-	501	501
Other comprehensive income for the period	-	-	5	-	5
Total comprehensive income for the period	-	-	5	501	506
<b>Transactions with owners</b>					
Warrants issue	-	-4	-	4	-
<b>Shareholders' equity 31-03-2023</b>	<b>78</b>	<b>574</b>	<b>70</b>	<b>4,734</b>	<b>5,456</b>

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

## Consolidated Cash Flow Statement, condensed

SEK m	2023 Q1	2022 Q1
<b>Operating activities</b>		
Operating profit	579	521
Adjustment for items not included in cash flow	22	18
Taxes paid	-569	-614
Changes in operating activities' assets and liabilities	-2,022	3,131
<b>Cash flow from operating activities</b>	<b>-1,990</b>	<b>3,056</b>
<b>Investment operations</b>		
Acquisition and disposals of intangible and tangible fixed asset	-3	-15
Investment in treasury bills eligible for refinancing	2	468
Investment in bonds	4,110	-3,277
<b>Cash flow from investment operations</b>	<b>4,110</b>	<b>-2,824</b>
<b>Financial operations</b>		
Amortisation lease liability	-11	-10
<b>Cash flow from financial operations</b>	<b>-11</b>	<b>-10</b>
<b>Cash flow for the period</b>	<b>2,109</b>	<b>222</b>
Liquid assets at the beginning of the period <sup>1</sup>	6,942	5,030
Liquid assets at the end of the period <sup>1</sup>	9,050	5,252
<b>Change</b>	<b>2,109</b>	<b>222</b>

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 549m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement, condensed

SEK m	2023 Jan-Mar	2022 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-6	-5
Other operating expenses	-3	-4
<b>Operating profit/loss</b>	<b>-9</b>	<b>-9</b>
<b>Profit/loss from financial investments</b>		
Profit/loss from participations in Group companies	-	-
Interest income and similar items	0	-
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-9</b>	<b>-9</b>
<b>Appropriations</b>		
Group contribution	-3	-3
<b>Profit/loss before tax</b>	<b>-12</b>	<b>-12</b>
Tax on profit/loss for the period	2	3
<b>Profit/loss for the period</b>	<b>-9</b>	<b>-10</b>

## Parent Company statement of comprehensive income

SEK m	2023 Jan-Mar	2022 Jan-Mar
<b>Profit/loss for the period</b>	<b>-9</b>	<b>-10</b>
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total profit/loss and other comprehensive income after tax</b>	<b>-9</b>	<b>-10</b>

## Parent Company Balance Sheet, condensed

SEK m	31-03-2023	31-12-2022
<b>Assets</b>		
Financial fixed assets	666	663
Current receivables <sup>1</sup>	1,306	1,331
Cash and bank balances	4	6
<b>Total assets</b>	<b>1,976</b>	<b>2,000</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	1,893	1,903
Current liabilities	4	19
<b>Total shareholders' equity and liabilities</b>	<b>1,976</b>	<b>2,000</b>

1) Of which receivables from subsidiaries SEK 1,297 million (SEK 1,321m as of 31 December 2022).

## 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 2022.

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

### Note 1 Revenue from contracts with customers

SEK m	2023 Q1	2022 Q1	2022 Jan-Dec
Trading in commission-generating securities	342	500	1,438
Fund savings	157	176	635
Corporate services	0	2	11
Other commission income	107	105	429
<b>Total</b>	<b>606</b>	<b>783</b>	<b>2,512</b>
<i>Timing of revenue recognition</i>			
Service or goods transferred to customer at a specific point in time	606	783	2,512
Service or goods transferred to customer over time	-	-	-
<b>Total</b>	<b>606</b>	<b>783</b>	<b>2,512</b>

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

### Note 2 Net commission income

SEK m	2023 Q1	2022 Q1	2022 Jan-Dec
<b>Commission income</b>			
Brokerage income	267	381	1,111
Fund commissions	149	162	596
Currency-related income	83	133	365
Other commission income <sup>1</sup>	107	107	439
<b>Total commission income</b>	<b>606</b>	<b>783</b>	<b>2,512</b>
<b>Commission expenses</b>			
Transaction costs <sup>2</sup>	-38	-52	-156
Payment services commissions	-25	-26	-91
Other commission expenses <sup>3</sup>	-22	-19	-84
<b>Total commission expenses</b>	<b>-85</b>	<b>-97</b>	<b>-331</b>
<b>Total net commission income</b>	<b>520</b>	<b>685</b>	<b>2,181</b>

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.



**Note 3 Net interest income**

SEK m	2023 Q1	2022 Q1	2022 Jan-Dec
<b>Interest income</b>			
Interest income from loans to credit institutions	70	0	86
Interest income from loans to the public <sup>1</sup>	228	107	558
Interest income from interest-bearing securities	210	8	290
Other interest income	1	-	1
<b>Total interest income</b>	<b>508</b>	<b>115</b>	<b>936</b>
<b>Interest expenses</b>			
Interest expenses for loans to credit institutions	0	-3	-6
Interest expenses for deposits from the public <sup>1</sup>	-146	-15	-94
Resolution and state deposit guarantee fee	-11	-12	-44
Other interest expenses	-2	-1	-2
<b>Total interest expenses</b>	<b>-159</b>	<b>-32</b>	<b>-147</b>
<b>Total net interest income</b>	<b>349</b>	<b>83</b>	<b>789</b>

<sup>1</sup> Q1 2023 includes interest income of SEK 51 million related to customers' credit accounts, which are matched by an equal interest expense within interest expenses. For Q1 2022, the corresponding amount was SEK 15 million and SEK 85 million for the full year 2022.

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,374 million (SEK 1,667m as of 31 December 2022) which are reported net against client fund payables of SEK 1,374 million (SEK 1,667m as of 31 December 2022). Of the liquid assets of SEK 9,069 million as per the end of the period, SEK 19 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

**Note 5 Lending to the public**

Lending to the public is reported after deduction of realised and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 9 million (SEK 9m as of 31 December 2022). Thus, the accumulated provision for expected credit losses was affected by SEK 0 million in the first quarter 2023. Between 2001 and the first quarter 2023, actual and expected credit losses amounted to SEK 16 million, or an average of 0.02 per cent per year.

SEK 941 million (SEK 0m as of 31 December) 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 19,889 million, of which SEK 8,495 million (SEK 8,037m as of 31 December 2022) with collateral in the form of securities and SEK 11,394 million (SEK 11,222m as of 31 December 2022) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,852 million (SEK 13,081m as of 31 December 2022) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,452 million (SEK 1,853m as of 31 December 2022). The average loan to value ratio for mortgages by the end of the period amounted to 38 per cent (38).

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

31-03-2023 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	-	7,248	-	-	7,248
Treasury bills eligible for refinancing	-	800	-	-	800
Loans to credit institutions	-	1,821	-	-	1,821
Loans to the public	-	20,830	-	-	20,830
Bonds	-	22,109 <sup>1</sup>	5,577	-	27,685
Shares and participations	1	-	237	-	238
Assets in insurance operations	182,567	14,522	-	-	197,088
Intangible fixed assets	-	-	-	102	102
Right-of-use asset	-	-	-	87	87
Tangible assets	-	-	-	56	56
Other assets	-	696	-	-	696
Prepaid expenses and accrued income	-	337	-	118	455
<b>Total assets</b>	<b>182,568</b>	<b>68,362</b>	<b>5,814</b>	<b>363</b>	<b>257,107</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	-	53,927	-	-	53,927
Liabilities in insurance operations	197,088	-	-	2	197,090
Lease liabilities	-	-	-	83	83
Other liabilities	-	369	-	32	401
Accrued expenses and deferred income	-	72	-	77	149
<b>Total liabilities</b>	<b>197,088</b>	<b>54,368</b>	<b>-</b>	<b>194</b>	<b>251,650</b>

1) Fair value amounts to SEK 21,984 million.

**Financial instruments valued at fair value**

31-03-2023, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	105,099	–	237	105,337
Fund units	74,044	–	–	74,044
Bonds and other interest-bearing securities	7,440	79	–	7,520
Other securities	1,429	52	–	1,481
<b>Total assets</b>	<b>188,013</b>	<b>132</b>	<b>237</b>	<b>188,381</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	197,088	–	197,088
<b>Total liabilities</b>	<b>–</b>	<b>197,088</b>	<b>–</b>	<b>197,088</b>

*Fair value*

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

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

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

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

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

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. 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, mainly the 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. 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 categorized in its entirety shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. 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).

SEK m	31-03-2023	31-12-2022
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	3,259	3,006
Own funds for regulated units within the banking and investment services sector	3,123	2,990
<b>Total own funds</b>	<b>6,381</b>	<b>5,996</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	2,037	1,795
Capital requirement for regulated units within the banking and investment services sector	1,824	1,863
<b>Total capital requirement</b>	<b>3,862</b>	<b>3,658</b>
<b>Capital surplus</b>	<b>2,520</b>	<b>2,338</b>
<b>Own funds/Capital requirement</b>	<b>1.65</b>	<b>1.64</b>

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

## Note 8 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 [www.avanza.se/ir](http://www.avanza.se/ir).

In October 2021, the EU Commission published a proposal on how parts of Basel 3 will be implemented in EU law with amendments to CRR and Directive 2013/36/EU. The parts that could affect Avanza's capital requirements mainly concern revisions to the standardised approach for credit risk related to mortgages and the standardised approach for operational risk. The other changes are expected to have less impact on Avanza's capital requirements.

The SFSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2022. In conjunction, the SFSA decided on a risk-based Pillar 2 requirement of total 3.59 per cent for the consolidated situation distributed between credit related concentration risk (0.96 per cent) and interest rate risk in the banking book (2.63 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, 0.9 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. Common Equity Tier-1. 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 is highly liquid with a liquidity coverage ratio well above the requirement.

The SFSA decided in September 2021 to raise the countercyclical buffer value to 1 per cent, to take effect from September 29, 2022. Avanza has taken the new buffer level into account in the capital requirements. The SFSA has decided to raise the countercyclical buffer to 2 percent, effective as of June 22, 2023. Avanza has taken this into account in its capital planning. To ensure that Avanza meets the risk-based capital and leverage ratio requirements, Avanza monitor external as well as internal buffer requirements. Avanza is well-capitalised to manage current and upcoming requirements.

Avanza has authorisation from the SFSA to include the revenue recognised during the year when calculating its capital adequacy ratio.

Own funds, SEK m	31-03-2023	31-12-2022
<b>Common Equity Tier 1 (CET1) capital</b>		
Shareholders' equity according to the balance sheet	4,995	4,694
Foreseeable dividend	-1,382	-1,175
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,613</b>	<b>3,519</b>
Additional value adjustments	-7	-9
Intangible assets (net of related tax liability)	-102	-107
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)	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-109</b>	<b>-117</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,504</b>	<b>3,402</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,504</b>	<b>3,402</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>3,504</b>	<b>3,402</b>

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>31-03-2023</b>		<b>31-12-2022</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,500		9,182	
of which exposures to institutions	339		396	
of which exposures to corporates	47		83	
of which retail exposures	251		320	
of which exposures secured by mortgages on immovable property	4,007		3,959	
of which exposures in default risk weight	43		44	
of which exposures to covered bonds	2,632		3,016	
of which exposures to equity	689		689	
of which exposures to other items	1,492		676	
Market risk (position risk)	2		0	
Settlement risk	0		3	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	3,812		3,812	
<b>Total risk exposure amount</b>	<b>13,314</b>		<b>12,998</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	760	5.7%	735	5.7%
of which exposures to institutions	27	0.2%	32	0.2%
of which exposures to corporates	4	0.0%	7	0.1%
of which retail exposures	20	0.2%	26	0.2%
of which exposures secured by mortgages on immovable property	321	2.4%	317	2.4%
of which exposures in default	3	0.0%	4	0.0%
of which exposures in the form of covered bonds	211	1.6%	241	1.9%
of which equity exposures	55	0.4%	55	0.4%
of which other items	119	0.9%	54	0.4%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	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	305	2.3%	305	2.3%
<b>Capital requirement</b>	<b>1,065</b>	<b>8.0%</b>	<b>1,040</b>	<b>8.0%</b>
Total own funds	3,504	26.3%	3,402	26.2%
Minimum own funds requirement (Pillar 1)	1,065	8.0%	1,040	8.0%
Combined buffer requirement	466	3.5%	455	3.5%
Additional own funds requirement (Pillar 2) <sup>1</sup>	478	3.6%	467	3.6%
Pillar 2 guidance	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	2,009	15.1%	1,961	15.1%
Capital surplus after risk-based capital requirement	1,495	11.2%	1,441	11.1%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	62,607		62,464	
Leverage ratio, %	5.6%		5.5%	
Tier 1 capital	3,504	5.6%	3,402	5.5%
Minimum own funds requirement (Pillar 1)	1,878	3.0%	1,874	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	563	0.9%	562	0.9%
Total leverage ratio requirement (desired level of own funds)	2,442	3.9%	2,436	3.9%
Capital surplus after leverage ratio requirement	1,063	1.7%	966	1.5%

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



## Financial reports

Key metrics, SEK m		31-03-2023	31-12-2022	30-09-2022	30-06-2022	31-03-2022
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	3,504	3,402	3,148	2,979	3,000
2	Tier 1 capital	3,504	3,402	3,148	2,979	3,000
3	Total capital	3,504	3,402	3,148	2,979	3,000
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	13,314	12,998	12,448	12,395	12,979
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	26.3%	26.2%	25.3%	24.0%	23.1%
6	Tier 1 ratio (%)	26.3%	26.2%	25.3%	24.0%	23.1%
7	Total capital ratio (%)	26.3%	26.2%	25.3%	24.0%	23.1%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.6%	3.6%	3.6%	2.1%	2.0%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.0%	2.0%	2.0%	1.2%	1.1%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.7%	2.7%	2.7%	1.6%	1.5%
EU 7d	Total SREP own funds requirements (%)	11.6%	11.6%	11.6%	10.1%	10.0%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	1.0%	1.0%	1.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	3.5%	3.5%	3.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	15.1%	15.1%	15.1%	12.6%	12.5%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.7%	14.6%	13.7%	13.9%	13.1%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	62,607	62,464	67,844	67,061	67,442
14	Leverage ratio (%)	5.6%	5.5%	4.6%	4.4%	4.5%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	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%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	16,370	17,464	18,169	17,539	16,833
EU 16a	Cash outflows - Total weighted value	6,650	6,687	6,552	6,322	6,044
EU 16b	Cash inflows - Total weighted value	3,225	4,303	5,321	6,349	6,777
16	Total net cash outflows (adjusted value)	3,586	3,075	2,545	1,931	1,511
17	Liquidity coverage ratio (%)	469%	649%	820%	962%	1061%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	50,924	51,878	55,050	54,877	53,670
19	Total required stable funding	28,731	29,317	31,104	31,773	32,766
20	NSFR ratio (%)	177%	177%	177%	173%	164%

Internal capital requirement in pillar 2		31-03-2023	31-12-2022
<b>Credit-related concentration risk</b>			
Industry concentration		53	50
Geographical concentration		61	59
Name concentration		8	8
<b>Total credit-related concentration risk</b>		<b>122</b>	<b>117</b>
<b>Interest rate risks and other market risks in ancillary activities - credit spread</b>		<b>233</b>	<b>275</b>
<b>Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)</b>		<b>185</b>	<b>236</b>
<b>Pension risk</b>		<b>-</b>	<b>-</b>
<b>Total internal capital requirement in pillar 2</b>		<b>540</b>	<b>628</b>

*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 on 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.

<b>Liquidity reserve, SEKm</b>	<b>31-03-2023</b>	<b>31-12-2022</b>
Liquid assets	8,652	6,376
Covered bonds and securities issued by governments and municipalities	25,616	29,090
<b>Total liquid assets</b>	<b>34,268</b>	<b>35,466</b>
<b>Sources of funding, SEKm</b>	<b>31-03-2023</b>	<b>31-12-2022</b>
Deposits and borrowing from the public	53,927	54,308
Lease liability	83	83
Other liabilities	1,521	1,306
Accrued expenses and deferred income	139	140
Shareholders' equity	4,995	4,694
<b>Total liabilities and shareholders' equity</b>	<b>60,665</b>	<b>60,531</b>

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

Stockholm, 23 April 2023

Rikard Josefson  
CEO

### For additional information



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This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CEST) on 24 April 2023.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 24 April 2023 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](http://avanza.se/ir). Further information and registration for participation is available at [investors.avanza.se/en/ir/calendar/upcoming-events](http://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](http://avanza.se/keydata).

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

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### Upcoming publication dates for monthly statistics

April 2023	4 May 2023
May 2023	5 June 2023
June 2023	5 July 2023

### Financial calendar

Interim Report January – June	14 July 2023
Interim Report January – September (new)	20 October 2023
Preliminary Financial Statement 2024	19 January 2024

# 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 funds<sup>2)</sup>

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

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

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

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

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

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

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

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

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

## Customer<sup>2)</sup>

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

## Deposits<sup>2)</sup>

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

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

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

## eNPS

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

## Equity per share<sup>2)</sup>

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

## External deposits<sup>2)</sup>

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

## External mortgages<sup>2)</sup>

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

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

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

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

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

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

Operating income 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 ratio<sup>2)</sup>

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

## Internally financed lending<sup>2)</sup>

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/Deposits<sup>1)</sup>

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, in relation to deposits by the public as per the balance sheet less the portion which is covered in its entirety by cash pledged on endowment insurance accounts and which entirely corresponds to the lending to the public, and the addition of client fund deposits.

## Leverage Ratio<sup>3)</sup>

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

## Note<sup>2)</sup>

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

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

Gross brokerage income less direct costs.

## Net inflow<sup>2)</sup>

Deposits, less withdrawals, of liquid assets and securities.

## Operating margin<sup>2)</sup>

Operating profit/loss in relation to operating income.

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

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

## P/E ratio<sup>2)</sup>

Share price in relation to earnings per share.

## Profit margin<sup>2)</sup>

Profit/loss after tax in relation to operating income.

## Return on shareholders' equity<sup>2)</sup>

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

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

The combined value of accounts held with Avanza. Savings capital is affected by in- and outflows as well as changes in value.

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

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

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

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

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

Estimated capital requirements under Solvency 2 rules.

## 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.

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

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](http://avanza.se/keydata).

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