

# Interim Report January–September 2022

## Third quarter 2022 compared to third quarter 2021

- **Operating income** decreased by 3 per cent to SEK 740 million. Mainly net brokerage income and net currency-related income decreased, as a result of lower trading activity. Fund commissions were also lower. Net interest income increased due to higher market interest rates
- **Operating expenses** increased by 24 per cent to SEK 238 million, mainly due to higher other expenses and personnel costs. As previously announced, the full-year costs are estimated at between SEK 1,050 million and SEK 1,070 million
- **Operating profit** amounted to SEK 502 million, a decrease of 13 per cent
- **Profit for the period** was SEK 433 million, a decrease of 10 per cent
- **Earnings per share** before dilution amounted to SEK 2.78, a decrease of 10 per cent

## Events during the quarter

- With Avanza's external mortgage offer, customers now have the option to also apply for mortgage loans and bridge loans when purchasing a tenant-owned apartment through Stabelo
- Pension Chase now comprises both occupational pensions and private pensions
- A feature was launched on the platform to find mutual funds based on individual stocks
- Peter Almqvist was appointed CIO and member of Group management

## No. of customers

**+11%**

Total 1,764,000

## Savings capital

**-13%**

Total SEK 640 bn

*"Not everyone will be able to save as much as before. At the same time, it is clearer than ever how important it is to save and have a cash buffer. This should really be a priority for our politicians. Avanza's profit for the third quarter was strong, largely thanks to higher market interest rates, which have now made net interest income our largest revenue source. Estimated expenses for the full-year are unchanged, but going forward we will be more restrictive in our hiring and focus on efficiencies and consolidating operations,"* says CEO Rikard Josefson.

	Q3 2022	Q2 2022	Change %	Q3 2021	Change %	Jan-Sep 2022	Jan-Sep 2021	Change %
Operating income, SEK m	740	618	20	767	-3	2,126	2,477	-14
Operating expenses, SEK m	-238	-272	-13	-192	24	-758	-611	24
Operating profit, SEK m	502	345	46	574	-13	1,368	1,866	-27
Profit for the period, SEK m	433	296	47	481	-10	1,172	1,563	-25
Earnings per share before dilution, SEK	2.78	1.90	46	3.10	-10	7.53	10.09	-25
Operating margin, %	68	56	12	75	-7	64	75	-11
Return on shareholders' equity, %	42	26	15	44	-2	35	53	-19
Net inflow, SEK m	6,030	8,400	-28	18,400	-67	31,000	71,900	-57
No. of new customers (net)	24,100	19,700	23	70,100	-66	103,900	308,000	-66
No. of customers at the end of the period	1,764,000	1,739,900	1	1,588,400	11	1,764,000	1,588,400	11
Savings capital at the end of the period, SEK m	639,900	652,700	-2	735,000	-13	639,900	735,000	-13
Income to savings capital ratio, %	0.46	0.35	0.10	0.42	0.03	0.40	0.49	-0.10
Costs to savings capital ratio, %	0.15	0.16	-0.01	0.11	0.04	0.14	0.12	0.02

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 26.

# Avanza in brief

## This is Avanza

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

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

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

## An investment in growth

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

- attractive offers and a strong user experience
- market conditions and the 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.

## Vision & business model

Avanza's vision is to create a better future for millions of people through a cheaper, better, and simpler offering. This is based on customer focus, a broad product range, good decision support, and on educating the public about saving and investing. Satisfied customers and a world-class customer experience are the key to Avanza's business.

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

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

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

## 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 spillage according to Science Based Target

The long-term targets were updated in conjunction with the Preliminary Financial Statements for 2021. For more information, see [avanza.se](http://avanza.se), [avanza.se/ir](http://avanza.se/ir) and the Annual Report.



## CEO comment

### Continued turbulent market will impact households and their savings

We are still facing a very difficult time. Rising borrowing costs, coupled with high inflation is increasing household spending. In addition, we have the terrible war in Ukraine and the continued negative development of the market. Will we have a recession? Hopefully not. Personally, I have never seen this all happen at the same time, and it is creating justifiable concern in society. The decline in real wages is something many people have never experienced. Most likely, the savings ratio will fall despite that monthly savings by our customers remain at a stable level since the previous quarter. It is perfectly understandable that not everyone will be able to save as much as before, but I hope that as many as possible still try to maintain their good habit – even on a smaller scale. It is now clearer than ever how important it is to save and have a cash buffer. This should really be a priority. We also see that the number of new customers has increased by over 20 percent compared to the second quarter. This reflects the understanding of the importance of saving.

### Prioritising long-term growth

In this turbulent time, we continue as best we can to provide customers with information and insights on how to think and act. From a development perspective, our priorities at the moment, is to grow our business through existing customers and improve the experience for active customers, where activity remains fairly high. Growth remains as a long-term focus.

The pension transfer market is still a challenge, and digitalisation between insurance companies leaves much to be desired. We are also seeing that the transfer market is being impacted by the market turbulence, and the fact that many people have other things in mind at a time like this. We continue, however, to develop the Pension Chase, a tool for our customers to now also find and transfer private pension. The new feature, which was released in the quarter, has been well received. While it is still too early to draw any far-reaching conclusions, we can say that customers save significantly by transferring their pensions to Avanza since we do not charge any insurance fees on their capital. Then there is our occupational pension business, with premium inflows of over SEK 325 million per month and growing steadily – a stable business in these times in terms of both savings capital and revenues.

### Strong growth in Avanza's fund company

Our fund company has performed well. Since 2019, savings capital has grown from SEK 25 billion to SEK 70 billion. For the period January 2021 through September 2022, it has also been the fastest grower in the market at 40%. As a result of this, our own funds now account for just over 32% of total fund capital. The fund company's employees are doing a fantastic job, and we have 18 own funds on the platform. Our funds always have low fees for their categories. The goal is to create funds that add something new to the market, and our product range includes index funds, exciting sector funds and Avanza Auto, giving customers an automatically managed alternative with a highly competitive fee.

### Increased commitment to mortgages

The mortgage business has been facing tougher times lately, and we have seen increasing amortisations of our own

mortgages as interest rates rise. A lot of attention is being paid to mortgages in the current market, and we can see that many people are comparing their rates to what we offer. I am convinced that the rapid rate hikes will lead to more movement in the market and benefit our business. In terms of official interest rate, Landshypotek and Stabelo are both competitive at 2.72% and 2.86%, respectively, for 3M rates. Stabelo expanded its offer during the quarter to include new mortgage loans and bridge loans. This bodes well for the future and opens up a much bigger market for our external mortgage offer, even though we still do not offer higher loan-to-value ratios.

### Net interest income, the largest revenue source

Looking at the results for the third quarter, we report the second highest revenues for a third quarter ever. This is largely due to the rate hikes this year, which have made net interest income our largest revenue source. The biggest increase was in income from surplus liquidity, an item that has generated a negative return for years. With a policy rate of 1.75%, we are seeing some customers seeking after higher savings rates while awaiting more optimistic market conditions. This was evident in the monthly data for September, where the net outflow was just over SEK 200 million. Since corporate customers cannot utilise our external savings accounts, we are offering a 0.90% interest rate on savings accounts since the beginning of October. For private customers, there are already better rates offered through our external savings partners. Net interest income sensitivity is becoming harder to forecast in a higher rate environment as customer behaviour becomes more unpredictable.

Avanza Markets' income remained strong in the quarter, and trading was dominated by index products. We are seeing continued pressure on brokerage and currency-related income, however, with customers more cautious and not trading as actively as before.

### Focus on the future

Expenses are always seasonally lower in the third quarter, and we are confident in our cost guidance of SEK 1,050 million to SEK 1,070 million for the full-year. We do not plan to introduce any cost-cutting programmes. However, given the macro environment, we monitor our costs extra carefully. Furthermore, we have made the decision not to increase the number of employees during 2023.

The strong growth from the past years, even regarding number of employees, makes us well equipped to take on the long-term growth prospects going forward. In these times, it is a given for us to consolidate the organization to ensure that we use our resources in the best way for a continued world-class customer experience.

I am convinced that those who focus on the future and take care of their customers in difficult times will be the winners when things turn around again. I usually say that climbing uphill gives you strong legs. This is especially true of the savings market now.

Stockholm, 17 October 2022



Rikard Josefson, CEO Avanza

# Operations

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, fell by nearly 4 per cent in the quarter. Volatility decreased compared to the previous quarter.

Turnover on the Stockholm Stock Exchange including First North decreased by 18 per cent and number of transactions decreased with 10 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 1 per cent, while the number of transactions increased by 3 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 increased compared to the previous quarter.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of just over SEK 13 billion in the quarter. Avanza reported a net inflow to mutual funds of just over SEK 3 billion.

The policy rate was raised twice in the quarter, with 50 basis points in early July and an additional 100 basis points to 1.75 per cent by the end of September. The Riksbank's forecast is that the policy rate will continue to increase the coming six months. The next rate decision will be published on 24 November 2022.

Market shares	2022 Q3	2022 Q2	2021 Q3	2021 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	18.2	15.9	19.7	19.7
Turnover, %	8.7	7.0	9.5	8.9
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	24.3	N/A	21.3	19.5

Data on the Swedish savings market for the second quarter of 2022 was released in August. The Swedish savings market amounted to SEK 10,400 billion, a decrease of nearly 6 per cent compared to a year earlier. The occupational pension market decreased by just over 4 per cent to just over SEK 3,750 billion. During the same period, Avanza's savings capital decreased by nearly 9 per cent and occupational pension capital increased by 1 per cent.

Avanza's share of the Swedish savings market decreased to 6.3 per cent. Avanza's savings capital is to a high extent invested in equities and funds, which have been negatively affected by the market. The market share of the net inflow for the 12-month period decreased to 13.0 per cent. The majority of the net inflow to the savings market during the second quarter was bank deposits, where Avanza's market share is lower. Fund shares reflected a continued outflow.

The market share of the occupational pension market was unchanged and amounted to 1.2 per cent.

Market shares	Jul 2021- Jun 2022	Apr 2021- Mar 2022	Jul 2020- Jun 2021	Jan 2021- Dec 2021
<i>The Swedish savings market</i>				
Market share at the end of the period, %	6.3	6.7	6.5	7.0
Net inflow, % <sup>1)</sup>	13.0	15.3	18.0	17.2
<i>The Swedish life insurance market</i>				
Premium inflow, %	10.6	11.8	12.8	12.0
Premium inflow for non-collectively agreed occupational pension insurance, %	8.2	8.0	7.7	7.8

<sup>1)</sup> Adjusted calculation; internally financed lending now includes only margin lending. Historical figures have been adjusted.

Avanza's market share 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.

During the quarter, statistics were also released for non-collectively agreed occupational pensions regarding fund and deposit insurance. Avanza's market share amounted to 5.8 per cent as of December 2021, an increase from 5.1 per cent a year earlier. The previous year's reported market share has been adjusted since significant insurance portfolios are no longer included in statistics from Swedish Insurance.

## Launches and events during the quarter

The external mortgage offer was expanded to include the option to apply for a new mortgage loan for tenant-owned apartments directly through Stabelo. In addition, deposit loans and bridge loans are now offered. This enables more people to get a fully digital, pre-negotiated mortgage with better terms.

The Pension Chase, a tool that makes it easy for customers to locate occupational pensions with other companies, can now be used for private pension as well.

To increase transparency and provide better decision support, the analysis pages have been improved with an even more detailed summary of exposures to different markets and sectors. The fund pages have been expanded as well with a tool to select funds based on individual companies. This makes it easy to identify funds with exposure to specific stocks and gives customers the exposure they want without having to directly invest in the stocks themselves. It can also inspire them to consider other funds. The pages now also show each fund's 25 largest holdings, compared to previously 10. The page for investing in funds was updated with a brief summary on whether the fund in question has a focus on sustainability, how its fee compares to that of similar funds, and whether it is popular among Avanza's customers. Performance relative to risk and the fund company's suggested investment horizon are also shown. This makes it easier for customers to quickly compare funds.

On the stock pages, customers can now click on a sector to see a list of companies in the same sector, sorted based on their popularity with Avanza's customers, also providing an overview of companies that compete in the same industry and making it easier to diversify.

The apps are continuously improved and updated. Hidden orders can now be requested to hide transactions valued at over EUR 10,000. Customers can also automatically cancel an order if it is not immediately filled at the desired size and price, or request that as large a share of the order as possible be filled before it is cancelled. In addition, customers can now respond to rights, merger and subscriptions offers directly in the apps, especially convenient for those who primarily use mobile devices.

The page for transferring securities to Avanza was redesigned with a clearer description of each step of the process to increase confidence and lower the threshold for transfers.

Margin lending customers can track the interest rates they have paid over the last 12 months. For investment savings accounts, the net interest rate is shown, making it easier to see how much has actually been paid.

## Development of customers and savings capital

The number of customers grew by 24,100 in the quarter to 1,764,000 as of 30 September, of which 8 per cent are occupational pension customers.

The number of average daily active users on the platform was nearly 360,000, holidays and weekends included.

The decline in share prices during the quarter affected the savings capital, which decreased to SEK 640 billion. The net inflow amounted to SEK 6 billion, with new customers accounting for 70 per cent, compared to 48 per cent in the second quarter. Inflows were stable in the quarter, while outflows increased at the end of the quarter. Due to the market uncertainty and recent rate hikes, some corporate and Private Banking customers transferred liquid assets from Avanza to savings accounts with higher interest rates. Among private investors, no significant changes in net savings were observed compared to the previous quarter. Total recurring monthly savings, excluding occupational pensions, on a rolling 12-month basis by Avanza's customers amounted to SEK 1.6 billion, in line with the end of the previous quarter. Recurring

occupational pension premiums averaged SEK 326 million per month in the trailing 12-month period, an increase of 18 per cent compared to the corresponding period a year earlier. The year's turbulent market conditions have affected the net inflow of occupational pension transfers, which only increased by 1 per cent in the trailing 12 months compared to the previous 12-month period. On 1 July, pension transfer rights were expanded to include unit-linked insurance policies signed before 2007.

At the end of the quarter, just over 28 per cent of customers' capital was invested in funds, in line with the end of the second quarter. Just over 32 per cent was invested in Avanza's own funds. Total fund capital was essentially unchanged compared to the previous quarter and the net fund inflow was just over SEK 3 billion.

Customers total deposits were stable compared to the previous quarter, as well as customer liquidity of 16 per cent, i.e., deposits as a share of savings capital. Total lending decreased mainly as a result of lower margin lending. Mortgage volumes increased slightly despite higher amortisations.

	2022	2022	Change	2021	Change	2022	2021	Change	2021
Net inflow, SEK m	Q3	Q2	%	Q3	%	Jan-Sep	Jan-Sep	%	Jan-Dec
Standard	8,070	9,500	-15	16,240	-50	33,320	62,880	-47	81,520
Private Banking	-2,150	-1,100	-	2,070	-	-2,820	8,710	-	8,170
Pro	110	-	-	90	-	500	310	63	110
<b>Net inflow</b>	<b>6,030</b>	<b>8,400</b>	<b>-28</b>	<b>18,400</b>	<b>-67</b>	<b>31,000</b>	<b>71,900</b>	<b>-57</b>	<b>89,800</b>
Equity-, fund-, and savings accounts	3,580	6,000	-40	13,960	-74	20,400	53,700	-62	68,100
Pension- & insurance-based accounts	2,450	2,400	2	4,440	-45	10,600	18,200	-42	21,700
of which endowment insurance	1,250	1,080	16	2,820	-56	6,610	13,800	-52	15,600
of which occupational pensions	1,340	1,340	0	1,420	-6	4,140	3,930	5	5,470
<b>Net inflow</b>	<b>6,030</b>	<b>8,400</b>	<b>-28</b>	<b>18,400</b>	<b>-67</b>	<b>31,000</b>	<b>71,900</b>	<b>-57</b>	<b>89,800</b>

Customers, savings capital and lending, SEK m	30-09-2022	30-06-2022	Change %	31-12-2021	Change %	30-09-2021	Change %
Standard, No.	1,729,460	1,706,220	1	1,627,050	6	1,556,660	11
Private Banking, No.	31,200	30,300	3	29,500	6	28,400	10
Pro, No.	3,340	3,380	-1	3,550	-6	3,340	-
<b>No. of customers</b>	<b>1,764,000</b>	<b>1,739,900</b>	<b>1</b>	<b>1,660,100</b>	<b>6</b>	<b>1,588,400</b>	<b>11</b>
of which occupational pension customers, No.	143,200	138,700	3	127,200	13	121,800	18
Standard	364,200	370,900	-2	461,400	-21	418,800	-13
Private Banking	248,100	254,100	-2	315,200	-21	288,000	-14
Pro	27,600	27,700	0	33,000	-16	28,200	-2
<b>Savings capital</b>	<b>639,900</b>	<b>652,700</b>	<b>-2</b>	<b>809,600</b>	<b>-21</b>	<b>735,000</b>	<b>-13</b>
Equity-, fund-, and savings accounts	457,800	467,300	-2	581,700	-21	525,800	-13
Pension- & insurance-based accounts	182,100	185,400	-2	227,900	-20	209,200	-13
of which endowment insurance	123,800	127,500	-3	160,600	-23	148,200	-16
of which occupational pensions	42,800	42,000	2	47,600	-10	43,000	0
<b>Savings capital</b>	<b>639,900</b>	<b>652,700</b>	<b>-2</b>	<b>809,600</b>	<b>-21</b>	<b>735,000</b>	<b>-13</b>
Equities, bonds, derivatives, etc.	359,500	372,700	-4	495,100	-27	443,400	-19
Mutual funds	180,300	180,100	0	225,100	-20	202,700	-11
Deposits	100,100	99,900	0	89,400	12	88,900	13
of which external deposits (Savings account+)	35,700	33,700	6	29,700	20	28,200	27
<b>Savings capital</b>	<b>639,900</b>	<b>652,700</b>	<b>-2</b>	<b>809,600</b>	<b>-21</b>	<b>735,000</b>	<b>-13</b>
Internally financed lending	20,200	21,000	-4	20,300	0	19,300	5
of which margin lending	8,970	9,950	-10	10,100	-11	9,380	-4
of which mortgages (Bolån PB)	11,200	11,000	2	10,200	10	9,940	13
External mortgages (Bolån+)	23,300	23,200	0	19,800	18	18,000	29
<b>Lending</b>	<b>43,500</b>	<b>44,200</b>	<b>-2</b>	<b>40,100</b>	<b>8</b>	<b>37,300</b>	<b>17</b>
Return, average account since 1 Jan, %	-24	-22	-2	24	-48	15	-39
OMX Stockholm GI since 1 Jan, %	-30	-28	-2	39	-69	24	-54

## Financial overview

	2022	2022	Change	2021	Change	2022	2021	Change	2021
	Q3	Q2	%	Q3	%	Jan-Sep	Jan-Sep	%	Jan-Dec
<b>Income Statement, SEK m</b>									
Net brokerage income	216	215	0	330	-34	760	1,102	-31	1,456
Fund commissions, net	141	143	-2	173	-19	440	485	-9	661
Currency-related income, net	80	86	-7	114	-30	300	490	-39	625
Net interest income	222	115	93	83	168	420	239	76	321
Other income, net	81	58	39	67	22	206	161	28	238
<b>Operating income</b>	<b>740</b>	<b>618</b>	<b>20</b>	<b>767</b>	<b>-3</b>	<b>2,126</b>	<b>2,477</b>	<b>-14</b>	<b>3,301</b>
Personnel	-141	-170	-17	-125	13	-470	-406	16	-566
Marketing	-8	-5	65	-5	66	-21	-17	24	-24
Depreciation	-21	-21	3	-18	21	-60	-52	15	-70
Other expenses	-68	-77	-12	-45	49	-207	-136	52	-204
<b>Operating expenses before credit losses</b>	<b>-238</b>	<b>-272</b>	<b>-13</b>	<b>-192</b>	<b>24</b>	<b>-758</b>	<b>-611</b>	<b>24</b>	<b>-864</b>
<b>Profit before credit losses</b>	<b>503</b>	<b>346</b>	<b>45</b>	<b>574</b>	<b>-13</b>	<b>1,368</b>	<b>1,866</b>	<b>-27</b>	<b>2,437</b>
Credit losses, net	0	-1	-	-1	-100	0	0	-	0
<b>Operating profit</b>	<b>502</b>	<b>345</b>	<b>46</b>	<b>574</b>	<b>-13</b>	<b>1,368</b>	<b>1,866</b>	<b>-27</b>	<b>2,437</b>
Tax on profit for the period	-69	-49	41	-93	-26	-196	-303	-35	-390
<b>Profit for the period</b>	<b>433</b>	<b>296</b>	<b>47</b>	<b>481</b>	<b>-10</b>	<b>1,172</b>	<b>1,563</b>	<b>-25</b>	<b>2,047</b>
<b>Key ratios</b>									
Operating margin, %	68	56	12	75	-7	64	75	-11	74
Profit margin, %	59	48	11	63	-4	55	63	-8	62
Return on shareholders' equity, %	42	26	15	44	-2	35	53	-19	50
Earnings per share before dilution, SEK	2.78	1.90	46	3.10	-10	7.53	10.09	-25	13.19
Earnings per share after dilution, SEK	2.78	1.88	48	3.05	-9	7.51	9.94	-24	13.00
Credit loss level, %	0.00	-0.01	0.01	0.00	-	0.00	0.00	-	0.00
Income to savings capital ratio, %	0.46	0.35	0.10	0.42	0.03	0.40	0.49	-0.10	0.47
Costs to savings capital ratio, %	0.15	0.16	-0.01	0.11	0.04	0.14	0.12	0.02	0.12
Savings capital per customer, SEK	362,780	375,120	-3	462,730	-22	362,780	462,730	-22	487,670
Income per customer, SEK	1,690	1,430	18	1,970	-14	1,650	2,270	-27	2,210
Costs per customer, SEK	-540	-630	-14	-500	10	-590	-560	5	-580
Net brokerage income/trading day, SEK m	3.3	3.6	-10	5.0	-34	4.1	5.9	-31	5.8
No. brokerage-generating notes/trading day	141,100	160,900	-12	202,200	-30	169,800	239,200	-29	234,300
Turnover in brokerage-generating securities/trading day, SEK m	3,520	4,040	-13	5,210	-32	4,460	5,900	-24	5,930
Turnover in brokerage-generating foreign securities/trading day, SEK m	510	640	-20	770	-33	680	1,080	-37	1,040
Gross brokerage income/turnover in brokerage-generating securities, %	0.108	0.105	0.003	0.111	-0.003	0.106	0.116	-0.011	0.114
No. trading days	66.0	59.0	12	66.0	-	187.5	187.0	0	250.5
Investments, SEK m <sup>1</sup>	4	16	-77	32	-89	34	84	-59	56
Average no. employees	637	612	4	581	10	619	550	13	560
Platform availability, %	100.0	99.9	0.1	100.0	-	99.9	100.0	-0.1	99.9

1) A transfer was made in the fourth quarter 2021 to adapt to new interpretive guidance on accounting for intangible assets.

Key ratios	30-09-2022	30-06-2022	Change	31-12-2021	Change	30-09-2021	Change
			%		%		%
Shareholders' equity per share before dil., SEK	28.23	25.00	13	30.21	-7	30.04	-6
Outstanding no. shares before dilution, thousands	156,619	155,572	0.7	155,572	0.7	155,572	0.7
Outstanding no. shares after dilution, thousands	156,619	156,579	0.0	158,115	-0.9	157,972	-0.9
No. shares upon full dilution, thousands	161,269	161,272	0.0	161,272	0.0	161,272	0.0
No. employees	649	625	4	603	8	598	9
Share price, SEK	170.95	171.65	0	332.20	-49	309.60	-45
Market capitalisation, SEK m	26,800	26,700	0	51,700	-48	48,200	-44

### Third quarter compared to the previous quarter

Operating profit for third quarter increased by 46 per cent compared to the previous quarter. This was mainly due to higher income, but also seasonally lower expenses.

The operating margin increased to 68 per cent and the return on shareholders' equity was 42 per cent.

#### Revenues

Operating income increased by 20 per cent compared to the previous quarter. Mainly net interest income and other income increased, while net currency-related income decreased.

Net brokerage income was unchanged despite an additional seven days of trading in the quarter. Brokerage-generating turnover decreased by nearly 3 per cent and the number of brokerage-generating notes by nearly 2 per cent. Gross brokerage income per SEK of turnover increased slightly to 10.8 basis points due to a higher share of trading in lower brokerage fee classes.

Net currency-related income decreased to SEK 80 million (86), a result of lower turnover in foreign securities. Turnover in brokerage-generating foreign securities decreased by 11 per cent and turnover in foreign funds decreased by 19 per cent. Brokerage-generating trading in foreign markets accounted for 15 per cent of total brokerage-generating turnover, just over one percentage point lower than the previous quarter.

Net fund commissions decreased by 2 per cent due to slightly lower average fund capital. As of 30 September, however, fund capital was essentially unchanged compared to 30 June. The net inflow to funds was just over SEK 3 billion. Income per SEK of fund capital decreased slightly to just under 30 basis points at the end of the quarter. The share of fund capital in index funds increased slightly and remained at nearly 40 per cent.

Net interest income increased by 93 per cent, mainly as a result of higher market interest rates. The Riksbank raised its policy rate with 50 basis points in the beginning of July, then raised it by an additional 100 basis points to 1.75 per cent at the end of September. This mainly contributed to a higher return on surplus liquidity tied to the bond portfolio, which has a 3M STIBOR. The interest rate on internally financed mortgages, which fully tracks the policy rate, also contributed to the increase, as did a higher rate on margin lending. The resolution fee and deposit guarantee fee amounted to SEK 12 million (12).

Other income increased by 39 per cent. This mainly consists of income from Avanza Markets, which increased to SEK 49 million (37) as a result of higher customer activity and average capital. Income from stock lending also increased and amounted to SEK 12 million (5). The lending limit has been raised from SEK 5 billion to SEK 10 billion and the number of stocks included in the programme has been increased. Income from Corporate Finance was SEK 1 million (3), a continued low level due to market uncertainty.

#### Operating expenses

Operating expenses decreased by 13 per cent, mainly as a result of seasonally lower personnel costs, which decreased by 17 per cent. Other income decreased due to lower IT expenses.

#### 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 to 13.7 per cent (14.2). 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.

### January–September 2022 compared to January–September 2021

Operating profit decreased by 27 per cent compared to the corresponding period in 2021. Operating income decreased while operating expenses increased.

The operating margin decreased to 64 per cent and the return on shareholders' equity was 35 per cent.

#### Revenues

Operating income decreased by 14 per cent compared to the corresponding period in 2021. This was mainly a result of lower net brokerage income and net currency-related income. Fund commissions also decreased. Net interest income and other income increased.

Net brokerage income decreased by 31 per cent, which was due to lower activity and fewer brokerage-generating customers. The number of brokerage-generating customers was 15 per cent lower than in the corresponding period in 2021 even though the number of customers who own stocks increased by over 100,000. The number of brokerage-generating notes decreased by 29 per cent and brokerage-generating turnover was 24 per cent lower. Gross brokerage income per SEK of turnover decreased from 11.6 to 10.6 basis points due to a higher share of brokerage income from Private Banking and Pro customers. The share of brokerage income generated within Private Banking and Pro was just over 23 per cent, compared to just under 18 per cent in the corresponding period in 2021.

Net currency-related income decreased by 39 per cent as a result of lower turnover in brokerage-generating foreign securities, which decreased by 37 per cent and accounted for just over 15 per cent (18) of brokerage-generating turnover.

Net fund commissions decreased by 9 per cent mainly due to lower average fund capital as well as lower income per SEK of fund capital. Fund capital was 11 per cent lower than 30 September 2021. The average income per SEK of fund capital decreased from 36 to 31 basis points, which was due to an increased share of capital in index funds. A reduction in Avanza Auto's management fee of 15 basis points in the fourth quarter 2021 contributed to the decrease.

Net interest income increased by 76 per cent, a result of higher market interest rates and larger volumes. The main contributor was income from surplus liquidity, where the return on the bond portfolio increased as a result of a higher STIBOR. Income from margin lending increased, mainly as a result of a higher interest margin, but also due to higher average volumes during the period. As of 30 September 2022, however, volumes were 4 per cent lower than 30 September 2021. Income from internally financed mortgages also increased as a result of the higher policy rate as well as higher volumes despite increasing amortisations. The lending volume was 13 per cent higher than a year ago. The resolution fee and deposit guarantee fee increased to SEK 36 million (29).

Other income increased by 28 per cent, mainly due to higher income from Avanza Markets and lower expenses for payment service commissions as a result of lower customer activity. Expenses for keyword optimisation also decreased.

Income from Avanza Markets was SEK 137 million (109) due to higher compensation from Morgan Stanley and higher customer activity. Income from stock lending also increased, to SEK 25 million (12). The lending limit has been raised from SEK 5 billion to 10 billion and the number of stocks included in the programme has been increased. Income from Corporate Finance fell to SEK 6 million (66) due to fewer transactions as a result of the market turbulence.

#### *Operating expenses*

Operating expenses increased by 24 per cent. A reversal of rental costs in the first quarter 2021 positively affected other expenses by SEK 10 million. Other expenses also increased due to higher IT related expenses. Personnel costs increased mainly due to more employees, primarily in IT and development as well as customer support functions. Expenses for external services decreased. Salary adjustments as of 1 January 2022 have averaged 4 per cent. As previously announced, full-year costs are estimated at between SEK 1,050 million and SEK 1,070 million.

The costs to savings capital ratio increased to 14 basis points (12). The long-term target to spotlight efficiency and the focus on costs is a maximum costs to savings capital ratio of 12 basis points over time. In January–September 2022, the measure was affected by market fluctuations in savings capital, which can occur in individual quarters and years. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

#### *Credit losses*

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

#### *Taxes*

The effective tax rate decreased to 14.3 per cent (16.2) 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.

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

### **Net interest income sensitivity**

The policy rate was raised twice in the quarter, by 50 basis points in early July and an additional 100 basis points to 1.75 per cent at the end of September. The Riksbank’s forecast is that the policy rate will continue to be raised in the next six months and top out around 2.50 per cent in the third quarter 2023. The forecast is considered uncertain, however, due to the difficulty in predicting inflation. The Riksbank’s next rate decision will be announced on 24 November 2022.

A rising policy rate positively affects Avanza’s net interest income. The return on surplus liquidity is mainly 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. Only a small share of customer deposits as of 30 September was in savings accounts where the interest rate was raised in early October to 0.9 per cent and which are mainly designed for corporate customers that cannot take advantage of the external savings accounts available through Avanza’s partners. Corporate deposit volumes outside of tax wrapper accounts make up

approximately 10 per cent of deposits on Avanza’s balance sheet. Private customers are offered a higher rate through external savings partners, which does not affect net interest income. The majority of Avanza’s aggregate deposits as of 30 September was in equity and fund accounts and tax wrapper accounts, where Avanza does not plan to pay interest.

Avanza’s internally financed lending is comprised of mortgage loans to Private Banking customers and margin lending. Mortgage rates are directly tied to the policy rate, while the interest on margin lending is based on demand and the competitive landscape.

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

All else being equal, without accounting for changes in customer behaviour, the competitive landscape or the bond portfolio’s interest rate duration, a 1 percentage point change in the policy rate would affect full-year net interest income by over SEK 550 million, based on the end of the third quarter’s volumes and rates.

### **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**

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

- 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, from the first cash deposit on a first apartment or car to a pension to live on.
- 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 leadership and proven business model are also a strength.
- Avanza is well-positioned in terms of regulations on increased transparency and a higher consumer protection. Avanza puts its customers first while maintaining 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 their 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 are expanded and strengthened. New technology and Open Finance regulations at the same time pave the way for more tools and services to be developed.
- 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. This is especially true as wealth transfers to younger generations. Avanza, which will most likely be positively affected by this, has a low churn of 1.4 per cent.

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

Exchange, although the number has dropped significantly in the current market.

- 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.

For more information on long-term trends, see Avanza's Annual Report at [avanza.se/ir](http://avanza.se/ir). Also see page 11 for more on significant risks and uncertainty factors.

## Nine quarters in summary

Quarterly overview, SEK m	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net brokerage income	216	215	328	354	330	334	439	291	283
Fund commissions, net	141	143	157	176	173	161	150	125	109
Currency-related income, net	80	86	133	135	114	129	247	114	88
Net interest income <sup>1</sup>	222	115	83	82	83	80	76	73	74
Other income, net <sup>1,2</sup>	81	58	66	78	67	50	44	103	22
<b>Operating income</b>	<b>740</b>	<b>618</b>	<b>768</b>	<b>824</b>	<b>767</b>	<b>754</b>	<b>957</b>	<b>706</b>	<b>575</b>
Personnel	-141	-170	-159	-159	-125	-145	-137	-135	-103
Marketing	-8	-5	-9	-7	-5	-3	-9	-5	-7
Depreciation	-21	-21	-18	-18	-18	-17	-17	-34	-19
Other expenses	-68	-77	-63	-68	-45	-51	-39	-48	-49
<b>Operating expenses before credit losses</b>	<b>-238</b>	<b>-272</b>	<b>-249</b>	<b>-253</b>	<b>-192</b>	<b>-216</b>	<b>-202</b>	<b>-221</b>	<b>-177</b>
Credit losses, net	0	-1	2	0	-1	-1	1	1	0
Profit/loss from participations in associated companies	-	-	-	-	-	-	-	-	-1
<b>Operating profit</b>	<b>502</b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>756</b>	<b>486</b>	<b>396</b>
<b>Adjusted operating profit<sup>3</sup></b>	<b>502</b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>746</b>	<b>439</b>	<b>409</b>
Operating margin, %	68	56	68	69	75	71	79	69	69
Earnings per share before dil., SEK	2.78	1.90	2.85	3.11	3.10	2.91	4.08	2.70	2.15
Shareholders' equity per share before dilution, SEK	28.23	25.00	32.78	30.21	30.04	26.58	23.68	20.47	16.88
Return on shareholders' equity, %	42	26	36	41	44	46	74	58	55
Net inflow	6,030	8,400	16,600	17,900	18,400	22,900	30,500	18,700	16,300
No. of new customers, net	24,100	19,700	60,100	71,800	70,100	85,100	152,800	85,600	79,200
No. of customers at the end of the period	1,764,000	1,739,900	1,720,200	1,660,100	1,588,400	1,518,200	1,433,200	1,280,300	1,194,700
Savings capital at the end of the period	639,900	652,700	740,900	809,600	735,000	713,600	653,900	570,500	514,200
Income to savings capital ratio, %	0.46	0.35	0.40	0.43	0.42	0.44	0.63	0.52	0.48
Costs to savings capital ratio, %	0.15	0.16	0.13	0.13	0.11	0.13	0.13	0.16	0.15

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

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

3) See table Items affecting comparability.

Items affecting comparability, SEK m	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<i>Operating income</i>									
Other income (reduced holding in Stabelo AB)								63	
<i>Operating expenses</i>									
Depreciation (write-down of right-of-use assets Vasagatan)								-16	
Other expenses (relocation costs)									-13
Other expenses (reversal of write-down Vasagatan)							10		
<b>Total</b>	-	-	-	-	-	-	10	47	-13

## Financial position

Avanza is self-financed through equity and customer deposits. All of Avanza's assets are highly liquid. A significant part of the assets can therefore be transferred within a couple of days.

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.

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

All lending is secured by listed securities or pledges on houses or tenant-owned apartments. Between 2001 and the third quarter 2022, actual and expected credit losses amounted to SEK 14 million, or an average of 0.02 per cent per year.

## Significant risks and uncertainty factors

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

A detailed description of the Group's risk exposure and risk management can be found in Avanza's Annual Report for 2021, Note 35 and pages 40–43. No significant risks have arisen beyond those described in the Annual Report and in this report.

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 have affected, and could increasingly affect, the ability of people to save.

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 outside Avanza, which Avanza saw some signs of in the third quarter.

Market uncertainty and the changing macroeconomic factors could also impact Avanza's credit risk. Avanza actively monitors risk, however, and the credit risk in margin lending is not assessed to have increased during the recent turbulence. The risk of higher credit losses due to the lower repayment capacity of borrowers is still considered low in both margin lending and mortgage loans and has not been evident among Avanza's customers. For more information on risks in the savings market, see page 13 in the Annual Report.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) and the Swedish Financial Supervisory Authority (SFSA) 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. In the first quarter, the SFSA announced that it is not opening an investigation. 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.

Russia's invasion of Ukraine and the imposed sanctions have affected the financial markets. The financial impact on Avanza is very limited and there are no credit losses. Avanza holds no Russian or Ukrainian collateralised securities, nor any other exposure to these countries. Avanza's own fund company has no exposure to Russia or Ukraine. Some customers have holdings in Russia funds which are managed in accordance with industry praxis.

## 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 nine-month period 2022 was SEK -26 million (-22).

The dividend for 2021 of SEK 1,431 million (591) was paid to shareholders in April 2022 following a resolution by the Annual General Meeting in March.

## Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a 3 per cent leverage ratio, which was introduced on 30 June 2021. Additionally, the SFSA informed Avanza on 30 September 2022 of Pillar 2 guidance for an additional 0.9 per cent – fully in line with previous announced expectations. The leverage ratio is mainly driven by changes in customers deposits. As of 30 September, Avanza's leverage ratio for the consolidated situation was 4.6 per cent. This means that deposits can increase by SEK 37 billion, and SEK 13 billion, without risking to fall short of the requirements of 3.0 and 3.9 per cent respectively. Due to the fact that the margin to the leverage ratio requirement is adequate, a decision was made to delay the issuance of additional Tier 1 capital.

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

Financial position <sup>1</sup>	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Common Equity Tier 1 (CET1) capital, SEK m	3,148	2,979	3,000	2,966	2,799	2,647	2,410	2,427	1,529
Total capital, SEK m	3,148	2,979	3,000	2,966	2,799	2,647	2,410	2,427	1,598
Common Equity Tier 1 ratio, %	25.3	24.0	23.1	24.0	26.2	25.0	23.9	24.4	17.9
Total capital ratio, %	25.3	24.0	23.1	24.0	26.2	25.0	23.9	24.4	18.8
Overall capital requirements, % <sup>3</sup>	15.1	12.6	12.5	12.6	12.9	13.0	13.1	13.1	11.8
Leverage ratio, % <sup>2</sup>	4.6	4.4	4.5	4.8	4.5	4.7	4.3	4.9	3.1

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.

## Other corporate events

### Executive Management

Peter Almqvist was appointed as the new CIO and became a member of Group Management on 1 October 2022. Peter has served as Avanza's Head of IT Operations since 2011 with responsibility mainly for IT operations, IT security, physical security and software testing. He succeeded Peter Strömberg, who on 1 April was entitled as head of the new organisation Product & Tech (CPTO) after Peter Westling, former Chief Innovation & Marketing Officer. Peter Westling stepped down from Group Management in February. Sofia Svavar, Head of IR since 2015, at the same time took on a new role as Chief Communications & IR Officer and member of Group Management. As a result, Avanza's Group Management consists of ten members, with a gender distribution of 50/50.

### Annual General Meeting 2022

The Annual General Meeting on 31 March 2022 resolved that the Board of Directors shall comprise ten members without deputies.

The Chairman of the Board and Board members were re-elected, except for Viktor Fritzén, who declined re-election. Linda Hellström and Sofia Sundström were elected as new members of the Board.

Mattias Miksche, who has been a member of Avanza Bank Holding AB's Board of Directors since 2008, announced his immediate resignation on 11 April for personal reasons, after which the Board consists of nine members.

The proposed dividend of SEK 9.20 per share was approved.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2021 were adopted.

Avanza's Annual and Sustainability Report for 2021 was published on 25 February 2022.

### Annual General Meeting 2023

The Annual General Meeting will be held in Stockholm on 30 March 2023.

The Annual Report will be available at the company's office and on the website, [avanza.se/ir](http://avanza.se/ir), on 24 February 2023.

### Nomination committee

The Nomination Committee consists of Chairman of the Board Sven Hagströmer representing Sven Hagströmer with family and companies, Erik Törnberg representing Creades AB, Dick Bergqvist representing AMF-Tjänstepensioner och Fonder, and Magnus Dybeck representing Sten Dybeck with family and companies. Erik Törnberg has been appointed Chairman of the Nomination Committee. For further information on the Nomination Committee, visit [avanza.se/ir](http://avanza.se/ir).

### Incentive programmes

The incentive programmes resolved by the Annual General Meeting on 19 March 2019 had an exercise period from 26 August 2022 to 1 September 2022. After recalculation, the exercise price was SEK 91.40 per share and a total of 1,047,269 shares were subscribed and have been issued. As of 30 September 2022, there were 156,619,027 registered and outstanding shares.

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 program will result in maximum dilution of 0.77 per cent. The 2022/2025 programme, which was subscribed in 2022, has an exercise price of SEK 209.03 and the expiration date is 27 November 2025. The warrant programme has been implemented on market terms.

### Repurchase of the company's own shares

The Board of Directors was authorised by the Annual General Meeting 2022 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 were repurchased in 2022 and no repurchased shares were held as of 30 September 2022.

### Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2021, Note 36. No significant changes have subsequently taken place.

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

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

## Consolidated Income Statement

SEK m	Note	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Operating income</b>						
Commission income	1, 2	592	783	1,948	2,572	3,419
Commission expenses	3	-74	-99	-242	-334	-439
Interest income calculated using the effective interest method		259	110	523	313	428
Other interest and similar income		-	-	-	-	-
Interest expenses		-37	-27	-103	-74	-106
Net result of financial transactions		-0	-0	-0	-0	0
Other operating income		-	-	0	-	-
<b>Total operating income</b>		<b>740</b>	<b>767</b>	<b>2,126</b>	<b>2,477</b>	<b>3,301</b>
<b>Operating expenses</b>						
General administrative expenses		-204	-166	-661	-530	-753
Depreciation		-21	-18	-60	-52	-70
Other operating expenses		-13	-8	-37	-29	-41
<b>Total operating expenses before credit losses</b>		<b>-238</b>	<b>-192</b>	<b>-758</b>	<b>-611</b>	<b>-864</b>
<b>Operating profit before credit losses</b>		<b>503</b>	<b>574</b>	<b>1,368</b>	<b>1,866</b>	<b>2,437</b>
Credit losses, net		0	-1	0	0	0
<b>Operating profit</b>		<b>502</b>	<b>574</b>	<b>1,368</b>	<b>1,866</b>	<b>2,437</b>
Tax on profit for the period		-69	-93	-196	-303	-390
<b>Profit for the period<sup>1</sup></b>		<b>433</b>	<b>481</b>	<b>1,172</b>	<b>1,563</b>	<b>2,047</b>
Earnings per share before dilution, SEK		2.78	3.10	7.53	10.09	13.19
Earnings per share after dilution, SEK		2.78	3.05	7.51	9.94	13.00
Average no. shares before dilution, thousands		155,890	155,115	155,679	155,008	155,150
Average no. shares after dilution, thousands		155,890	157,480	156,009	157,214	157,456

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

## Consolidated statement of other comprehensive income

SEK m	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Profit for the period</b>	<b>433</b>	<b>481</b>	<b>1,172</b>	<b>1,563</b>	<b>2,047</b>
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments <sup>1</sup>	-11	-1	-161	-6	-3
Tax on changes in value of financial instruments <sup>1</sup>	2	0	33	1	1
<b>Total other comprehensive income after tax</b>	<b>-9</b>	<b>-1</b>	<b>-128</b>	<b>-5</b>	<b>-3</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>	<b>425</b>	<b>480</b>	<b>1,044</b>	<b>1,558</b>	<b>2,044</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	30-09-2022	31-12-2021
<b>Assets</b>			
Cash and balances with central banks		5,817	2,939
Treasury bills eligible for refinancing		2,060	2,523
Loans to credit institutions	4	1,742	2,508
Loans to the public	5	22,538	20,300
Bonds		32,108	25,854
Shares and participations		238	237
Assets in insurance operations		177,777	218,990
Intangible fixed assets		113	107
Right-of-use assets		96	120
Tangible fixed assets		58	61
Other assets		891	4,952
Prepaid expenses and accrued income		415	491
<b>Total assets</b>		<b>243,854</b>	<b>279,082</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		60,650	53,659
Liabilities in insurance operations		177,779	218,992
Lease liability		94	122
Other liabilities		734	1,442
Accrued expenses and deferred income		175	167
Shareholders' equity		4,421	4,700
<b>Total liabilities and shareholders' equity</b>		<b>243,854</b>	<b>279,082</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - September 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	-	-	-	1,563	1,563
Other comprehensive income for the period	-	-	-5	-	-5
Total comprehensive income for the period	-	-	-5	1,563	1,558
<b>Transactions with owners</b>					
Dividend paid	-	-73	-	-59	-132
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	11	-	-	11
<b>Shareholders' equity 30-09-2021</b>	<b>78</b>	<b>565</b>	<b>154</b>	<b>3,875</b>	<b>4,673</b>
<b>January - December 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	-	-	-	2,047	2,047
Other comprehensive income for the period	-	-	-3	-	-3
Total comprehensive income for the period	-	-	-3	2,047	2,044
<b>Transactions with owners</b>					
Dividend paid	-	-161	-	-430	-591
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	11	-	-	11
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
<b>January - September 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	-	-	-	1,172	1,172
Other comprehensive income for the period	-	-	-128	-	-128
Total comprehensive income for the period	-	-	-128	1,172	1,044
<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 30-09-2022</b>	<b>78</b>	<b>579</b>	<b>29</b>	<b>3,735</b>	<b>4,421</b>

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

## Consolidated Cash Flow Statement, condensed

SEK m	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep
<b>Operating activities</b>				
Operating profit	502	574	1,368	1,866
Adjustment for items not included in cash flow	22	18	61	54
Taxes paid	-14	-338	3,441	-3,011
Changes in operating activities' assets and liabilities	276	4,293	4,978	5,074
<b>Cash flow from operating activities</b>	<b>786</b>	<b>4,547</b>	<b>9,848</b>	<b>3,983</b>
<b>Investment operations</b>				
Acquisition and disposals of intangible and tangible fixed asset	-4	-32	-34	-84
Investment in treasury bills eligible for refinancing	-193	-701	462	-1,884
Investment in bonds	-27	-1,945	-6,415	-795
<b>Cash flow from investment operations</b>	<b>-223</b>	<b>-2,678</b>	<b>-5,987</b>	<b>-2,763</b>
<b>Financial operations</b>				
Amortisation lease liability	-10	-10	-29	-27
Cash dividend	-	-	-1,431	-132
New issue (exercise of share warrants)	96	63	96	63
Warrants issue	12	11	12	11
<b>Cash flow from financial operations</b>	<b>98</b>	<b>64</b>	<b>-1,353</b>	<b>-85</b>
<b>Cash flow for the period</b>	<b>661</b>	<b>1,934</b>	<b>2,508</b>	<b>1,135</b>
Liquid assets at the beginning of the period <sup>1</sup>	6,877	2,875	5,030	3,675
Liquid assets at the end of the period <sup>1</sup>	7,538	4,809	7,538	4,809
<b>Change</b>	<b>661</b>	<b>1,934</b>	<b>2,508</b>	<b>1,135</b>

1) Liquid assets are defined as cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 22 million (SEK 429m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement, condensed

SEK m	2022 Jan-Sep	2021 Jan-Sep
<b>Operating expenses</b>		
Administration expenses	-16	-15
Other operating expenses	-10	-8
<b>Operating profit/loss</b>	<b>-26</b>	<b>-22</b>
<b>Profit/loss from financial investments</b>		
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-26</b>	<b>-22</b>
<b>Appropriations</b>		
Group contribution	44	-5
<b>Profit/loss before tax</b>	<b>18</b>	<b>-27</b>
Tax on profit/loss for the period	-4	5
<b>Profit/loss for the period</b>	<b>14</b>	<b>-22</b>

## Parent Company statement of comprehensive income

SEK m	2022 Jan-Sep	2021 Jan-Sep
<b>Profit/loss for the period</b>	<b>14</b>	<b>-22</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>14</b>	<b>-22</b>

## Parent Company Balance Sheet, condensed

SEK m	30-09-2022	31-12-2021
<b>Assets</b>		
Financial fixed assets	663	663
Current receivables <sup>1</sup>	109	1,432
Liquid assets	5	5
<b>Total assets</b>	<b>777</b>	<b>2,100</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	680	2,002
Current liabilities	18	20
<b>Total shareholders' equity and liabilities</b>	<b>777</b>	<b>2,100</b>

1) Of which receivables from subsidiaries SEK 103 million (SEK 1,428m as of 31 December 2021).

## 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 2021.

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

### Note 1 Revenue from contracts with customers

SEK m	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Trading in commission-generating securities	324	487	1,150	1,730	2,260
Fund savings	153	189	486	543	735
Corporate services	1	20	6	66	89
Other commission income	114	87	306	234	335
<b>Total</b>	<b>592</b>	<b>783</b>	<b>1,948</b>	<b>2,572</b>	<b>3,419</b>
<i>Timing of revenue recognition</i>					
Service or goods transferred to customer at a specific point in time	592	783	1,948	2,572	3,419
Service or goods transferred to customer over time	-	-	-	-	-
<b>Total</b>	<b>592</b>	<b>783</b>	<b>1,948</b>	<b>2,572</b>	<b>3,419</b>

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

### Note 2 Commission income

SEK m	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Brokerage income	251	382	882	1,284	1,690
Fund commissions	145	179	455	498	679
Currency-related income	80	115	300	491	626
Other commission income <sup>1</sup>	115	107	312	300	424
<b>Total</b>	<b>592</b>	<b>783</b>	<b>1,948</b>	<b>2,572</b>	<b>3,419</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.

**Note 3 Commission expenses**

SEK m	2022	2021	2022	2021	2021
	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Transaction costs <sup>1</sup>	-35	-52	-122	-182	-234
Payment services commissions	-21	-27	-69	-88	-118
Other commission expenses <sup>2</sup>	-18	-20	-51	-64	-88
<b>Total</b>	<b>-74</b>	<b>-99</b>	<b>-242</b>	<b>-334</b>	<b>-439</b>

1) Costs directly related to brokerage income.

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

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,610, million (SEK 1,540m as of 31 December 2021) which are reported net against client fund payables of SEK 1,610 million (SEK 1,540m as of 31 December 2021). Of the liquid assets of SEK 7,559 million as per the end of the period, SEK 22 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 8 million (SEK 9m as of 31 December 2021). Thus, the change in the accumulated provision for expected credit losses has affected profit for the period with SEK 1 million.

SEK 2,384 million (SEK 0m as per 31 December 2021) of lending to the public at the end of the period was covered in its entirety by cash pledged on endowment insurance accounts. This portion of lending does not affect net interest income since the deposit rate is the same as the lending rate. The rest of lending to the public amounted to SEK 20,154 million, of which SEK 8,970 million (SEK 10,076m as of 31 December 2021) with collateral in the form of securities and SEK 11,184 million (SEK 10,224m as of 31 December 2021) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,706million (SEK 11,476m as of 31 December 2021) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,517 million (SEK 1,247m as of 31 December 2021).

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

30-09-2022 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	-	5,817	-	-	5,817
Treasury bills eligible for refinancing	-	2,060	-	-	2,060
Loans to credit institutions	-	1,742	-	-	1,742
Loans to the public	-	22,538	-	-	22,538
Bonds	-	23,691 <sup>1</sup>	8,417	-	32,108
Shares and participations	0	-	237	-	238
Assets in insurance operations	158,445	19,332	-	-	177,777
Intangible fixed assets	-	-	-	113	113
Right-of-use asset	-	-	-	96	96
Tangible assets	-	-	-	58	58
Other assets	-	891	-	-	891
Prepaid expenses and accrued income	-	308	-	107	415
<b>Total assets</b>	<b>158,446</b>	<b>76,380</b>	<b>8,654</b>	<b>374</b>	<b>243,854</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	-	60,650	-	-	60,650
Liabilities in insurance operations	177,777	-	-	2	177,779
Lease liabilities	-	-	-	94	94
Other liabilities	-	296	-	438	734
Accrued expenses and deferred income	-	105	-	71	175
<b>Total liabilities</b>	<b>177,777</b>	<b>61,051</b>	<b>-</b>	<b>604</b>	<b>239,433</b>

1) Fair value amounts to SEK 23,467 million.

**Financial instruments valued at fair value**

30-09-2022, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	89,693	–	237	89,931
Fund units	65,605	–	–	65,605
Bonds and other interest-bearing securities	9,536	711	–	10,247
Other securities	893	424	–	1,318
<b>Total assets</b>	<b>165,727</b>	<b>1,136</b>	<b>237</b>	<b>167,100</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	177,777	–	177,777
<b>Total liabilities</b>	<b>–</b>	<b>177,777</b>	<b>–</b>	<b>177,777</b>

*Fair value*

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

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

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

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

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

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. The majority of the shares and funds pertaining to the insurance operations and bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

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

**Note 7 Capital requirement for the financial conglomerate**

The 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	30-09-2022	31-12-2021
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	2,852	3,055
Own funds for regulated units within the banking and investment services sector	2,874	2,712
<b>Total own funds</b>	<b>5,727</b>	<b>5,767</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	1,694	2,229
Capital requirement for regulated units within the banking and investment services sector	1,809	1,435
<b>Total capital requirement</b>	<b>3,503</b>	<b>3,664</b>
<b>Capital surplus</b>	<b>2,223</b>	<b>2,103</b>
<b>Own funds/Capital requirement</b>	<b>1.63</b>	<b>1.57</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	30-09-2022	31-12-2021
<b>Common Equity Tier 1 (CET1) capital</b>		
Shareholders' equity according to the balance sheet	3,785	4,514
Foreseeable dividend	-513	-1,431
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,271</b>	<b>3,083</b>
Additional value adjustments	-11	-9
Intangible assets (net of related tax liability)	-113	-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>-123</b>	<b>-117</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,148</b>	<b>2,966</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,148</b>	<b>2,966</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>3,148</b>	<b>2,966</b>

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>30-09-2022</b>		<b>31-12-2021</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,604		9,492	
of which exposures to institutions	336		493	
of which exposures to corporates	87		123	
of which retail exposures	520		623	
of which exposures secured by mortgages on immovable property	3,945		3,606	
of which exposures in default risk weight	22		5	
of which exposures to covered bonds	3,113		2,480	
of which exposures to equity	689		689	
of which exposures to other items	892		1,474	
Market risk (position risk)	1		0	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	2,844		2,844	
<b>Total risk exposure amount</b>	<b>12,448</b>		<b>12,336</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	768	6.2%	759	6.2%
of which exposures to institutions	27	0.2%	39	0.3%
of which exposures to corporates	7	0.1%	10	0.1%
of which retail exposures	42	0.3%	50	0.4%
of which exposures secured by mortgages on immovable property	316	2.5%	288	2.3%
of which exposures in default	2	0.0%	0	0.0%
of which exposures in the form of covered bonds	249	2.0%	198	1.6%
of which equity exposures	55	0.4%	55	0.4%
of which other items	71	0.6%	118	1.0%
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	227	1.8%	227	1.8%
<b>Capital requirement</b>	<b>996</b>	<b>8.0%</b>	<b>987</b>	<b>8.0%</b>
Total own funds	3,148	25.3%	2,966	24.0%
Minimum own funds requirement (Pillar 1)	996	8.0%	987	8.0%
Combined buffer requirement	436	3.5%	308	2.5%
Additional own funds requirement (Pillar 2) <sup>1</sup>	447	3.6%	260	2.1%
Pillar 2 guidance	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	1,878	15.1%	1,555	12.6%
Capital surplus after risk-based capital requirement	1,270	10.2%	1,411	11.4%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	67,844		62,317	
Leverage ratio, %	4.6%		4.8%	
Tier 1 capital	3,148	4.6%	2,966	4.8%
Minimum own funds requirement (Pillar 1)	2,035	3.0%	1,870	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	611	0.9%	–	–
Total leverage ratio requirement (desired level of own funds)	2,646	3.9%	1,870	3.0%
Capital surplus after leverage ratio requirement	502	0.7%	1,096	1.8%

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 in a separate table.

## Financial reports

Key metrics, SEK m		30-09-2022	30-06-2022	31-03-2022	31-12-2021	30-09-2021
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	3,148	2,979	3,000	2,966	2,799
2	Tier 1 capital	3,148	2,979	3,000	2,966	2,799
3	Total capital	3,148	2,979	3,000	2,966	2,799
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	12,448	12,395	12,979	12,336	10,703
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	25.3%	24.0%	23.1%	24.0%	26.2%
6	Tier 1 ratio (%)	25.3%	24.0%	23.1%	24.0%	26.2%
7	Total capital ratio (%)	25.3%	24.0%	23.1%	24.0%	26.2%
<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%	2.1%	2.0%	2.1%	2.4%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.0%	1.2%	1.1%	1.2%	1.4%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.7%	1.6%	1.5%	1.6%	1.8%
EU 7d	Total SREP own funds requirements (%)	11.6%	10.1%	10.0%	10.1%	10.4%
<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%	0.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	3.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	15.1%	12.6%	12.5%	12.6%	12.9%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.7%	13.9%	13.1%	13.9%	15.7%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	67,844	67,061	67,442	62,317	62,364
14	Leverage ratio (%)	4.6%	4.4%	4.5%	4.8%	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)	18,169	17,539	16,833	16,236	15,133
EU 16a	Cash outflows - Total weighted value	6,552	6,322	6,044	5,665	5,442
EU 16b	Cash inflows - Total weighted value	5,321	6,349	6,777	6,030	5,213
16	Total net cash outflows (adjusted value)	2,545	1,931	1,511	1,436	1,406
17	Liquidity coverage ratio (%)	820%	962%	1061%	1035%	921%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	55,050	54,877	53,670	50,814	49,930
19	Total required stable funding	31,104	31,773	32,766	27,590	28,546
20	NSFR ratio (%)	177%	173%	164%	184%	175%

Internal capital requirement in pillar 2		30-09-2022	31-12-2021
<b>Credit-related concentration risk</b>			
Industry concentration		52	49
Geographical concentration		61	61
Name concentration		7	7
<b>Total credit-related concentration risk</b>		<b>121</b>	<b>118</b>
<b>Interest rate risks and other market risks in ancillary activities - credit spread</b>		<b>278</b>	<b>77</b>
<b>Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)</b>		<b>316</b>	<b>140</b>
<b>Pension risk</b>		<b>-</b>	<b>-</b>
<b>Total internal capital requirement in pillar 2</b>		<b>714</b>	<b>335</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>30-09-2022</b>	<b>31-12-2021</b>
Liquid assets	7,180	4,421
Covered bonds and securities issued by governments and municipalities	30,571	26,609
<b>Total liquid assets</b>	<b>37,751</b>	<b>31,029</b>
<b>Sources of funding, SEKm</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Deposits and borrowing from the public	60,650	53,659
Lease liability	94	122
Other liabilities	1,339	2,057
Accrued expenses and deferred income	164	158
Shareholders' equity	3,785	4,514
<b>Total liabilities and shareholders' equity</b>	<b>66,032</b>	<b>60,510</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, 17 October 2022

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 18 October 2022.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 18 October 2022 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](https://avanza.se/ir). Further information and registration for participation is available at [investors.avanza.se/en/ir/calendar/upcoming-events](https://investors.avanza.se/en/ir/calendar/upcoming-events).

The Swedish version of this interim report has been reviewed by the company's auditors.

Avanza also publishes an Excel document containing its financial history. The information is provided in English and is updated quarterly. The document can be accessed at [avanza.se/keydata](https://avanza.se/keydata).

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

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### Upcoming publication dates for monthly statistics

October 2022	3 November 2022
November 2022	5 December 2022
December 2022	4 January 2023

### Financial calendar

Preliminary Financial Statement 2022	20 January 2023
Annual report 2022	24 February 2023
Annual General Meeting	30 March 2023
Interim Report January – March 2023	24 April 2023

# Auditors review report

To the Board of Directors of Avanza Bank Holding AB

Corp. id. 556274-8458

## Introduction

We have reviewed the condensed interim financial information (interim report) of Avanza Bank Holding AB as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Annual Accounts Act for the Parent Company. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 17 October 2022

KPMG AB

KPMG AB

Mårten Asplund  
Authorized Public Accountant  
Auditor in charge

Dan Beitner  
Authorized Public Accountant

*For translation purposes only.*

# 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. 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 bad debt.

## **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 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.