

Avanza increases costs at the same time that net brokerage income has risen significantly

In the first quarter, Avanza has had strong customer growth, a high net inflow and extremely high customer activity. To handle the increased volumes, a new estimate has been made of cost growth for 2020. Costs are expected to increase by 12%. This is up from the previous estimate of around 10%, but within the long-term cost guidance of 9-12%. At the same time, net brokerage income for the first quarter is expected to more than double compared with the same quarter in 2019.

Avanza has in the last year and not least in the first quarter of 2020 had very strong customer growth, a high net inflow and extremely high customer activity. The high customer activity will enable Avanza to more than double net brokerage income for the first quarter compared with the first quarter of 2019, when net brokerage income amounted to SEK 112 million.

Despite its strong growth in recent years, Avanza has not had to scale up its customer service or backoffice thanks to continuous efficiency improvements as well as simplifications on the website and new decision support. After the recent months' strong growth and high customer activity, however, these departments have to be strengthened to ensure continued high customer satisfaction. To handle the increased volumes, stability on the site must be improved as well, which requires additional resources.

Taken together, this is expected to increase costs for 2020 by 12%, instead of around 10% as announced in connection with the year-end report in January. The new cost estimate is still within the range of the long-term cost guidance of 9-12%.

"The cost increase is a result of having to more quickly scale up Avanza in several areas. We are always working to account for growth, but now it has accelerated to a level where we have to bring forward a number of initiatives to ensure customer satisfaction," says Rikard Josefson, CEO of Avanza.

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Avanza is a digital platform for savings and investments, founded in 1999. The Parent Company, Avanza Bank Holding AB (publ), is listed on the Stockholm Stock Exchange. Avanza's customer promise is a better return on your savings than with any other bank or pension provider in Sweden. Services include saving in shares, funds, savings accounts, mortgages and a strong pension offering. Avanza has more than 1 million customers with over SEK 400 billion in total savings capital. This is equivalent to 4.5 per cent of the Swedish savings market. Avanza is largest in terms of number of transactions among Swedish banks on the Stockholm Stock Exchange including First North. During the last ten years Avanza has won SKI's (Swedish Quality Index) award, "Year's Most Satisfied Savings Customers". For more information visit: avanza.se/ir

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