

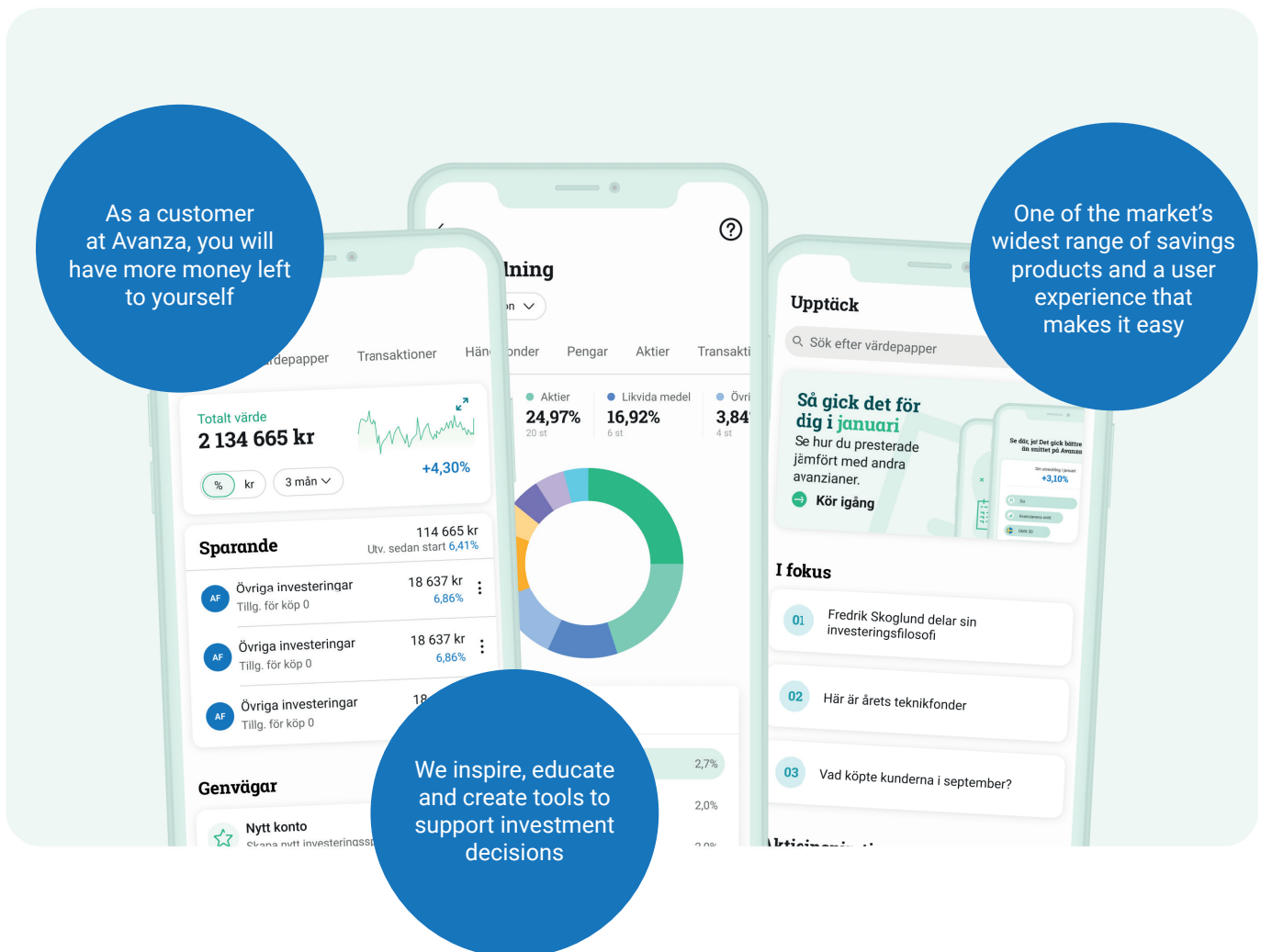
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This Annual report is published in Swedish and English. In the event of any differences between the English version and the Swedish original, the Swedish version shall prevail.

Sweden's leading platform for savings and investments

Avanza was founded in 1999 to offer online stock trading for individual investors at low prices. Low fees, a broad range of savings products, and education and support for investment decisions have since then been the basis of Avanza's offer. Today Avanza is Sweden's leading platform for savings and investments with over 70,000 investment opportunities. The offer also includes competitive occupational pension solutions and mortgages.



Read about our range of products and services on pages 128–129.

Key figures for 2021

Sweden's most satisfied
savings customers
for 12 years

Source: Swedish Quality Index

Share of the Swedish
savings market

6.6%

Number of customers

1,660,100

Savings capital, SEK

810 billion

Market capitalisation, SEK

52 billion

Average number of employees

560

Income, SEK

3,301 million

Costs to savings capital ratio

0.12%

Operating margin

74%

Return on equity

50%

The year in brief by quarter

Q1

- The mortgage offer was expanded in collaboration with Landshypotek Bank
- All customers with savings capital of less than SEK 50,000 are refunded all fund fees
- "Your month" was launched to give customers a continuous overview of their savings
- Ranked highest in reputation and trust among Swedish financial companies in a survey by Reputation&Trust
- Best banking and finance blog in Navigator's annual survey
- Sweden's employer of choice in financial services and technology in Universum's student survey

Q3

- The range of funds was broadened to include Avanza Sverige, a Swedish equity index tracking fund with exposure to the Swedish market at a low fee
- Ranked as the most recommended financial brand in Sweden by YouGov BrandIndex
- Ranked as the most popular employer in finance in the Young Professional Attraction Index from Academic Work
- Improved ranking in Universum's survey of Sweden's most popular employers for Young Professionals in IT and finance

Q2

- The transfer right for unit-linked insurance policies was improved, making it possible for pension savers to make better and cheaper choices
- Avanza reported itself to the Swedish Authority for Privacy Protection due to a potential breach of the GDPR
- Milestones and Savings Targets were launched to support customers and encourage savings
- The Nordic Swan Ecolabel was introduced for funds to simplify sustainable savings
- Avanza ranked highest among banks and number four overall in Sweden in Kantar Sifo's reputation index 2021

Q4

- Avanza won the Swedish Quality index (SQI) award for Sweden's most satisfied customers in the savings category for an unprecedented twelfth year in a row
- Avanza Private Banking ranked fifth in a Prospera survey for the fifth year in a row, in competition with firms that offer both investment advice and portfolio management
- The management fee for the Avanza Auto funds was reduced by 40 per cent
- "Right now" was launched in the apps to give savers a simpler overview of their performance on a daily basis

CEO's statement

By 2021 we already reached our long-term targets for 2025, which was set as recently as January 2020. We now have a market share of nearly 7%, and we see continued strong growth potential in Sweden. Our focus is, and will remain indefinitely, the Swedish savings market.

Sweden's most satisfied savings customers 12 years in a row

Another year of the global pandemic has passed, even though we cautiously started returning to a more normal day-to-day existence after the summer. However, many of the restrictions were reinstated at the end of the year until February, when most of them were taken away. For two years we have lived with the pandemic, or as my 21-year-old daughter recently said, "Dad, I have spent 10% of my life in a pandemic." The pandemic has been exhausting. I really hope that we now can return to a more normal life.

2021 was a very successful year for Avanza. We have passed 1 million stock-owning customers and 1 million fund-owning customers, and reached a total of 1,660,100 customers. Our most important target by far is, and will always be, customer satisfaction. In December, we won the Swedish Quality Index's award for Sweden's most satisfied savings customers for the 12th year in a row. We are honoured and will naturally do everything we can to win again for the 13th time. In the last three years, we have welcomed 823,000 customers to Avanza. Over these three years, the stock market has gone up by 35%, 15% and 39%, respectively. We have many young customers at Avanza and a large share of our new customers have never before seen the market go down. We have several different ways to communicate with our customers, but by far the most important message is to think long-term and diversify, and to consider how fees affect your savings.

"Avanza is a company for everyone in Sweden who understands the importance of personal savings"

As of September 30, Avanza's share of the savings market was 6.6% and our share of the net inflow on a rolling 12-month basis was 18%. This is positive, but at the same time shows that there is still a lot of room for us to grow in Sweden. We are committed to a continued focus on savings and investments and growing in Sweden. Although we have now reached a market share of 15% of Sweden's population, we see continued strong growth ahead of us. Avanza is, and will remain, relevant to everyone in Sweden who understands the importance of saving and has a bank account.

Updated targets with a focus on continued strong growth

By 2021 we had already met all of the financial targets for 2025 that were announced in early 2020. Therefore we have raised our ambition and updated the targets. We are now aiming for a 10% share of the Sweden's savings market by the end of 2025. With regard to costs, we are transitioning to an efficiency target that also shows the scalability of the business model. This means a costs to savings ratio not exceeding 12 basis points, where the ambition is to be even lower. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million. Since 2019, income has increased by close to 180% and costs by 30%, which clearly shows that we are scalable. When it comes to growth, I have Avanza's fantastic employees to thank for their commitment to improving our offering and always putting our customers first.

"We shall reach a market share of 10% by the end of 2025"

The target is also to deliver an annual return on equity of at least 35%, which shows that we are keeping a close eye on our balance sheet as well. One key measure of how well we manage our capital is the leverage ratio. In order to be able to continue to deliver a dividend of 70% of profit in coming years, we will issue Additional Tier 1 capital in 2022.

Savers are placing growing importance on the user experience

We have maintained very strong margins in recent years. This is a result of our growth and scalability, at the same time that it creates flexibility for us. For example, it allows us to reduce prices and create an even more attractive offering for further growth opportunities and customer satisfaction. In the spring, we broadened our Start offer to include funds. This means that all customers with less than SEK 50,000 in savings capital are refunded all their fund commissions. They had already been able to trade equities commission-free on the Stockholm Stock Exchange. An important goal in this is to inspire more people to start saving. We have cut the interest rate on our mortgages and have improved our margin lending to give more people the opportunity to borrow at a lower rate. We have also reduced the price of our six Auto funds by 40%.



Rikard Josefson, CEO

“The user experience is becoming increasingly important”

We work in a competitive industry. New companies are jumping into the market and we know that others are close behind. We welcome this, since it keeps us on our toes. It isn't just a question of product and price, however. The user experience is becoming much more important as well, which is why we have launched Savings Targets, Milestones, Your Month and Right Now, so when our customers log in they are met by even more information relevant to them and their savings. Another improvement is a broader mortgage offering thanks to the addition of Landshypotek to the platform. Here our aim is to eventually become a mortgage platform, but of course we realise that it will take time.

New regulations must be designed to help the consumer

Many other things happened in 2021 that in one way or another impacted Avanza. The year began with a debate on whether or not fund commissions should even exist, and the Swedish Financial Supervisory Authority (FSA) investigated the industry. While nothing major was presented in its report before the end of the year, it did mention that the industry had largely examined itself. Several instances of fees where there were a potential conflict of interest had been made more transparent to customers. We still do not know whether or how the government will pursue this, but we are prepared to adapt. I hope, however, that any new regulations truly focus on the customer's perspective and not cloudy transparency. If you look at other countries that have banned commissions, the situation has not gotten better, and it is doubtful whether it has become cheaper for the customer. Feel free to change regulations, but make sure to put the consumer first.

During the year, we experienced a leak of personal information to Facebook. Our assessment is that no customers were harmed and we are fully cooperating with the Swedish Authority for Privacy Protection and the Swedish FSA, which are investigating a potential breach of the General Data Protection Regulation. At this point, we still do not know whether this will lead to a fine, but we have closely re-examined all our processes to ensure that it does not happen again.

On April 1, transfer rights improved for Sweden's pension savers when it became cheaper to transfer savings to the company of their choice. Avanza's highly competitive offer in terms of range of investment opportunities, user friendliness and price has encouraged more people to move their savings to us. Our calculations show that a 40-year-old who transfers SEK 500,000 to Avanza can, because we do not charge maintenance fees or fixed account fees, receive as much as SEK 1 million more in retirement at age 65. The government has now drafted a bill to expand transfer rights for unit-linked insurance policies signed also before 2007. The revisions are proposed take effect on 1 July 2022. While we are seeing increased transfer flows to Avanza, information campaigns and a simpler transfer process are still needed to get more people to take the step.

“Transferring a pension to Avanza could mean SEK 1 million more in retirement”

In the area of sustainability, much is happening with respect to regulations. We have both the Disclosure Regulation and the Taxonomy to now take into account. Plenty of time and energy are being spent around Europe on these issues, but there is still much left to be desired when it comes to clarity. We are well aware that the quality of our own reporting will have to improve as the regulations gradually change over time. The goal of regulators with this year's reporting is that companies get started. Sustainability is important not only for the planet, but also at a company level to remain attractive as an employer, partner, investment and in customer relationships. From a customer perspective, we are concentrating on making it easier to find sustainable investment choices and to increase the share of savings capital held by women.

Increased uncertainty leading up to 2022, but we are only just beginning our journey

Looking ahead, there is a feverish debate right now whether global inflation is transitory or whether it will stick around. I believe we are headed towards a period of higher inflation. The combination with low interest rates we haven't seen before. My opinion is therefore that we will see rising interest rates in the coming years. My concern with higher rates is that many people do not remember, or have never experienced, mortgage rates above 2%. We are facing a scenario we have not experienced and all we can do is to work closely with our customers. The positive thing is that the stock market over time has always been the most lucrative investment alternative. Households also have a lot of money and there are many companies that are doing well. Good prospects for investments and consumption are positive indicators for the market going forward.

Lastly, I would like to thank all our customers and shareholders for what, in spite of everything, was a fantastic 2021. However, I remain convinced that Avanza is just in the beginning its journey. I am also proud to be working every day with the industry's best employees to make Avanza a better company. The engagement I have seen during these difficult times leaves me speechless.

We are ready for the next step!

Stockholm in February 2022



Rikard Josefson, CEO

This is Avanza

We don't see the world as it is, but as it should be. A better future for more of us, through the right opportunities for savings and investments, is what drives us.

Customer focus is the basis of our offering

Our business is built on a strong customer focus with a world-class user experience and customer service. We believe our offer will stand the test of time. Through continuous innovation and product development as well as a focus on what's best for the customer, we build trust and generate growth. Our vision is to create a better future for millions of people, where the strategy is a cheaper, better and simpler offer.

Product development and education to create customer value

We want to engage people and help them understand savings through education, information and simple decision-making support. We also want to encourage and inspire sustainable savings. Education is offered through several channels. We are convinced that with the right tools our customers can make the best investment decisions themselves, so we don't offer advice. We do not recommend specific products or services, either. They are presented objectively with both pros and cons. Another important factor to make financially sustainable investment decisions is transparency, where the price and fee model are clearly shown and where it is easy to understand each product. We want to create the best tool for our customers to successfully manage their finances, and Avanza to be the obvious choice to save sustainably.

Since the start, Avanza has strived to democratise savings. We want to drive development in the industry and focus on the impact of fees on savings as well as challenge established structures that don't benefit savers. We offer customers the opportunity to invest in a wide range of Swedish and foreign securities

and in savings accounts, with no fixed fees and low brokerage fees. Our large fund offering includes 17 funds with very low fees from our own fund company. Competitive occupational pension solutions and mortgages are available as well.

The end result is a promise to our customers that they will have more money left in their own pockets than with any other bank or pension company.

We mainly target individual investors in Sweden, but have also services for professional investors and corporate customers, such as entrepreneurs, asset managers and those who want an occupational pension. For more information, see page 126.

The Avanza Group

The Group consists of the listed Parent Company, Avanza Bank Holding AB (publ), and four wholly owned operating subsidiaries. All operations are conducted in Sweden from one office. The majority of the operations is managed by the subsidiaries Avanza Bank AB (publ) and Försäkringsaktiebolaget Avanza Pension. Avanza Fonder AB manages our own funds and Placera Media Stockholm AB, which is fully independent from Avanza's other operations, publishes news and offers impartial guidance through the financial site Placera.nu and the financial weekly Börsveckan.

Avanza owns 19.8 per cent of the mortgage provider Stabelo Group AB.

Five year summary	2021	2020	2019	2018	2017
Operating income, SEKm	3,301	2,349	1,193	1,049	975
Operating expenses, SEKm	-864	-763	-666	-629	-535
Operating profit, SEKm	2,437	1,576	520	418	441
Profit for the year, SEKm	2,047	1,335	447	349	379
Earnings per share before dilution, SEK	13.19	8.66	2.94	2.32	2.53
Operating margin, %	74	67	44	40	45
Return on shareholders' equity, %	50	57	27	24	30
No. of new customers (net)	379,800	303,900	139,300	126,500	140,000
No. of customers	1,660,100	1,280,300	976,400	837,100	710,600
Net inflow, SEKm	89,800	76,300	32,600	27,600	26,800
Savings capital, SEKm	809,600	570,500	407,700	300,000	282,900
Income to savings capital ratio, %	0.47	0.51	0.34	0.35	0.37
Costs to savings capital ratio, % ¹⁾	0.12	0.17	0.19	0.20	0.20
Average no. of employees	560	478	429	406	383

¹⁾ Excluding the administration fee of SEK 35 million imposed on Försäkringsaktiebolaget Avanza Pension by the Swedish Financial Supervisory Authority, reported in the fourth quarter of 2018.

See definitions on pages 130–131.

The Swedish savings and mortgage market

Never before has interest in saving and investing been as high as it is today. 20 per cent of Sweden's population saves in stocks and 80 per cent in funds. Our society is also demanding to a growing extent that everyone have personal savings.

The Swedish savings market

The portions of the Swedish savings market in which Avanza is active amounted to just over SEK 11,200 billion as of 30 September 2021. Households' net inflow to the savings market was SEK 527 billion during the period October 2020 - September 2021. Pension and insurance savings, i.e. the life insurance market, is the single largest segment, accounting for nearly half of the savings market, of which individual pension and insurance savings amount to just over SEK 1,320 billion. The occupational pension market can in turn be divided into traditional life insurance and unit-linked insurance and amounts to nearly SEK 3,960 billion.¹⁾ Unit-linked insurance accounts for close to 40 per cent, of which Avanza is active in the portion outside collectively agreed occupational pensions, which is valued at nearly SEK 890 billion.²⁾

Over 30 per cent of the savings market consists of direct investments in funds and equities, but occupational pension savings and individual pension savings are also largely comprised of fund and equity investments. This means that 80 per cent of the Swedish savings market is comprised of savings in equities.¹⁾

An estimated 80 per cent of the Swedish population saves in funds, either directly or indirectly through their pension savings. The Swedish fund market is characterised by low prices from an international perspective and historically high returns. The average annual fee for an equity fund in Sweden was 1.01 per cent in 2020.³⁾ This compares to the volume-weighted average fee that Avanza's customers pay for equity funds of 0.69 and 0.70 per cent for 2020 and 2021.

The share of the Swedish population that owns stocks has grown in the last five years and was 20 per cent in 2020. Interest in the market is rising among women. In 2020, share ownership tripled among women, though six out of ten shareholders are still men. Young people account for a growing share of equity ownership, a trend that goes back ten years.⁴⁾

The Swedish savings and insurance market is dominated by the largest banks and major pension companies. There are also a number of smaller players.

Avanza's position in the savings market

Avanza's share of the Swedish savings market as of 30 September 2021 was 6.6 per cent, while the share of the total net inflow to the market in the latest twelve-month period was 18 per cent.¹⁾

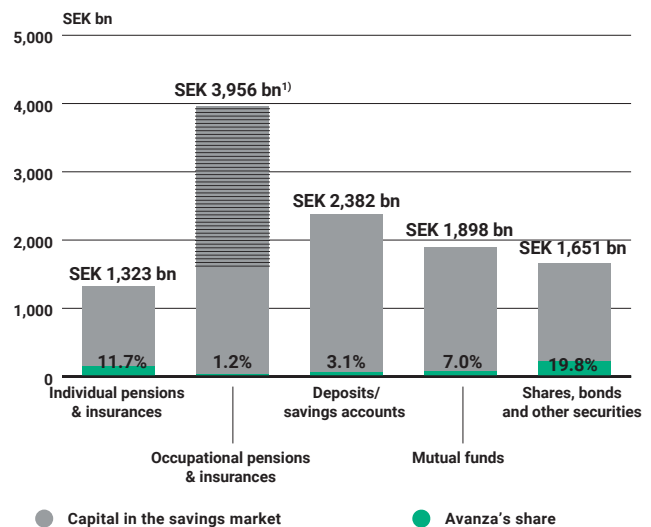
¹⁾ Statistics from the Savings barometer and Insurance Sweden are published with a lag; the latest refer to 30 September 2021.

²⁾ Based on numbers from Insurance Sweden as of 31 December 2020.

³⁾ Swedish Investment Fund Association, www.fondbolagen.se.

⁴⁾ Statistics Sweden and euroclear.com.

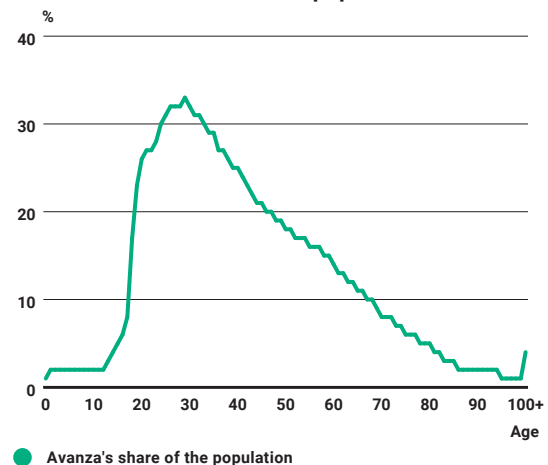
The Swedish savings market



¹⁾ Divided into traditional life (60%) and unit-linked insurance (40%).

Avanza's 1,660,100 customers correspond to a market share of 15 per cent of Sweden's population. Avanza's share is strongest in urban areas and among young people aged 20–39. For example, in the Stockholm area and among men it exceeds 40 per cent in the age categories 20–29 and 30–39.⁴⁾

Avanza's share of the Swedish population

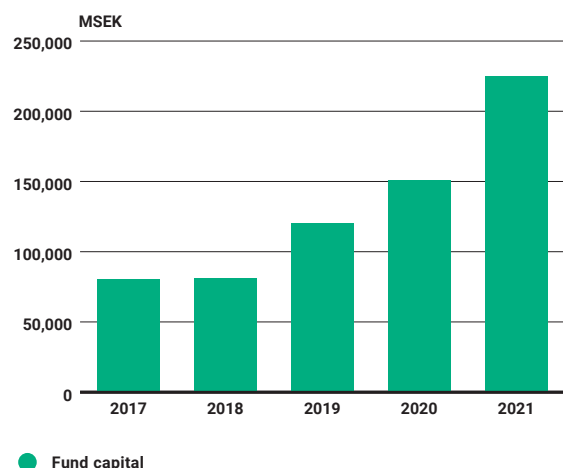


● Avanza's share of the population

Savings capital on Avanza's platform amounted to SEK 810 billion at year end, corresponding to a growth of 42 per cent in 2021. SEK 90 billion related to net inflow.

Fund capital on the platform was SEK 225 billion with a net inflow of SEK 33 billion. This gives Avanza a market share of new fund savings of 19.5 per cent⁴. Of the fund capital, just over 29 per cent was invested in Avanza's own funds, corresponding to a growth of 2.1 percentage points in 2021. During the year, Avanza Funds' share of the net fund inflow was 8 per cent, compared to its total market share of 1.2 per cent of the fund capital in the Swedish savings market.

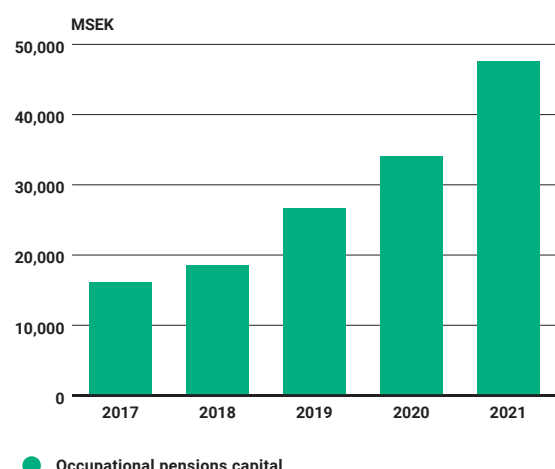
Fund capital with Avanza



● Fund capital

In the life insurance market, Avanza's share of the premium inflow for the twelve-month period was 12.3 per cent. This makes Avanza the leader in premium inflow in the competitive pension and life insurance market, including both occupational pensions and endowment insurance. Occupational pension capital invested with Avanza totalled SEK 48 billion at year end, corresponding to growth of 39 per cent for the year. The market share of the premium inflow to non-collectively agreed occupational pensions was 7.7 per cent for the twelve-month period. This makes Avanza one of the fastest growing occupational pension companies in the Swedish market.¹⁾

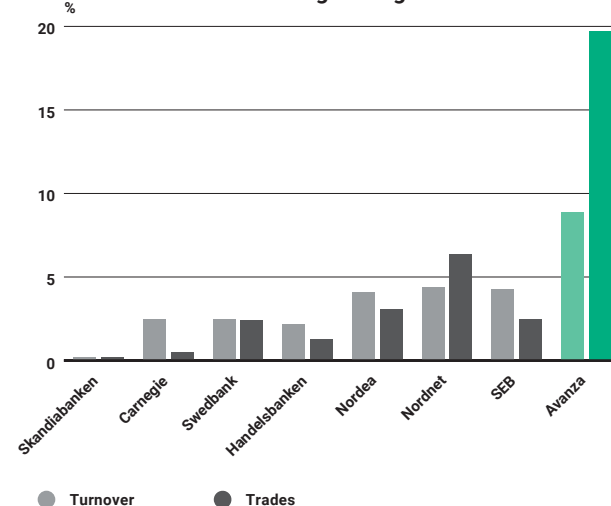
Development in occupational pension capital with Avanza



● Occupational pensions capital

In equity trading, Avanza in 2021 was the largest Swedish player on Nasdaq Stockholm including First North in terms of both number of transactions and turnover. Of the approximately 2 million equity investors in Sweden, 1 million were Avanza customers as of 31 December.

Market shares in stock trading among Swedish firms 2021



The Swedish mortgage market

Mortgage lending to Swedish households as of 30 September 2021 amounts to just over SEK 3,820 billion. The market is dominated by the four major banks, but competition from new mortgage providers has grown in recent years.²⁾

Average gross margins on mortgage loans have fallen due to the growing competition. However, for the last twelve-month period margins averaged 1.46, which compares to 1.35 in per cent in the corresponding period last year.³⁾

Avanza's position in the mortgage market

Avanza has since 2013 offered mortgages on a small scale to Private Banking customers, who are required to have at least SEK 3 million in total savings and a maximum loan to value ratio of 50 per cent. Only a limited share of deposits is used for lending. Since 2017, Avanza also has a broader external mortgage offer where it distributes other lenders' products via Avanza's platform. To date, Avanza offers mortgages from two lenders. To be more comprehensive, the offer has to be expanded to include loan to value ratios of up to 85 per cent and new loans for tenant-owned apartments.

Total mortgage volume amounted to SEK 30 billion at year end, of which SEK 10 billion related to internally financed lending. This means a share of the mortgage market of 0.7 per cent. The market share of the net change is higher at 2.9 per cent on an annual basis.²⁾

¹⁾ Statistics from the Savings barometer and Insurance Sweden are published with a lag; the latest refer to 30 September 2021.

²⁾ Statistics from Statistics Sweden as of 30 September 2021.

³⁾ Banks' margins on mortgages, Fi.se, refers to 30 September 2021.

⁴⁾ Swedish Investment Fund Association.

Opportunities in the savings market

The financial market is constantly evolving. Factors such as greater individual responsibility and growing interest in saving among the population, coupled with accelerating technological development, are placing high demands on the entire financial market. Avanza is agile with a scalable business model well-adapted to this shift.

Although Avanza already has a high market share among the stock-investing portion of the population, there is still good growth potential, especially among Sweden's fund owners. Everyone in Sweden with a bank account and who understands the importance of personal savings is a potential Avanza customer. For more information, see page 14.

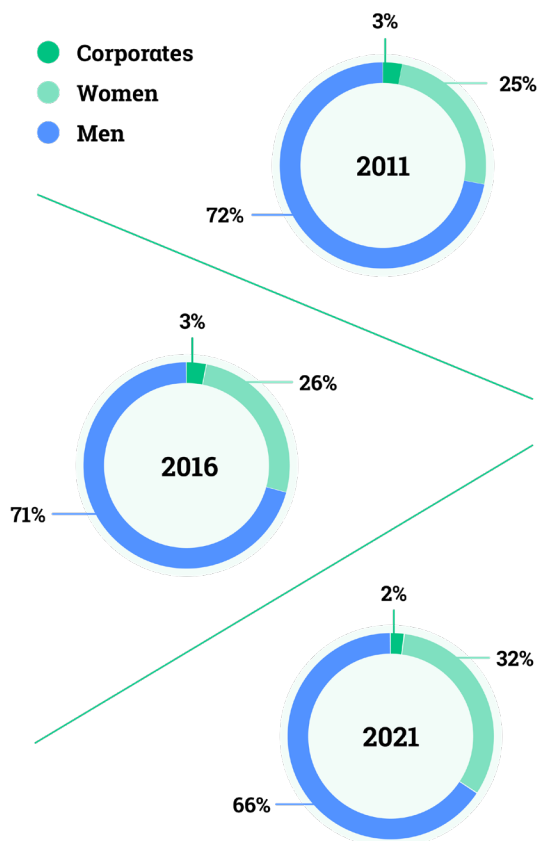
There are eight main trends that drive the market development.

1. Greater responsibility for personal finances

For some time, we have been moving toward a society where individuals are expected to take greater responsibility for their financial well-being. Most people need a buffer for unexpected events, a home purchase and retirement.

We also have a gap between men and women when it comes to savings. The development of a stronger savings culture among women is important not only for the individual women but for society as a whole, since women today have both lower lifetime incomes and live longer than men. Euroclear's report on equity ownership in Sweden shows a strong positive trend of the average holding among women. This growing interest among women is also evident at Avanza.

Share of female equity ownership at Avanza is increasing year after year



With occupational pensions and public pensions, most pensioners will receive about 60 per cent of their salary in retirement. Most women can expect a lower pension than that. Maintaining a standard of living in retirement therefore requires private pension savings. The need is high and is expected to remain that way, as long as the pension system is designed according to the current model and the gender wage gap persists.

Another example which shows the importance of personal savings is the structure of the housing market, where prices have been rising for years. This is mainly due to low interest rates and insufficient new construction, at the same time that demand has been strong. Approximately 60 per cent of the housing stock in Sweden currently consists of tenant-owned apartments, and it is mainly the Stockholm region that is driving this trend. At the same time that home prices have risen, household debt has as well. To mitigate the risks that come with a high level of debt in society, the Swedish FSA has taken a number of measures, including introducing a mortgage ceiling. While the ceiling is considered to have had a positive effect on debt levels, it has also contributed to higher thresholds in the housing market. All in all, this means that households that want to buy a home have to save more to afford the cash down payment. This is especially true to first-time buyers, and the situation is not expected to change.

2. Digitisation creates new conditions

The Swedish financial market is highly digital and most customers currently manage their banking and savings digitally. In addition, the full-service offerings of the major banks are being picked apart by niche players that focus on a single product or service and can maintain lower costs and prices. Taken together, the increasing digitisation is leading to a more mobile financial market with a greater selection and more price pressure on products and services.

On an international level, more firms, with different product ranges, are expanding and competing in the savings market. Payment apps such as PayPal and Cash App and neobanks such as Revolut have added trading in equities and crypto-assets. Crypto specialists such as Coinbase and BlockFi are launching debit cards, brokers such as Robinhood are launching debit cards and current accounts, and robo-advisors such as Wealthfront are introducing crypto exposure on their platforms, as well as debit cards and current accounts.

So-called Payment For Order Flow (PFOF), where a brokerage firm receives payment from a third party for directing customer orders to them, has also become more common internationally. With this business model, the brokerage firm does not charge a commission; instead they are paid for the order flow from a third party. The European Securities and Markets Authority (ESMA) has stated that this business model, in most cases and especially when the service is marketed free of charge, is incompatible with the Markets in Financial Instruments Directive (MiFID2), since PFOF creates a conflict of interest between the brokerage firm and its customers and could affect the spread between bid and offer prices, thereby giving the customer a worse price and hidden indirect cost.

While digitisation has increased competition in the market, the major banks in Sweden continue to dominate in most sectors. But with digitisation as an engine, this is likely to change as customers seek out the best price and user experience from different providers.

In addition to strong competition and simpler, less expensive products, digitisation has paved the way for new types of products on the financial market. One example is crypto-assets, where bitcoin and ether are the most widely talked about.

The EU Commission has been working for some time to strengthen the digitisation of financial products. In autumn 2020, a Digital Finance Strategy was presented in the EU. The strategy includes a review of the Payment Services Directive (PSD2) and the launch of the next step in Open Banking, called Open Finance. New rules have been proposed for the market in crypto-assets (MiCA) as well as a pilot programme where use of distributed ledger technology (DLT) can be tested. The hope is that it will be even easier for consumers to compare different financial products and switch to new providers. Another aim is to ensure that EU rules are adapted to a more digitised financial market. The strategy also proposes future regulations to strengthen cyber security.

Work is now underway within the EU to negotiate and implement the initiatives laid out in the strategy. Our view is that this will strengthen the conditions for further digitisation to the benefit of customers.

3. Increased transparency and stronger consumer protection

Not only have digitisation and transparency made customers more price conscious, but regulations have contributed as well, including MiFID2 and the Insurance Distribution Directive (IDD), which entered into force in 2018. This has clarified the reporting rules on the fees customers have to pay. In addition, the rules on conflicts of interest have been streamlined to prevent advisory fees and strengthen the concept of independent advice. This gradually increases the need for and range of products where the saver can find support to make their own investment decisions without commission-driven advice.

An extensive review of these rules has been launched and the EU Commission has laid out a strategy to strengthen non-professional investors, e.g. by simplifying participation in the securities market.

4. A strong and growing capital market

Work is underway within the EU to strengthen the European capital markets through the Capital Markets Union (CMU). The CMU consists of an umbrella of measures to provide small and medium-sized businesses greater access to capital and make it easier for European consumers to save and invest for the long term. Within the framework of the CMU, proposals will be presented to further promote the savings market. Although the Swedish capital market has come further than many others in Europe, the proposals presented within the framework of the CMU are also expected to have a positive effect for Sweden. Not least because it will be easier for capital to flow between EU member states when regulations are harmonised and clarified.

5. A more mobile occupational pension market

Most of the occupational pension capital outside the major collective agreements in Sweden is currently invested through insurance companies, which charge an annual volume-based fee of around 0.6 per cent of invested capital. This means that Sweden's pension savers pay several billion SEK in unnecessary annual fees. Money that could instead contribute to a better pension at a time when responsibility for pension savings increasingly rests with the individual.

Current pension transfer rights are constrained by high fees and overly complex, time-consuming administration for the individual. The government has for several years tried to simplify the transfer market in Sweden. In April 2021, a new law took effect that limits the fees charged on occupational pension transfers and allows savers to transfer unit-linked insurance policies to less expensive alternatives. The maximum cost is approximately SEK 600, compared to the previous percentage fee on total capital, which can be very expensive. Transfer rights so far cover only policies signed after 2007. Work is underway at the Government Offices, however, to give the majority of policyholders who today are not allowed to repurchase or transfer their individual unit-linked insurance the opportunity to switch providers. As proposed, the new rules will take effect on 1 July 2022.

At the same time, the transfer process remains complicated and time consuming and more work is needed to create a well-functioning occupational pension market, which Avanza is pushing for.

6. Wealth transfers across generations

Within a few years, several countries, including Sweden, will see a transfer of assets from older to younger generations. The big generation born in the 1940s and 50s has built up tremendous wealth and today owns a major part of the savings capital. This will affect many younger people in a positive way, and in the future impact the capital markets as well.

7. The financial industry's role in achieving the Sustainable Development Goals

The financial industry plays a key role if we are going to meet the UN's Sustainable Development Goals. The EU has therefore drafted an action plan to steer capital flows to sustainable businesses. The regulation on sustainability-related disclosures, which took effect on 10 March 2021, is part of this action plan and will force companies in the financial sector, in a standardised way, to disclose how they are addressing sustainability issues and how sustainability risks are integrated in investment decisions and client advice. This is in addition to the EU's Taxonomy Regulation, part of which applies as of 1 January 2022. This regulation will ensure that the financial sector applies uniform rules on which investments can be called green and sustainable.

Analysing savings from a sustainability perspective will become an important economic issue when corporate profitability is affected by changing consumer behaviours, stricter regulations and tougher climate laws. This will, in all likelihood, have a long-term impact on the companies and their share prices. The effect is accentuated by the financial industry's willingness to target capital to companies with a sustainable business model and a clear sustainability strategy.

8. A strong IPO market

The strong restart to the world's economies has also created high activity on the IPO market. In 2021, 137 companies had listed on First North, Spotlight, NGM and Nasdaq Stockholm. This compares to 2020, when the number of listings was 40 and 2019 with 37 listings. As a result, 2021 is ahead of the previous record year of 2017, which had 103 IPO's.¹⁾

The strong IPO market has also contributed to the growing interest in savings. Especially when well known companies such as Volvo Cars, Synsam and Kjell & Company go public.

Risks in the savings market

The Swedish financial market has performed strongly for some time with a high level of savings and more firms competing with lower prices. The risks to consider going forward are presented below.

Unexpected measures from central banks

For some time, central banks have been making massive asset purchases in the financial markets to guarantee liquidity. Interest rates have been kept at a low level as well. Since the financial markets have recovered after plunging in March 2020, the world's central banks have now gradually begun to wind down their purchases. While this process has been clearly communicated, there is a risk that the market will still react negatively due to concerns surrounding the changes.

Moreover, inflation has risen during the year and in many countries is well above the monetary policy target. The higher level of inflation is to some extent considered transitory due to the economic restart. At the same time, there are concerns in the market that inflation has risen because of more fundamental factors, which has created turbulence. We are also now nearing a point where interest rates will begin to rise. The Swedish Riksbank's own forecast indicates that the repo rate will not be raised until the second half of 2024.

Despite that central banks have been transparent about upcoming monetary policy adjustments, the market has reacted negatively with falling stock prices as a result, which could scare off savers and affect the mortgage market.

An economy that fails to recover

The coronavirus pandemic has dealt a severe blow to the global economy with shutdowns in both manufacturing and the service sector. Massive fiscal spending was introduced to mitigate the impact on growth and employment. The Swedish economy has developed well, but still has high unemployment compared to most of the EU member states. There is a risk that unemployment remains at an elevated level, reducing opportunities for savings. At the same time, the pandemic has underscored the importance of savings and a financial buffer.

Sweden was in good financial shape when the pandemic began and there was enough flexibility to take extensive action to support the economy. While the public finances have remained fairly good, there is a risk that international confidence in the Swedish economy could be adversely affected, which in turn could negatively affect the Swedish financial markets. The same applies to the rest of the world, where budget deficits and government debts are now rising. Since Sweden is a small, open economy, our financial markets could be adversely affected by potential debt crises.

Adjustments to tax levels

Investment savings accounts have been an important reason for the high savings rate in Sweden. In part because they have made savings easier to declare on tax returns and in part because it has become cheaper in many cases to save. Any adjustment to the tax levels on investment savings accounts and endowment insurance could negatively affect savings. Just as any change in the interest deduction on loans could affect the mortgage market and savings as a whole. The same applies to the reintroduction of a property tax. While a majority of the parties in parliament have been critical of raising the tax on tax-wrapper accounts and reintroducing the property tax, there is a growing interest in parliament in reducing the interest deduction on loans.

Market turbulence could scare off new savers

A number of stock markets around the world have performed strongly in recent years and new records have been set. This, coupled with the low interest rates, has made the stock market an attractive investment alternative and has attracted many new savers. In addition, new types of assets, such as crypto-assets, have attracted many young savers.

Now that the market turbulence has increased significantly, there is a risk that many inexperienced savers will be hit particularly hard. Some assets are extremely volatile. In the short term, it could significantly affect their personal finances; in the longer term there is the risk that they will not be willing to invest in the stock market and thereby miss out on the chance of a higher return.

Unconscious occupational pension transfers

The pension company AMF has been tracking occupational pension transfers for several years. Every survey has shown that a large part of those who choose to transfer their occupational pension do so without being aware. The latest survey, conducted in December 2021, showed that this applies to one third of all people. It also showed that a large part have wound up with a form of savings they actually did not want. AMF presumes that this situation often arises because the customer has been in contact with their bank or insurance company for another reason and received an offer of a lower price on a mortgage, for example, if they also transferred their occupational pension. The rules on packaging various financial products and services were tightened once the Mortgage directive took effect. This means it is no longer possible to package loans with other financial products and services. While this has had some impact, the problem remains that many people are not making conscious, rational choices for their occupational pensions.

¹⁾ Affärsvärlden, IPO guide, November 2021.

Avanza is an investment in growth and scalability

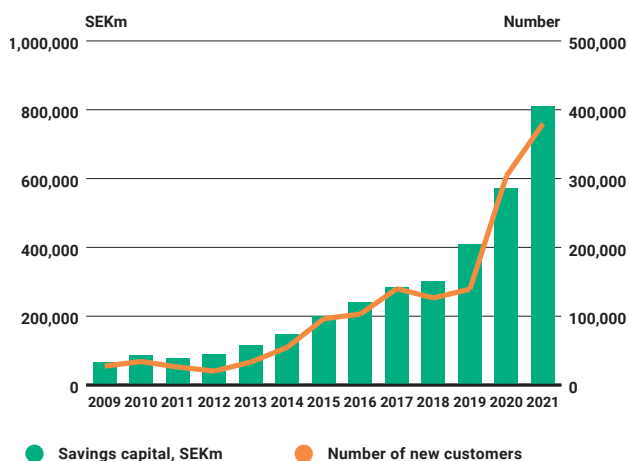
Record-high growth continued during the year as a result of the increased interest in savings, at the same time that the structural changes in society are placing greater responsibility on the individual for their personal finances.

Avanza maintains the strategy of cheaper, better and simpler offers with a focus on savings and investments. We shall work closely with customers and create an engaging user experience with smart and proactive tools to help them manage their finances. Here our culture and strong customer focus are essential to our success.

More customers and savings capital are driving income, and this creates shareholder value. In 2021, 379,800 new customers were added and the net inflow was SEK 90 billion, the highest figures in Avanza's history.

Avanza's share of the net inflow to the Swedish savings market during the period October 2020 – September 2021 was 18 per cent. This compares to the total market share of 6.6 per cent as of 30 September. The new target from 2022 is a market share of 10 per cent of the Swedish savings market by the end of 2025, which has been revised upward from nearly 7 per cent. Savings capital amounted to SEK 810 billion at the end of 2021.

Savings capital and new customers



Market conditions affect income

Avanza's income is greatly affected by market conditions, customers' trading activity, interest rates and changes in deposit and lending volumes. A strong stock market and high volatility tend to increase the willingness of customers to take on risk as well as their activity, while a more uncertain or downward market has the opposite effect. High volatility combined with uncertainty can at the same time make customers more hesitant and reduce activity. Low interest rates squeeze net interest income but create opportunities for high income from securities trading, since the stock market becomes a more attractive alternative. During periods of higher or rising market interest rates, Avanza's

net interest income increases at the same time that customer growth in stock trading may level off. The total sensitivity in Avanza's net interest income given a change in the repo rate of 1 percentage point, all else being equal, was over SEK 450 million on an annual basis at year end. The sensitivity in the event of a reduction in savings capital due to a downturn in the stock market is difficult to assess, as income is dependent on, among other things, how customers choose to invest their capital. The Riksbank's own forecast indicates that the repo rate will not be raised until the second half of 2024.

Structural trends and changes that benefit the savings market and Avanza

The increasing degree of digitisation, the intention behind existing and future regulations, and the structural changes that are now occurring in society probably benefit Avanza more than many other firms. There are eight main trends that affect growth potential.

1. The need to save is growing as greater responsibility is placed on the individual

The increased need in recent years for individual savings to buy a home, manage unforeseen events or for retirement is an important growth factor. The ambition is that our offer will attract broader target groups: experienced and established savers as well as new ones. Availability will be enhanced through improvements to our mobile offer. We also continue to develop offers in more niche areas to meet the needs of active traders.

A world-class user experience through a constantly improving and expanding offer also makes our existing customers more willing to transfer a larger share of their savings to Avanza.

Important to encourage more women to save

The growing interest in stock investing among women is positive for both the individual and society as a whole. At the same time, big differences still remain in how women and men save. During the year, Avanza increased its efforts to motivate and inspire more women to save. We regularly gather data on how women save and target them with special information campaigns.

Our view is that Avanza should be a natural platform for all savers. We are working to give them tools to make their own well-informed financial decisions.

Growing interest in savings

The growing interest in savings and a broader customer base are expected to lead to higher growth in fund savings than in stock trading. This should increase the share of recurring income and reduce income volatility over time. The number of people in Sweden who invest in equities has increased in the last 10 years and is around 2 million, half of whom are customers of Avanza.

As a result, there is still good potential to grow here as well, which customer growth and our market shares in recent years show. Brokerage income, which will always be volatile, strengthens Avanza's earnings when market conditions are right. This is evident in the strong customer activity in the last two years.

2. Digitisation is creating new conditions

Avanza's strong brand, user experience and high customer satisfaction are important strengths as new competition enters the saving market. Cost leadership, which enables us to keep our fees low, gives us a strong starting point. Scalability and cost control are prerequisites for both customer and shareholder value. The high cost effectiveness is illustrated by a costs to savings capital ratio of 12 basis points.

We have a wide range of over 70,000 investment opportunities. But due to increasing digitisation, the user experience is just as important as product range and price. The number of daily average active users on the platform were close to 500,000 in 2021, holidays and weekends included.

Our customer-centric culture and modern organisation are well-suited to capitalise on the opportunities that changing market conditions will mean going forward. It is an important reason why we do not plan too far into the future. Thanks to an agile organisation with cross-functional teams, which can deliver a wide array of products and services, and a modern technological platform, which facilitates simultaneous development in all channels, we have a time-to-market that is hard to beat and innovation capabilities that attract the highest competence in the industry.

Avanza has long been a distributor of a number of savings products from various providers and therefore is well-positioned for the many opportunities that will come with further digitisation, from both a business model perspective and a customer experience perspective. Outside collaborations will continue if they strengthen our offer and align with what our customers want. Here Avanza's strong distribution capabilities are a big competitive advantage to attract new partners.

3 & 4. More transparency and stronger consumer protection

For Avanza, the interests of customers come first. We have always focused on low prices with a long-term view and avoided commission-driven advice in favour of convenient tools on our platform to help customers save based on their personal needs. Avanza therefore is also well-positioned with respect to the rules on consumer protection and transparency on commissions and independent advice. Also, Avanza Pension is one of the few pension companies that does not pay commissions to insurance brokers. If new limits are placed on third party compensation in Sweden, there are concrete plans to take action and adapt the business model. Avanza respects clear and transparent pricing.

Market conditions are expected to continue to put a squeeze on prices in the industry and benefit consumers, especially in fund and insurance savings. This is likely to strengthen Avanza's position.

5. Strong pension offer creates good growth opportunities when transfers are simplified

Quality of life in retirement depends to a large extent on the investment decisions made today. A big push is needed in communication and education to increase awareness in the general population. Here, Avanza's spokespersons on savings and our

education channels in the form of blogs and podcasts play an important role. Avanza is still a relatively small player in occupational pensions, but the fastest growing.

Avanza's offer, without insurance-related fees, coupled with the breadth of the offer and our digital tools, is a strong competitive advantage as transfer rights for unit-linked insurance are improved. Through simple tools, we educate savers on pensions and the importance of fees, which means more money left over for them. Here the new technology and rules introduced in Open Finance will facilitate the development of more tools and services.

There are still big opportunities to further simplify the administration of pension transfers in the industry. Avanza continues to promote these changes.

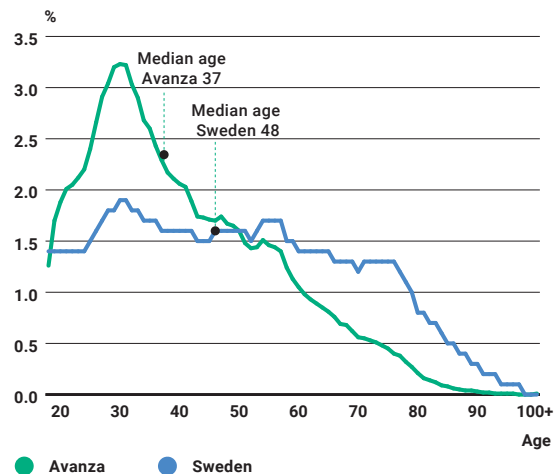
In occupational pensions, fund savings account for over 70 per cent, which as the pension business grows is also expected to increase the share of more stable income and reduce the sensitivity to market fluctuations.

To this point, only 7.7 per cent of our current customer base consists of occupational pension customers, which we see as further growth potential.

6. Wealth transfers to younger generations

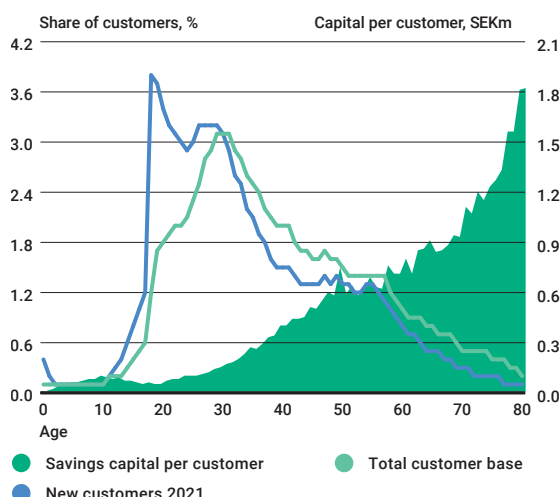
We have attracted a large share of younger customers in the last 10 years. While younger customers generally have fewer financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if we continue to create attractive offers and good reasons for them to stay with Avanza. This is especially true when it comes to wealth transfers from older to younger generations. Avanza will probably be positively affected by this. The churn in recent years has been under 2 per cent, which shows that very few customers are leaving us.

Age distribution Sweden's population and Avanza's customers



In addition, there is great potential in young savers who have learned about and become interested in the savings market at an early age. They have good opportunities to build their savings over time.

Age distribution and savings capital by age



7. We contribute to the Sustainable Development Goals by encouraging sustainable choices

Since the beginning, Avanza has sought to lower prices and educate the public about savings and investments. The user experience and our information and education programmes are important puzzle pieces as interest in and demand for sustainable investments grows. This also helps us attract a broader group of savers.

The new regulations which enter into force in the coming years will set the standard for disclosure of sustainability information, which in turn will improve the tools and the information on Avanza's platform.

8. A strong IPO climate

Our large customer base provides an attractive platform for cost-effective diversification, at the same time that our customers gain access to investment opportunities that otherwise are available only to institutions and a select few individuals. Avanza is a party to the most transactions on the Stockholm Stock Exchange.

Focus of investor meetings in 2021

In 2021, we had over 160 meetings with investors, the vast majority of which were held digitally. The following topics were mainly discussed.

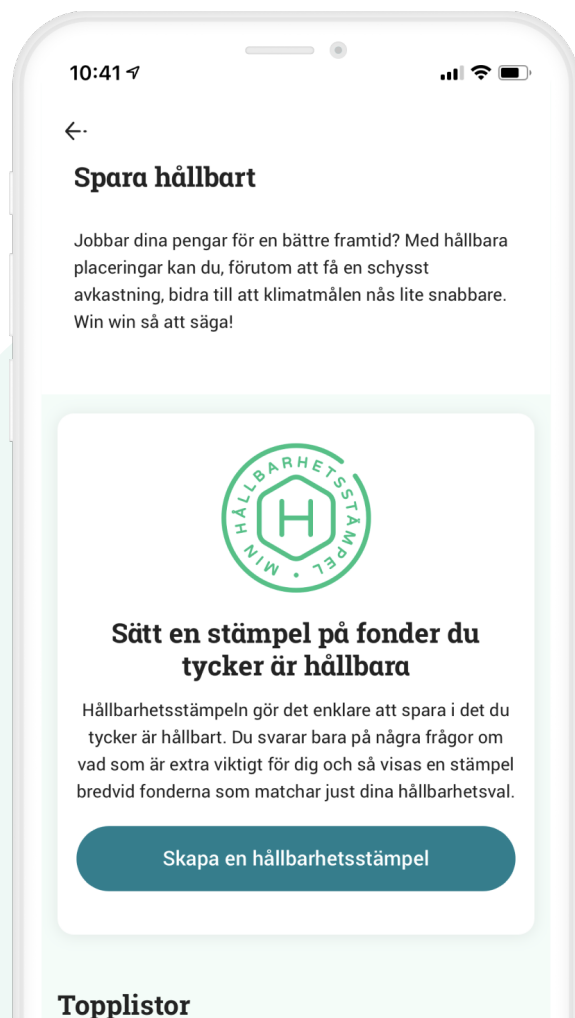
- **Avanza's growth potential in Sweden and question of when we will expand abroad.** Although we have had fantastic growth in recent years, we still see great potential in the Swedish savings market, especially our share of savings capital. It is not inconceivable that we reach a point where we feel it is the right time to expand outside Sweden, Avanza is a high-growth company, but at the same time we cannot downplay the importance of a strong, recognised brand to attract customers and their savings. Regulatory contexts and tax structures also differ, as do savings cultures. Up to now, our belief is that it is better to concentrate our resources on Sweden.
- **Our marketing strategy and whether it would be profitable to spend more.** Here our strategy is to create customer value and a better user experience with products that market themselves. For more information, see from page 28. The customer acquisition cost in 2021 was SEK 96 (102)¹⁾.

¹⁾ Marketing costs including SEM, affiliates, partners and other advertising divided with number of new customers.

- **What we can do to keep customer activity high.** Customer activity is a reflection of the general market conditions and volatility and turnover on the stock market. Our belief is that the best thing we can do for our customers is to develop good tools and to educate and inform them about healthy and long-term savings. Our most important long-term goal by far is customer satisfaction and maintaining our strong customer focus and culture. That's how we attract customers and make them good savers. In the long term, this contributes to activity and creates shareholder value.
- **The risk that commissions will be squeezed given what is happening in the U.S. market.** Commissions in Sweden are at such levels that there are other factors our customers value, i.e. user experience, information and tools. At the same time, the rules differ in the US and Europe. Selling order flows, which is done by many firms that do not charge commissions, conflicts with a number of key consumer protections in the MiFID2 directive such as best execution, conflicts of interest and incentives. As a result, payment for order flow in most cases probably is not compatible with the directive.
- **Fund commissions and a possible ban on distribution compensation, and an eventual platform fee.** There currently aren't any proposals to ban commissions, and it wouldn't happen overnight. If a ban eventually were introduced, we have concrete proposals to modify our business model. It has to be remembered at the same time that Sweden has a well-functioning model when it comes to distribution fees, and low fund fees from an international perspective. A platform fee would hurt customers who mainly invest in low-fee funds.
- **The mortgage offer and more partners.** Our mortgage offer is an important piece of the puzzle as we grow. The aim is that this growth area will eventually also create more stable income. We would prefer to see a broader mortgage platform with more competition. We have to expand our offer partly for higher loan to value ratios to better accommodate our young customers and add new loans.
- **Development regarding pension transfers.** We are seeing increased interest in transferring occupational pensions to Avanza since April, but a transfer still takes far too long. With respect to net occupational pension flows during the year, a growing share was accounted for by transfers. We also have a large number of ongoing transfers. Greater public awareness is still needed in the pension area, however, to inform savers of what fees do to their capital.
- **Whether an operating margin of 74 per cent is consistent with the customer promise or whether price cuts wouldn't create additional growth.** While Avanza's business model is built on scale and a high operating margin, this does not mean that the customer promise – more to you and less for the bank – does not apply. The customer promise comprises both low price and good decision support. We cut a number of prices during the year, at the same time that we have developed and improved our decision support and analysis tools on the platform. Prices have to be cut where they do the most good, both for customers and for Avanza's further growth. We are constantly looking at how we can develop and improve our offering.

What does sustainable mean to you?

In conversations and interviews we have noticed that what one person means by sustainable doesn't necessarily apply to others. Some people may feel most strongly about environmental issues, others about corporate governance and others still may simply want to avoid investing in certain industries. We have therefore created the Sustainability Label, which makes it easy to save in whatever you think is sustainable.



Our success requires listening to customers

The longevity of Avanza's business is tied to our ability to deliver what our stakeholders want. Listening to our customers and meeting their needs improves our offer and gives us new perspective.

Key focus areas are identified in dialogue with our stakeholders

Avanza's most important stakeholders from a business standpoint are customers, employees and owners. In addition, there are partners, suppliers, media, authorities and legislators. By maintaining an open dialogue, we find out what is important to them. The areas that customers, employees and owners all stress are transparency, innovation, user experience and availability, and IT security – but most importantly our strong customer focus. There are also other areas more specific to each stakeholder group, which is illustrated on the next page. These are important parts of our strategy and development, and encompasses the entire organisation without limitations.

A close dialogue has helped us to have the most satisfied savings customers for twelve consecutive years

We dialogue with our customers by phone and email, through social media, personal meetings and surveys.

We regularly send out customer surveys, both general in nature and for more specific products, tools and functions. Prior to new launches, several steps are taken. We conduct customer interviews and user testing and also go back to look at years of feedback on old pages and functions. In addition, we review quantitative data on how customers interact with the page. In the next phase of major changes, we release a beta version to a small number of customers to get feedback on the new pages in a real environment and make additional adjustments. Customers can choose themselves whether they want to test out the new functions.

Our customers are highly engaged, which also means that we get feedback through tens of thousands of messages to our customer service, Twitter comments and app reviews. On the site we also have a tool called "Feedback Buddy," where customers can leave comments directly to the development teams.

Each year we have surveys on the range of products and services we offer, including an open question on what would make Avanza perfect. In 2021, three such surveys were conducted.

After a call to customer service, we send out a digital survey to make sure we have provided the best possible service. This allows us to continuously measure customer satisfaction, ensure that we receive feedback and get back to customers if needed.

While many of us receive feedback from customers, we have a dedicated employee in customer service who coordinates and continuously passes on customers' views and suggestions to product teams and management. Improvements are made to our offers on a weekly basis through updates on the site and in apps and infrastructure largely based on responses from customers and changes in user preferences.

All this, together with our market analysis, is important to improving the offer.

An open work environment and creative dialogue encourage employee engagement

Our employees are driven by our vision and by creating change. At the same time, they want to feel that they are developing professionally and having fun. An open work environment is essential to capitalise on ideas and create engagement, which increases our innovative capacity.

We track how employees feel about the work environment through anonymous and quick pulse surveys. They are conducted three times a year and focus on the work environment, leadership and engagement and have a response frequency of around 90 per cent. The surveys identify what is working and what is not, and whether we are improving over time. Employees are also encouraged to discuss what they feel needs to improve or change to make them happier and more engaged. The pulse surveys also gauge employees' motivation and how they feel about coming to work. The results are followed up in workshops within each department.

Performance reviews conducted over the course of the year between employees and their managers provide information on needs, opinions and desires, and are an opportunity to monitor and discuss each person's development and performance. Well-defined goals strengthen motivation.

We also have a process to monitor new employees during their first three months to ensure that their expectations regarding leadership, culture and the work they are doing have been met during this initial period.

When an employee leaves the company, we conduct an exit interview. This includes an anonymous survey to identify signals and information on why employees decide to leave and why we may not have succeeded in meeting their expectations. This is an important way to get an honest opinion on Avanza as an employer, our leadership and whether the individual felt they could impact their work situation. The conversations are held by HR, which compiles a semiannual report for management on suggested improvements.

Besides the day-to-day communication, there are a number of ways we strengthen this dialogue and ensure that our employees are heard. We hold monthly roundtable lunches where employees from different departments meet with the CEO and other senior executives to discuss suggestions and ideas, ask questions and voice opinions. Monthly meetings bring the whole company together to present what is going on in the business and provide an opportunity to ask questions directly to Group Management and the CEO. During the pandemic, they have been held virtually.

Our open office concept creates a closeness which, along with an unpretentious culture, is designed to foster internal dialogue.

Transparency to create understanding and give a fair view of Avanza to our owners

We regularly communicate with owners and potential investors face-to-face and by email and phone. In addition to our financial reports and press releases, we publish monthly statistics and have historical financial data from 2001.

In 2021, we held over 160 meetings with investors, most of which were held digitally. In addition, Avanza took part in several digital roadshows and investment seminars. We dialogue regularly with the analysts that follow Avanza.

Owners and investors want transparency and availability to understand the decisions that we make, our financial reporting, as well as the industry as a whole. We strive to be as transparent and available as possible to give investors an accurate picture of Avanza. Through this dialogue and communication, and by listening to opinions, we also try to build trust among owners and analysts. Reporting and information disclosures will reflect our progress in meeting targets and priorities while facilitating thorough analysis and well-informed investment decisions.

What our stakeholders want and the main topics we discuss

Important for all stakeholders

Strong customer focus, user experience and availability, IT security, transparency, and innovation

Specific among customers

- Simpler and smarter tools & decision-making support
- Easy to navigate website and app
- High service level
- Broader product range & continuous product development
- Low prices

More about customers on pages 28–30.

Specific among employees

- Live our vision
- Strong culture & good leadership
- Stimulating work environment with good development opportunities
- Have fun at work
- Equality in the workplace

More about employees on pages 32–36.

Specific among owners

- Growth
- Scalability & cost efficiency
- Increasing stable income
- Low risk taking
- Performance on targets
- Strong ownership

More about owners on pages 16, 38–39.

Performance review on material analysis

Material aspects	Evaluation criteria	Page
Strong customer focus	Customer satisfaction and cheaper, better and simpler offering	28–30
User experience	Customer satisfaction and average daily active users	15, 22
Availability	Platform availability	40
IT security	Substantiated complaints concerning breaches of customers' integrity	40
Transparency	Transparency in supply, prices as well as in financial reporting	8, 19, 28–30
Innovation	Product development and efficiency	18, 20, 28–30, 32

Our vision is to create a better future for millions of people

We want to give our customers good tools and encourage and inspire them to save sustainably. Through continuous innovation, with a focus on what's best for the customer, we build trust and generate growth. Our aim is to create the best tool for our customers to successfully manage their finances.

A business model built on customer focus and scale

The business model is built on scalability. Strong customer growth, combined with the market's lowest costs to savings capital ratio, creates long-term growth in income and facilitates further development.

1) The inflow of savings capital is driven by new and existing customers, which places great importance on customer satisfaction. Throughout Avanza, there is a very strong focus on doing what's best for our customers. Satisfied customers are good ambassadors, talk about us, recommend us to others and want to stay with us.

2) The income to savings capital ratio is a result of our pricing strategy to make the offer more attractive. It is also due to market trends, including changing customer behaviours, the savings mix, market conditions, trading activity, and not least the interest rate environment. Interest rates were raised in 2020; at the same time, customer growth and activity have been record high since then, and consequently revenues have grown.

Income is mainly transaction-based even though the share of fund commissions has grown significantly in recent years, in line with Avanza's aim to reduce income volatility.

3) To deliver shareholder value and at the same time meet our promise to customers, cost effectiveness is critical. Our business is built on scale, and our success in this respect is illustrated by the declining costs to savings capital ratio.

Our strategy is to do it cheaper, better and simpler

We follow a strategy to continuously improve our offering to be cheaper, better and simpler. We concentrate on three areas to achieve this: Customer Focus och Innovation, Scalability & Efficiency, as well as Sustainability.

The key to Avanza's strategy and success is our employees. Our corporate culture draws its energy from a willingness to create change. The culture is important if employees are going to thrive, feel engaged and develop. We place great importance on maintaining a strong culture where everyone is encouraged to think in new ways, challenge and come up with new ideas. It is also characterised by collaboration and humility.

We are convinced that satisfied customers, along with engaged employees who enjoy going to work, create long-term value and, as a result, satisfied shareholders.

Customer focus

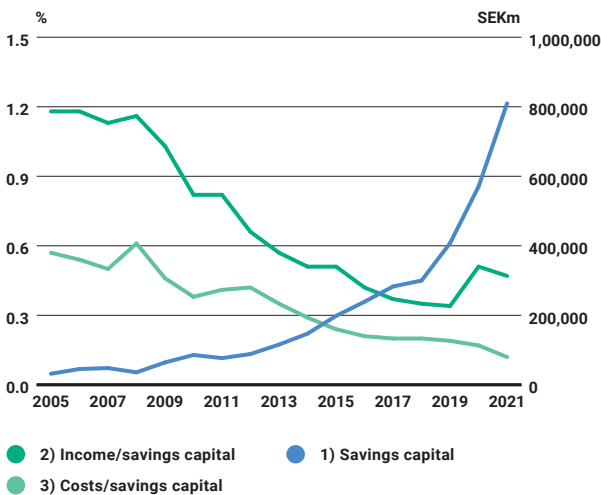
Avanza's business is built on a strong customer focus and high service level. Doing what's best for our customers is central to everything we do. We want to offer a world-class user experience with a broad range of products and services. We believe our customers can make the best decisions and do not offer investment advice. Instead we provide information, education and decision-making tools to help them make the right investments.

Innovation, Scalability & Efficiency

Customer focus and an attention to their needs is integral to our product development. We see all employees as potential product developers. Development is delegated to autonomous teams with cross-functional competencies and expertise in their areas. This, coupled with a modern technological platform, facilitates a highly competitive innovation rate and simultaneous development in all our channels. By concentrating our business and development on areas where we are, or can be, the best, we create the most value for our customers.

Innovation is also important from a cost perspective. Scalability and efficiency allow us to maintain cost leadership. Continuous improvements to our systems also enable us to quickly respond to changing customer preferences. We work tirelessly to eliminate old technology that could slow development. We continuously evaluate new technology and update and modernise our systems. Our technological platform is among the industry's most modern. The strategy is to never put ourselves in a dilemma with old systems and to continuously automate and simplify our processes. By not planning too far into the future, we stay flexible and can respond to what happens around us. We update the site and apps with improvements and new functions on an ongoing basis, with at least one new release a week.

Timeless business model built on scale



Our systems provide stability, large capacity and economies of scale and enable us to deliver high quality.

Sustainability

We want Avanza to be the obvious choice for those who save sustainably. Since the start, we have worked to reduce prices, educate the public on saving and investing, and promote gender equality. The environment and social engagement have become increasingly important to sustainable development and business. Our sustainability work is focused on three areas.

Sustainable investments

Our ambition is to facilitate and inspire sustainable savings. An important part of making financially sustainable investment decisions is transparency, where prices and fees are clearly spelled out and where it is easy to understand each product. In our own funds, sustainability aspects are implemented according to the opt-out principle. For more information, see pages 26–27.

Educate & Challenge

We want to be the obvious choice for those who want to learn more about personal finances and sustainable savings. By educating, driving opinion and challenging convention, we want to create opportunities for more people to be financially empowered and inspire them to invest more in sustainable products. Contributing to greater equality in savings is a key element in our sustainability work. Our customers have SEK 810 billion in savings capital with Avanza, and through information and inspiration we can do more to encourage sustainable choices. We want to drive development toward a sustainable financial market. For more information, see pages 26–29.

Sustainable organisation

We operate in an industry built on trust and shall ensure good governance and control. We work actively to increase gender equality and diversity. We also strive to create a sustainable office through a healthy work environment and by reducing our resource and energy consumption. For more information, see pages 25 and 32–36.



Targets and outcomes

Growth is an important element in our business model. Performance on targets is therefore primarily measured by customer satisfaction, where our employees play a key role. In early 2020, we launched new long-term targets for 2025. After the very strong growth, these targets have been revised higher. The sustainability targets have been adjusted as well.

TARGET	PERFORMANCE ON TARGET	COMMENT																		
Customer satisfaction																				
<p>Annual target: Sweden's most satisfied savers according to Swedish Quality Index (SQI)</p> <p>The target is unchanged</p>	<table border="1"> <caption>Customer satisfaction according to index</caption> <thead> <tr> <th>Year</th> <th>Customer satisfaction according to index</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>75</td> </tr> <tr> <td>2018</td> <td>72</td> </tr> <tr> <td>2019</td> <td>78</td> </tr> <tr> <td>2020</td> <td>78</td> </tr> <tr> <td>2021</td> <td>75</td> </tr> </tbody> </table>	Year	Customer satisfaction according to index	2017	75	2018	72	2019	78	2020	78	2021	75	<p>Avanza's most important target is to win the SQI's annual award for "Sweden's most satisfied customers" in the savings category. In 2021, Avanza won the award for the twelfth consecutive year. The study is done in the areas of image, expectations, product quality, service and affordability, which lead to customer satisfaction and loyalty.</p>						
Year	Customer satisfaction according to index																			
2017	75																			
2018	72																			
2019	78																			
2020	78																			
2021	75																			
Employee engagement																				
<p>Annual target: Employee Net Promoter Score of at least 50</p> <p>The target is unchanged</p>	<table border="1"> <caption>eNPS according to index and Target</caption> <thead> <tr> <th>Year</th> <th>eNPS according to index</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>35</td> <td>50</td> </tr> <tr> <td>2018</td> <td>45</td> <td>50</td> </tr> <tr> <td>2019</td> <td>55</td> <td>50</td> </tr> <tr> <td>2020</td> <td>70</td> <td>50</td> </tr> <tr> <td>2021</td> <td>67</td> <td>50</td> </tr> </tbody> </table>	Year	eNPS according to index	Target	2017	35	50	2018	45	50	2019	55	50	2020	70	50	2021	67	50	<p>Satisfied customers requires engaged employees. eNPS shows how willing our employees are to recommend Avanza as a place to work. The score for 2021, which was measured three times during the year, was 67. A result over 40 means the highest score. The target is indicative of a high level of ambition in this area and how seriously we take our employees' well-being and work situation.</p>
Year	eNPS according to index	Target																		
2017	35	50																		
2018	45	50																		
2019	55	50																		
2020	70	50																		
2021	67	50																		
Long-term value growth																				
<p>Annual target: Dividend of at least 70 per cent</p> <p>Updated target 2025: Dividend of 70 per cent of net profit for the year taking into account the leverage ratio requirement, including the Pillar 2 guidance and internal buffer</p>	<table border="1"> <caption>Dividend payout ratio, % and Policy, %</caption> <thead> <tr> <th>Year</th> <th>Dividend payout ratio, %</th> <th>Policy, %</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>85</td> <td>70</td> </tr> <tr> <td>2018</td> <td>90</td> <td>70</td> </tr> <tr> <td>2019</td> <td>75</td> <td>70</td> </tr> <tr> <td>2020</td> <td>45</td> <td>70</td> </tr> <tr> <td>2021</td> <td>70</td> <td>70</td> </tr> </tbody> </table>	Year	Dividend payout ratio, %	Policy, %	2017	85	70	2018	90	70	2019	75	70	2020	45	70	2021	70	70	<p>The proposal for 2021 is a dividend of SEK 9.20 (3.80) per share, corresponding to a dividend ratio of 70 (44) per cent. For the financial year 2020 the dividend was paid out on two occasions, the second coming after the Swedish FSA decided during the fall not to extend its recommendation regarding restricted dividends due to the pandemic.</p> <p>In 2021, a leverage ratio requirement of 3 per cent was introduced, which affects both the consolidated situation and the bank. In addition, we will get a Pillar 2 guidance from the Swedish FSA. The target is still to distribute 70 per cent of profit, but going forward consideration will also have to be given to the leverage ratio requirement. To strengthen the leverage ratio and optimise the capital structure, Avanza plan to issue Additional Tier 1 capital in 2022.</p>
Year	Dividend payout ratio, %	Policy, %																		
2017	85	70																		
2018	90	70																		
2019	75	70																		
2020	45	70																		
2021	70	70																		

TARGET

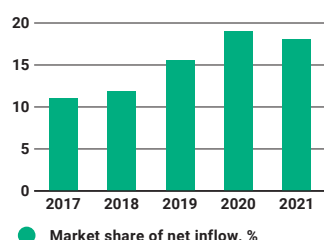
PERFORMANCE ON TARGET

COMMENT

Long-term value growth, continuation

Target 2025:
A market share of at least 15 per cent of the total net inflow to the Swedish savings market

The target has been eliminated. A strong net inflow is part of reaching the overarching market share target

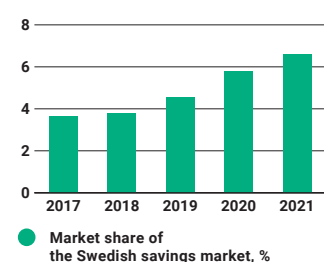


To ensure a good growth rate, net inflow is essential. During the period October 2020 – September 2021, our share of the total net inflow was 18 per cent. The statistics are published with a lag.

The target of a 10 per cent market share of the Swedish savings market in 2025 requires a strong net inflow and continued targeted development with a focus on creating customer value, both to continue to attract new customers and to make current customers willing to transfer more of their savings to Avanza.

Target 2025:
A market share of nearly 7 per cent of the Swedish savings market

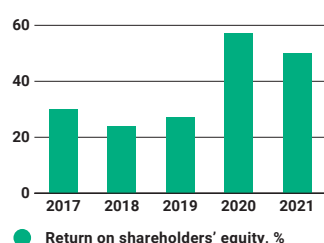
Updated target 2025:
A market share of 10 per cent of the Swedish savings market at the end of 2025



There is a strong correlation between growth in savings capital and growth in income. Avanza's share of the Swedish savings market as of 30 September 2021 was 6.6 per cent. The statistics are published with a lag.

Annual target:
Return on shareholders' equity of 25–30 per cent

Updated target 2025:
Return on shareholders' equity of at least 35 per cent



The return on shareholders' equity was 50 per cent in 2021.

Our return on equity target ensures a continued focus on profitability and effective management of the balance sheet.

New target 2025:
Maximum annual costs to savings capital ratio of 12 basis points over time

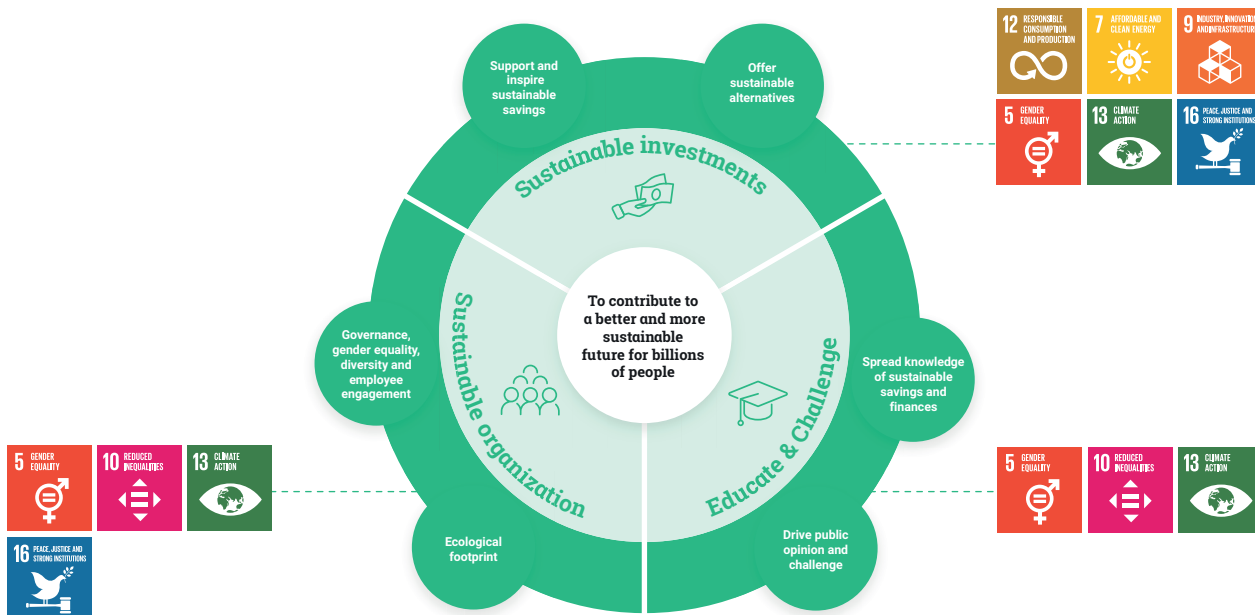
Cost effectiveness is an important part of our profitability focus and a costs to savings capital ratio of 12 basis points should be seen as a ceiling where the ambition is to be even lower. The measure could be affected by market fluctuations, which may impact the ratio negatively in certain years.

We will always focus on improving the customer offering. This applies in good times and bad. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million.

Our sustainability targets

We want to contribute to a better and more sustainable future for millions of people and drive the development of a sustainable financial market. We have targets to measure the effects of our sustainability work. This means creating opportunities for a better financial situation for each and everyone and encouraging more sustainable investments. We also work actively for gender equality in savings.

Agenda 2030 and the UN’s Sustainable Development Goals create a framework for the entire world’s efforts to promote sustainable development. As a company, we can contribute to the goals by driving Avanza in a sustainable and responsible direction. A number of the 17 Sustainable Development Goals have inspired us when setting our own sustainability targets.



TARGET COMMENT

Sustainable investments

Increased share of capital in sustainable investments

Reformulated target:

Strengthen the sustainability value in customers’ investments

Avanza is a savings platform and the aim is to provide a wide range of alternatives. Avanza does not offer investment advice, but tries to inspire customers and make it easy to invest sustainably through clear information, decision support and education. During the year, Morningstar’s sustainability rating for fund investments among Avanza’s customers decreased from 21.7 to 20.2. The ratings are given on a 0–100 scale, where the goal is as low a score as possible. The share of capital in funds with three or more Morningstar globes was 82 per cent, see more on page 124.

Educate & Challenge

Be seen as the leading sustainable brand and the natural choice for sustainable savings and increase the share of women to 50 per cent of new customers

New target:

Increase gender equality in savings

Avanza’s reputation as a company is a sign of quality and public confidence. The goal is to be the company in the financial industry with the highest reputation, which is measured once a year in KantarSifo’s reputation index. The goal was reached for 2021.

The number of new female customers was record high in 2021 and the share of new female customers increased.

We work actively to reach broader target groups and promote savings among women. Today women save less, have lower savings capital and begin to save later. We want to help change this. The share of women on Avanza’s platform is currently 37 per cent, at the same time that their share of savings capital is 27 per cent.

New customers	2021	2020	2019	2018	2017
Share of women, %	41	39	43	40	38

TARGET	COMMENT
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Sustainable organisation

Organisation with parity between women and men and become climate positive

We firmly believe that an organisation that champions gender equality contributes to a better corporate culture, makes Avanza more dynamic and creates a better understanding of the market and its development. The target is measured in Group Management and among managers with personnel responsibility. Read more about our work on pages 32–36.

We shall be a climate-smart organisation that monitors our carbon footprint. Each year a climate report is prepared with the help of an independent analysis tool based on the methodology used in the Greenhouse Gas Protocol (GHG Protocol). This year's emissions amounted to 366 tonnes CO₂e. Our aim is to improve the analysis, and this year it was improved to include additional waste and district heating. The increase in 2021 is mainly due to purchased IT equipment. For 2021 climate offsets of 366 tonnes CO₂e were purchased.

New target:

Climate neutrality

In 2022, Avanza will submit a letter of intent to set a Science Based Target (SBT). The concrete target for cutting emissions and the year when it will be achieved will be set at acceptance by SBT.

Gender equality	2021	2020	2019	2018	2017
Share of women in Group Management, %	44	44	44	56	50
Share of women among managers with personnel responsibility, %	46	49	47	44	38

Emission per activity, tonnes CO ₂ e	2021	2020	2019	2018	2017
Business travel	4.2	2.3	65.7	29.5	18.3
Third party deliveries	0.2	0.8	–	–	–
Company-owned/leased vehicles	0.1	0.6	1.0	6.5	14.7
Electricity and heat	28.0	4.4	5.7	6.2	5.8
Office supplies	12.8	40.0	12.1	10.7	14.9
Suppliers of server services	9.7	7.0	20.9	26.6	8.7
Materials purchased	298.3	208.0	119.0	–	–
Waste	12.4	–	–	–	–
Total	365.7	263.0	224.4	79.4	62.4

Sustainability in the savings capital

Avanza is a platform with a broad range of options. We do not control how customers invest, but we can make it easier and inspire them to save sustainably through a wide range of sustainable alternatives and clear information.

Strategy to achieve sustainability in the savings capital

Our sustainability work when it comes to customers' savings is focused on sustainable investments and educating them about sustainable savings. Through the media and education, we build interest and engagement. The platform, blog and Avanza Academy have sections on saving sustainably, and our podcast has interviewed a steady stream of experts on sustainability related topics. By educating and informing customers about sustainable choices, we can together play a part in steering capital to sustainable companies, which is a key factor for achieving the UN Sustainable Development Goals and the Paris Agreement's climate targets. ESG screening your savings is also an important economic issue given that corporate profits are increasingly being affected by climate change, stricter regulations and climate laws.

It has to be easy to invest sustainably

One of Avanza's sustainability targets is to increase the share of capital in sustainable investments. For savers, it is not always easy to determine how sustainable a fund is, or how ambitiously a company is working with sustainability issues. To make it easier for them to identify sustainable investment alternatives, we have over the years developed and implemented a number of tools and made a variety of sustainability data available on the platform. These tools include the Sustainability Label, Morningstar's Green Leaf and Globes, the Nordic Swan ecolabel and the Sustainability indicator.

Many people find it hard to invest sustainably, at the same time that personal opinions play a role. We therefore developed the Sustainability Label, which lets customers decide what sustainability means to them personally based on four areas: Environment & Climate, Controversial Industries, Social Responsibility and Corporate Governance.

Another example of a tool for sustainable savings is Morningstar's Green Leaf label, which is only given to funds with holdings in companies with less exposure to fossil fuels and low carbon risk. The analysis is done by Sustainalytics at a company level.

The Nordic Swan ecolabel, which was added to the fund list this year, is an assurance that a fund is working ambitiously with sustainability. It is the official ecolabel of the Nordic countries, and was established by the government as an unaffiliated non-profit.

The ESG score for funds is based on a scale of 0–100, where a lower score means a lower sustainability risk. Morningstar determines the score based on an analysis by Sustainalytics. Morningstar's Globes are another way to find sustainable funds using a score. Based on how the holdings in the funds manage ESG risks relative to other funds in the same global category, they receive up to five globes, with five globes meaning the lowest ESG risk.

A lot is happening in the sustainability area, not least in terms of regulation, because of which companies are getting better at sustainability reporting and the reporting is becoming more uniform. Sustainability data on the platform is constantly being improved.

Avanza's own funds and sustainability in their management

When Avanza launches its own funds, it is to fill the gaps we see in the fund market. We also want to inspire to more sustainable investments.

Avanza Fonder's funds of funds promote environmental and social characteristics and have been classified according to Article 8 of the Disclosure Regulation as light green funds. Sustainability aspects are implemented primarily by including light and dark green funds, i.e. funds that meet the requirements in Article 8 or 9 of the Disclosure Regulation, and excluding firms with large sustainability risks. The funds of funds exclude funds that invest in companies that violate international norms and conventions on the environment, human rights, labour and business ethics, such as the UN Global Compact and the OECD's guidelines for multinational enterprises. The funds of funds also have restrictions on how much the companies in their underlying funds can generate turnover from coal. Management also includes a dialogue on the sustainability work of the underlying funds. The purpose is to influence the external managers' sustainability work and reduce sustainability risks in the funds.

The Avanza Zero Index fund's objective is to track the benchmark SIX30 Return Index, which screens out companies with turnover from controversial weapons and companies that violate international norms and conventions (such as the UN Global Compact) on the environment, human rights, labour and business ethics (so-called norm-based screening). Companies can be excluded if they do not take measures to address identified problems. Avanza Fonder votes at general meetings for its direct holdings where it considers it a benefit to the fund's investors and dialogues with selected companies to better understand their sustainability related challenges and risks.

The Avanza Sverige fund, which was launched during the year, tracks a new index that we developed together with Morningstar, the Morningstar Sweden Sustainability Select 70. It consists of up to 70 companies in various sectors with the highest sustainability rating. In this way it includes companies that according to Sustainalytics have the lowest sustainability risks in each sector.

Management of the feeder funds Avanza Global, Avanza Emerging Markets, Avanza USA and Avanza Europa is handled collaboratively with Amundi. They are active owners who dialogue with their companies and vote at general meetings. The feeder funds replicate two types of indices: a broader index that

primarily works with exclusion and a narrower SRI index with extensive sustainability work.

The feeder fund Avanza World Tech by TIN is a collaboration with TIN Fonder. This is an actively managed equity fund focused on global technology companies as well as companies with a sustainability orientation. The sustainability work consists of investing in companies that contribute to a better world and are trying to reach the UN's Sustainable Development Goals with a focus on environmental technology, resource efficiency and simulation, security and personal integrity, dematerialised growth and healthcare. The opt-out principle is applied as well.

Avanza Småbolag by Skoglund is focused on Swedish small-caps with sustainable business models, where the sustainability shift in society is an investment theme for the fund. Another important element is to avoid companies with high sustainability risks. The master fund excludes companies based on established sustainability criteria and the master fund company is an active owner.

Avanza Fonder AB has signed the Principles of Responsible Investments (PRI), an independent standard developed by the UN to promote sustainable investing. Six principles have been established that signatories adopt in their sustainability work. The principles cover among other things incorporating ESG criteria in investment decisions and ownership policies, reporting sustainability work and implementation of the principles. All underlying funds and the management companies that Avanza's funds of funds invest in must also adopt the PRI.

Reporting according to the EU Taxonomy

On 1 January 2022, the EU's Taxonomy regulation took effect. The regulation contains requirements to disclose the extent to which a company's activities are associated with environmentally sustainable economic activities according to the definition in the Taxonomy. The disclosure requirements are gradually being introduced beginning with the financial year 2021. For Avanza, this means that we are reporting how large a share of the assets on our balance sheet are taxonomy eligible at a consolidated level. The table is based on the Swedish Bankers' Association's template.

	Share of total assets, %
Taxonomy eligible assets	7
Taxonomy non-eligible assets	46
Assets related to central governments, central banks etc.	2
Derivatives (only exposure in disclosed insurance-related assets)	1
Assets related to non-NFRD undertakings	13
Trading portfolio	-
On demand inter-bank loans	1
Other assets in the insurance operations	30
Total	100

Disclosure on investments

Avanza's disclosures are based on the consolidated balance sheet as of 30 September. The methodology described below is Avanza's approach to meet and present the disclosure requirements.

Exposure to economic activities that are or are not subject to the Taxonomy

Exposure to economic activities that are subject to the Taxonomy occurs in Avanza's case via the bank's internally financed mortgages and the assets in the insurance operations. The assets in the insurance operations refer to the securities that Avanza Pension's customers have invested in through an insurance product, such as endowment insurance, occupational pension insurance and private pension insurance. The policyholders decide for themselves where the insured amount is invested and makes all investment decisions. Avanza Pension does not offer advice.

To measure how large a share of the Group's assets is subject to the Taxonomy, the underlying companies and the funds in the insurance products were studied. As a first stage, it is estimated that insurance-related assets corresponding to 53 per cent of the consolidated balance sheet are invested in companies that are subject to Non-Financial Reporting Directive (NFRD). In the next stage, it is estimated how large a share of these assets is subject to the Taxonomy. This includes the share of the companies' income or turnover that is derived from activities that are subject to technical screening criteria. With regard to holdings in securities funds, we have classified the fund holdings based on the funds' underlying assets, to the extent it is practicable.

Since non-financial companies begin reporting in accordance with the Taxonomy for the first time in the Annual report for 2021, this year's reporting is based on assessments using currently available public data. The assessments are based on analyses and estimates made by Sustainalytics at the company level. The data will probably change significantly in coming years, mainly because the Taxonomy will be expanded with technical screening criteria for additional climate targets, but also as the underlying companies' own taxonomy reporting will be public at that point.

National governments, central banks and supranational issuers as well as derivatives

Exposure to these types of assets is not included in the above classification and is reported separately. In the exposure to national governments, central banks and supranational issuers, Avanza has included the exposure to municipalities and regions.

Assets related to companies that are not subject to NFRD

This category includes holdings in the insurance operations invested in companies that do not need to disclose sustainability information according to the NFRD. The data, just like the other data on the assets in the insurance products, is based on estimates from Sustainalytics.

Other assets in the insurance operations

This category includes investments in companies where we do not have any data on how large a share of the companies' turnover or income is derived from activities subject to the Taxonomy. Investments in companies where we do not have data on the region are included as well. This also includes holdings in funds that we have not been able to analyse, as well as liquidity in funds that we have been able to analyse and in insurance-based brokerage accounts.

Sweden's most satisfied savings customers 12 years in a row

Customer growth remained very strong in 2021. Avanza is growing mainly among customers between the ages of 19 and 30. The high user experience and our customer focus continue to generate high ratings from customers.

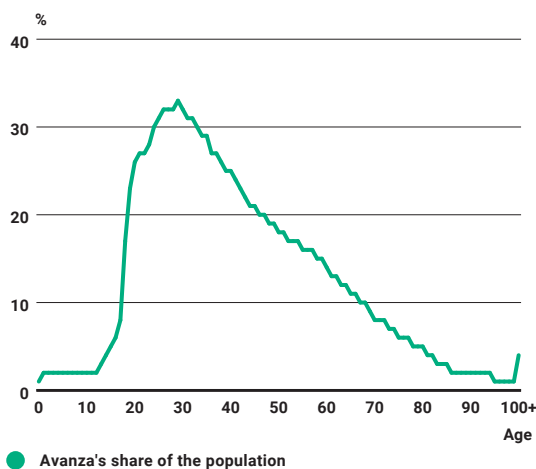
A broad customer base with strong growth

The record-high customer growth in 2020 continued in 2021. At year-end, there were 1,660,100 customers, which means 379,800 new customers during the year. The coronavirus pandemic has contributed to the strong growth, as it has made people more aware of their financial situation. At the same time, the structural changes in society are here to stay, which means greater financial responsibility is placed on the individual. The strong stock market in recent years is also a contributing factor.

Avanza's customers mainly consist of private customers. The new customers in 2021 do not differ from the customer base as a whole. The average age of new customers was 35, though the largest share of new customers was between 19 and 30. The average age as well as number of new customers in this age category are in line with previous years. The average age of all customers was 40. The breakdown between new customers who own equities and those who own funds does not differ either from a historical perspective. The share of equity owners was higher in 2020 and 2021, but this was also true in 2015 and 2016.

The share of women among new customers increased to 41 per cent, but still only represents 37 per cent of the customer base. Avanza continues to grow strongly among customers in urban areas. The market share of Sweden's population is 15 per cent. In urban areas, the share is higher, and in certain age groups significantly higher, in certain cases over 30 per cent. Few customers are leaving us; churn was 1.9 per cent.

Avanza's share of the Swedish population



More than half of all customers register using the apps. In terms of orders placed, around 70 per cent are through the apps. The share of customers who only use the apps varies and exceeded 50 per cent in december.

Customer activity during the year was high, a result of market conditions and continued volatility. The number of equity-owning customers increased by 37 per cent to just over 1 million and the number of fund customers by 33 per cent, also to just over 1 million.

Private Banking customers account for the largest share of savings capital, and Pro customers, who are among the more active traders, account for a large share of the turnover in commission-generating securities, although that has decreased as the customer base has grown. Private Banking and Pro accounted in 2021 for 18 (20) per cent of brokerage income. This shows the importance of the broad customer base.

The number of occupational pension customers, 127,200, corresponds to an increase of 18 per cent for the year. Occupational pension capital increased by 39 per cent and we see an increased interest in occupational pension transfers to Avanza since the improved transfer rights that took effect in April. However, it is still administratively cumbersome and time consuming, which is why information efforts as well as education are required.

For more information on our customers and offering, see pages 126–129.

We take a long-term view of our offering with a focus on the customer

The goal of Avanza's offering is to get more people engaged and educate them about their personal finances and savings. We want to play the role of a savings buddy by offering information and guidance, in addition to always answering questions and explain in an easy-to-understand way.

A majority of our customers come to us by recommendation from another customer, which is a result of our strong customer focus, but also because we launch new products in our way, by thinking innovatively. We are never done; there is always something that can be better. The savings market is constantly evolving.

We want to guide people to better savings

We want to build interest and engagement in savings through various media outlets and education. We have savings economists who speak to the entire savings market and generate media attention for savings issues. In addition, there are many of us at Avanza who contribute to the blog.

The importance of understanding personal finance is growing. Through our free education, anyone can improve their financial well-being and build a secure future. On the site we educate and inspire through our podcast, the Avanza Blog and Avanza

Play. Avanza Academy helps our customers how to think when choosing stocks, funds and other securities, and how to build various types of portfolios. There are also answers to questions on taxes and tax returns. During the year, the pod had 5 million listens and the Avanza blog 7 million unique views.

We work actively to reach broader target groups and to promote savings among women. While interest in stocks is increasing among women, six out of ten shareholders are still men. We want to get more people interested in savings, especially women. On the topic of saving sustainably, we have a number of initiatives:

- "Save sustainably" in the blog – a convenient way to find exciting and inspiring blog posts on sustainable savings
- "Girls who save" – an initiative to increase gender equality and get more women to save through inspiration from other women
- "Gilla din ekonomi" – a network led by the Swedish Financial Supervisory Authority to educate the public on financial topics
- Regular statistics on how women and men save to spotlight the differences that create inequalities
- Avanza has also released two audiobooks on personal finance, Savings School and Stock School, in collaboration with the publisher Storytel, which have received great interest

To show customers how their savings perform on a monthly basis, we launched Your Month, a follow-up to Your 2019 and Your 2020, so that customers can track their holdings for the month on different levels. An updated and improved Your 2021 was launched as well.

The page Right Now was also added to the app to provide a daily savings update. It makes it easy to find information that is often used or viewed and stay updated on valuable insights.

Product development to simplify and improve

A number of improvements and simplifications were made during the year to the user experience on the site and the apps. Monthly savings have been made easier through new flows and the addition of automatic fund investments. Milestones and Savings targets were launched in the apps. Milestones show when new levels are reached and are designed to motivate and engage. Savings targets is a tool where customers can set visual and concrete goals. They can also create a savings plan. The savings can then be tracked on a graph with the ability to simulate various future scenarios.

The stock pages were updated with a new, simpler order process, and the transaction pages now provide a better overview of current orders and historical transactions. The technical analysis function was improved to make it easier to forecast future performance. New themes were added to Avanza Trackers for investments in renewable energy, digital economy, innovative technology and smart cities. The range of publicly traded products was expanded with new ETF's.

In occupational pensions, a new landing page, new product page and new onboarding process were launched to enable corporate customers to obtain occupational pension insurance directly on the site, regardless of number of employees.

The external mortgage offer was expanded with Landshypotek as a new lender. This made Avanza the first in Sweden to offer customers the option to apply for, track and manage mortgages from various lenders on a single platform. The collaboration broadens the offer with competitive interest rates while at the same time meeting the demand for mortgages with higher loan to value ratios, new purchases and second homes. The mortgage pages were also updated with an improved function to compare mortgages. Here customers can compare their mortgage with Avanza's offering.

A long-awaited Stop Loss function was launched in the apps to buy or sell shares at a predetermined price. At the same time, the function was expanded to include U.S. equities. In the apps, the pages for ETF's, indexes, warrants and bonds were given a new design and new functions that enable technical analysis and comparisons of different instruments.

A large part of the development work during the year was devoted to replacing the backoffice system. The new system will allow us to use smarter technology and solutions to increase efficiency, at the same time that scalability and product development are improved.

Cheaper offers to fulfil our customer promise

Fees are critical to the value of savings over time, and we want the barriers to entry for savings to be low. Avanza does not charge any fixed fees. This also applies to occupational pensions. We have free offers in every product area, and the price list is adapted to the customer's activity level and capital to benefit each individual.

To help more people start saving, Avanza since 2016 has a Start offer with free stock trading on the Stockholm Stock Exchange. The offer applies to customers with less than SEK 50,000 in savings capital. During the year, Start was expanded to include funds. This means that our customers are refunded all fund fees, including any exchange fees. All 1,350 funds on the platform are included.

During the year, the Avanza Sverige, a Sweden equity index-tracking fund, was launched with exposure to the entire Swedish market at a low fee. Avanza Sverige tracks the Morningstar Sweden Sustainability Select 70, consisting of up to 70 companies. The management fee on the fund is 0.15 per cent.

The Avanza Auto funds, which give customers access to automatically managed fund portfolios based on a chosen savings horizon and desired risk level, were given an update. The management model has been re-evaluated and the management fee has been reduced from 0.35 per cent to 0.20 per cent. The total fee for the Auto funds is now capped at 0.40 per cent, including the cost of the underlying fund as well as transaction costs.

Margin lending was expanded with more eligible securities. In addition, the interest rate for lending on funds was reduced. The benefit levels for margin lending were eliminated as well, which means the same low interest rate for everyone.

A new law on pension transfers that took effect in April limits the fees charged on occupational pension transfers. This means that savers can transfer their unit-linked insurance to cheaper alternatives for a maximum cost of SEK 600, compared to the previous fee based on a percentage of capital. Avanza does not charge a percentage fee on pension capital and during the year we had a number of activities to inform customers of the opportunity to move their pension capital to Avanza.

Continued high ratings from customers in 2021

2021 was a strong year, but in many ways challenging in terms of customer growth. Avanza has a highly scalable business model when it comes to technological platform and capacity, but nearly 700,000 new customers in two years also generates more phone calls and email and increases the pressure on customer-support functions. The strong growth caused excessively long response times by customer service last spring. Our most important long-term target is to win the Swedish Quality Index's (SQI) annual award for Sweden's most satisfied savers. During the summer, we therefore accelerated recruitment in customer-support functions.

In December, we won the award in the savings category for the twelfth consecutive year. Our score for 2021 was 76.5 on a scale of 0–100. This was down from 80.4 in 2020, but Avanza still consolidated its strong position. The driving aspects in the survey are image, expectations, product quality, service and affordability. The highest score was received on loyalty. The survey also shows that Avanza has by far the lowest percentage of dissatisfied customers.

SQI also includes a Net Promoter Score (NPS), which measures customer experience and in Avanza's case was 32 (67). Scores range from –100 to 100, with 0 to 50 being good and above that extremely good and highly unusual. Despite falling since 2020, Avanza's score was far higher than the industry average of 7 (10).

Avanza was ranked as having the highest reputation among banks and as the fourth most reputable company in Sweden in the Kantar Sifo reputation index 2021, an improvement from last year's sixth place.

In a survey by Reputation&Trust, Avanza was named the financial company in Sweden with the highest reputation. The survey shows how the public ranks the reputation of financial companies and how much they are trusted.

In Navigator's annual survey, Avanza was awarded for the best Banking & Finance blog. It was our broad-based content for those looking to learn about personal finances and Avanza's engagement in social issues such as gender equality and sustainability that won over the respondents.

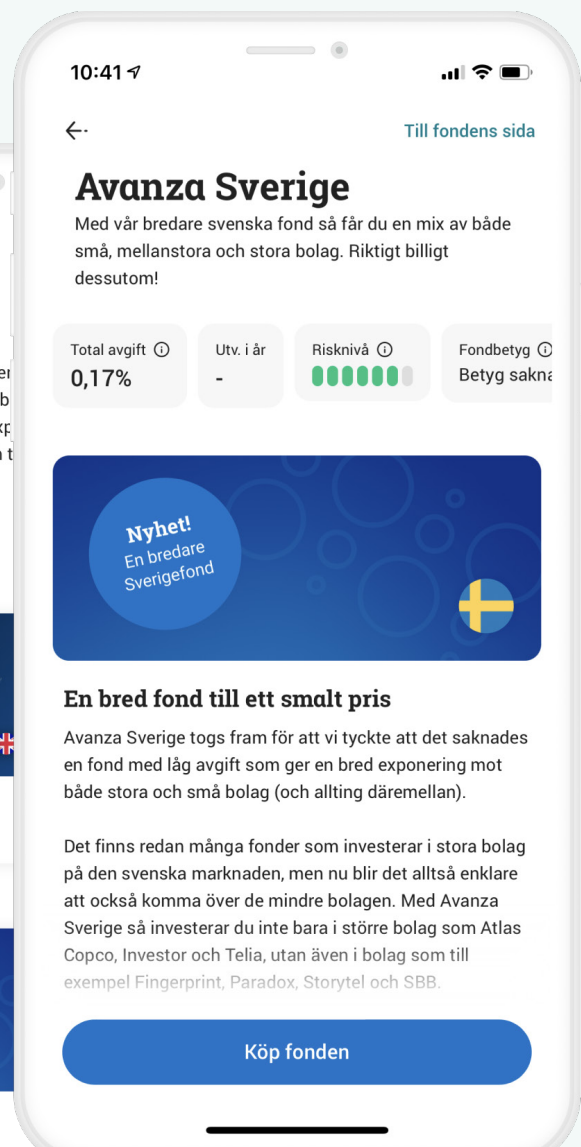
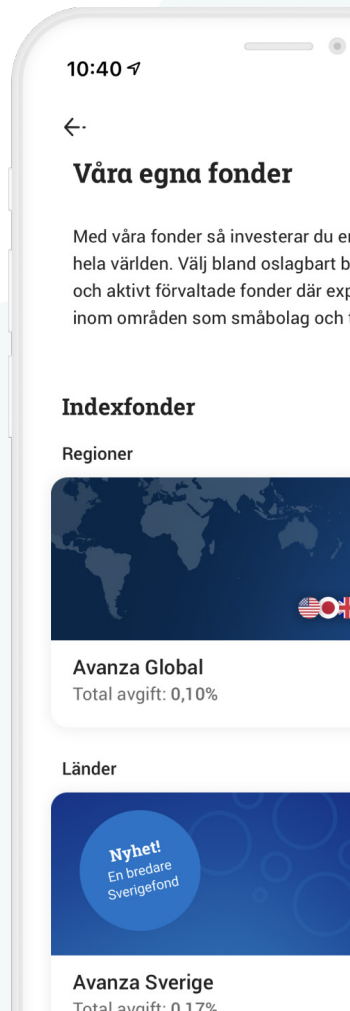
In the YouGov BrandIndex, Avanza was the most recommended financial brand in Sweden and the second most recommended Swedish brand in any category.

In Prospera's Private Banking survey for 2021, Avanza ranked fifth for the fifth year in a row in competition with companies that offer investment advice and portfolio management. Avanza's digital services and competitive prices ranked the highest of any company.

These awards are recognition of our efforts to improve the customer experience by consistently prioritising customer value.

Our fund marketplace offers 1,350 funds, including 17 of Avanza's own

Using the fund marketplace, you can easily filter funds based on fund types, regions, sectors or various sustainability criteria such as low carbon risk, fossil-free or Nordic Swan Ecolabel funds. With the filtering, the best-performing fund in its category in the last year is presented on top of the list. If you need help with ideas, there is a fund inspiration option with lists of climate-smart winners, popular funds and top performers, for example. For those who don't want to actively manage their investments, there is also smart, automatic management with Avanza's Auto funds, or you can get help choosing a fund portfolio using our portfolio generator. The generator helps you create a five-star fund portfolio in just a few clicks, and here the fund with the lowest fee and highest ranking is presented on top of the list.



A strong culture with employees who are willing to challenge and want to create change

Avanza is a company of dedicated employees who want to make a difference, where everyone's ideas are listened to and enrich our development. The foundation of our culture, and what drives us, is that we feel what we accomplish is meaningful and important.

A strong corporate culture focused on the customer

We started Avanza with a simple idea – to build a company where we would want to be customers ourselves. In the same way, our aim has been to build a company where we thrive and would want to work. This has resulted in a very strong corporate culture that draws its energy from a vision to create a better future for millions of people. It is our position as a challenger and our employees' willingness to change that has shaped the culture. The climate we have created is one of collaboration and humility, where we constantly challenge ourselves and think differently, and where everyone takes responsibility. Each quarter we reward an employee who has stood out in embracing our values, to encourage and nurture the entrepreneurial spirit that has gotten us where we are today.

We have chosen to formulate our values, or guiding principles, in four short sentences. We help a colleague help a customer. We take responsibility. We challenge and think differently. We have fun together.

Our employees

The majority of our employees have a college or university education, usually in Business & Finance, Computer science and Programming, and a background in IT and financial services. In 2021, there were an average of 560 employees at Avanza, with an average age of 36.

All development is done internally

We are constantly developing. There are always things that can be improved and new products and interfaces to develop. In recent years, investments have focused on digital decision support, an improved user experience and a stronger mobile offer. We have 29 development teams that are divided up based on the customer journey, products, business platform and technological platform. The goal of the technological platform teams is to optimise innovation, quality and lead times. The business platform teams are responsible for ensuring that the right techniques are used, so that we can achieve optimal efficiency and meet regulatory requirements and availability demands. This means eliminating old systems and future-proofing Avanza. The customer journey teams focus on the customer's various stages, from joining Avanza to getting started and finding help, while the product teams are divided by product category. The agile organisational structure clarifies roles and mandates and contributes to increased stimulation and creativity among employees. The organisational structure contributes to a faster rate of development and happy and engaged employees.

We want to create opportunities for our employees to grow by believing in their abilities and offering the flexibility to test new ideas and think differently. Our employees should feel that they have a say and can find an outlet for their creativity. One example of how we encourage them to express their ideas and innovate is our "Brainy Days", when they can present ideas and try to convince colleagues to help develop them. These ideas are worked on over a two-day period, individually or together in teams, and then presented. Several ideas are further developed and put into production.

Employee key ratios	2021	2020	2019	2018	2017
Average no. of employees	560	478	429	406	383
of which women, %	36	36	36	36	35
Women in Group Management and managers with personnel responsibility, %	46	47	46	45	40
Average age	36	36	36	36	35
Employee turnover, %	12.0	12.6	18.3	15.7	17.9
Internal movement, %	–	–	3.6	7.6	6.3
Internal mobility, % (replaces internal movement)	22	32	–	–	–
Redundancies, no. of	–	1 ¹⁾	6 ¹⁾	–	–
Recommendation rate (eNPS)	67	69	54	44	33
Leadership index	88	87	81	–	–
Occupational health and safety index	82	82	80	–	–
Engagement index	85	83	81	77	–

¹⁾Shutdown of office in Gothenburg.

How we attract talented employees

Recruitment and employer branding strategy

Avanza's success is closely tied to our attractiveness as an employer. Here our strong corporate culture, modern technology platform and agile way of working are important factors. The competition for talent is fierce, especially in technology. Avanza's goal is to find the most competent and engaged employees with ambition and the drive to push the business forward and who fit into Avanza's corporate culture.

We continue to invest in this area and are working more systematically, proactively and strategically. Special attention is given to IT/Tech. To make sure that we are doing the right things, we measure Avanza's progress in Universum's ranking of "Attractive employers". The results of the 2021 survey show improved rankings in all categories. Among Business and IT students, our rankings were 4th (10th) and 11th (20th) respectively, and among those with one to eight years of work experience Avanza came in 11th place (17th) for Business and 5th (16th) for IT. The long-term internal goal is to place in the top 10 in all four categories.

In the Young Professional Attraction Index from Academic Work, Avanza ranked as the tenth most attractive employer in Sweden, and number one in finance.

Succession planning and critical competence

Each manager is responsible, with support from HR, for having the right staff on their team and workgroups, so that the work will be performed as effectively as possible. To ensure continuity and safeguard business-critical processes, a structured mapping of individuals with critical competence is done each year. Employee dialogues are conducted several times a year to follow up individual goals and development plans. To facilitate a smooth transition when employees in senior positions and other key employees move on to other roles, internal candidates are identified as part of succession planning.

We work actively to maintain low employee turnover

During the year, we continued to improve our goal-setting meetings and performance reviews in the employee dialogue, to identify employees who need further follow-up, development and challenges. This work includes increased leadership training and improved tracking of internal mobility and recruiting needs. We also use qualitative exit interviews and have a structured process to monitor new employees during their first three months. HR also actively participates in the recruiting process to ensure that we recruit the right people in terms of expectations and development potential in relation to the role, and that the candidate meets the competence requirements and fits our culture.

Two groups within Avanza carry a higher risk of employee turnover: IT/Tech and customer service.

For a number of years, there has been intense competition for IT development talent. This makes it challenging and time-consuming to recruit these positions, at the same time that the competence within Avanza is attractive to other companies. To reduce employee turnover in this area, we focus on leadership with experience of agile teams, and offer a work-life balance with the option of working from home to contribute to freedom and creativity. Market-based salaries are important as well.

The challenge with customer service is that it is demanding, sometimes stressful and fairly monotonous work, because of which employees do not stay as long in these roles. Some get the opportunity to transfer internally to other positions within Avanza. To reduce turnover in customer service, we make continuous improvements to our recruiting process to reach

candidates of various ages, educations and backgrounds. To encourage personal development and reduce stress, we have also changed our internal processes and the way we work.

Avanza is a growing entrepreneurial business with a low average age with a third of whom work in IT/Tech. In recent years, employee turnover has decreased. Our ambition is to maintain the current level of between 11 and 13 per cent.

Gender equality and diversity – differences contribute to a better corporate culture

We feel that groups of people with different experiences and perspectives are more effective and dynamic than those who are far more alike. Putting together the right teams is an important management responsibility and a natural component of long-term HR management. We have an open and inclusive corporate culture that contributes to equality in the workplace, welcomes diversity and is free from harassment. At Avanza, we welcome you as you are.

A gender perspective is important in recruiting to create great equality on a team level, in appointing senior managers and when analysing wages to avoid gender pay gaps and gender differences in sickness absences. Our annual workplace health survey contains a number of questions where we systematically monitor signs in terms of gender equality, diversity and harassment. The results are followed up by senior management and HR, and every manager is responsible for reviewing their team's results.

Gender equality is a focus area with the target of achieving parity between women and men. To this point, the number of men exceeds women among our employees, but the ratio is better when it comes to management. In IT/Tech, women are still underrepresented and we are working actively to broaden the range of candidates in our recruitments.

To attract new talent to the field, we also invite candidates to various events and activities, such as IGEDay, Introduce a Girl to Engineering day, to increase interest in engineering among young women. We also collaborate with "Girls Code".

Avanza was included in the Green List in the AllBright Report, which lists Sweden's most gender diverse companies. The list consists of 67 listed Swedish companies.

To increase the diversity of our employees, we have also been working for many years with companies that help people with disabilities or other backgrounds who are having difficulty gaining a foothold in the labour market.

Avanza has a Group-wide policy on diversity and gender equality and has zero tolerance for harassment, discrimination and victimisation. Internally, executive management and each manager are responsible for compliance, although every employee is expected to take responsibility for their own actions. The CEO has overarching responsibility for the work with diversity and gender equality. Gender equality is addressed systematically through documentation, analyses, active measures, evaluations and follow-ups.

Our diversity plan spells out how we work strategically to achieve even greater diversity. Recruiting is a focus area to ensure that we have an unbiased process and that all available positions are formulated in a gender-neutral way, partly to avoid discriminating and partly to attract candidates with range of qualifications. We have also provided internal training for all managers to encourage competence-based and unbiased recruiting.

Avanza's operations do not pose a material risk of human rights violations, directly or indirectly, other than in the fund company's management. As a result, we have no formalised oversight, policy or performance monitoring in this area. We have a code of conduct with guidance for employees on business ethics and how we maintain fair and lawful business relationships, and we follow international and national codes of conduct in the industry.

Incentive programmes and efforts to ensure equal pay

Avanza mainly pays fixed remuneration. Only a few employees in Corporate Finance and Brokerage receive variable remuneration. The CEO or the Board of Directors decide on variable remuneration. Avanza works continuously to ensure equal pay. This is done in among other ways through a job evaluation process, which serves as a basis for the annual salary survey and is used in connection with new hires and internal mobility. Parity is a factor in all wage-setting. HR is involved to ensure a fair, equal, quality-assured process. Prior to the salary audit, a survey is conducted, along with an analysis of proposed pay adjustments during the audit and a final survey of the outcome. Differences that are not based on objective facts are investigated before the audit is approved.

Because of the importance of the corporate culture and to recruit and retain competent and engaged employees, it is also critical that Avanza offers an incentive programme that allows all permanent employees to become shareholders in the company. We do so through our warrant programme, see pages 38 and 46 for more information.

Opportunity to develop in a stimulating environment

To give our employees the best chance of living up to their full potential, skills are taught on a daily basis on the job as well as through internal and external training. Helping employees to develop in their roles is important. All employees have a personal development plan that is followed up three times a year through the employee dialogue.

All employees are also offered internal training through the Avanza Academy to get to know our business. The Academy offers periodic training in our various product areas, held by key employees in these areas. Moreover, all employees receive training in regulations, risk management and IT security as well as internal governance and control, to ensure understanding and competence. Training is offered through continuously updated, web-based nano programmes. There is also an annual trainee programme for developers, which is offered to four to six recent graduates who join our development teams for six months, after which many go on to become employees of Avanza.

New employees receive introductory training where Avanza's business, strategy, goals, vision and product areas are presented, along with compliance, risk and security. They also receive training on the regulations that govern Avanza's various operations. The training also includes an introduction to Avanza's culture and values.

In customer service, we offer various programmes according to a special development ladder depending on how many months or years an employee has been with Avanza. Each step qualifies them for new opportunities and career stages. We are also continuously developing our feedback culture. This is done through the employee dialogue and feedback buddies as well as regular conversations between employees and their managers.

Focus on leadership

Leadership and employeeship at Avanza require understanding and taking responsibility, being a good communicator and ambassador, and being able to coach others and help them develop. Our leaders are an important part of Avanza's development and success. To ensure that everyone has the skills and tools they need as leaders, we provide internal and external training. Introductory leadership training is based on neuropsychology to increase self-awareness and develop personal leadership, also known as self-leadership. Leadership training is offered to all managers with personnel responsibility and is designed in modular form. In addition to the leadership programme, Avanza arranges leadership days, a managers' café and monthly luncheons.

Leadership appraisals by employees are regularly tracked through pulse surveys.

A positive work environment means healthy and motivated employees

We offer our employees a secure employment and workplace. We prefer to hire our employees and therefore have a limited number of consultants in the business. This is the best way, we feel, to create engagement and participation.

Avanza has an occupational health and safety committee comprised of representatives from both the employer and employees. It meets quarterly and works proactively with various measures to improve the work environment. Avanza also has an action plan and routines to handle incidents that affect our employees. This includes incidents involving discrimination and victimisation. During the year, we have not been made aware about such incidents.

We want employees to maintain a work-life balance and handle a high-performance environment sustainably over time.

Salary data	2021	2020	2019	2018	2017
Women's wages as a proportion of men's salary					
Group Management (excluding CEO), %	82	91	89	87	100
Managers (excluding Group Management), %	101	103	107	98	99
Senior specialists (excluding Group Management), %	102	102	94	103	103
Other employees, %	94	94	96	99	102
Median salary, men, SEK ¹⁾	49,800	47,000	48,000	45,000	–
Median salary, women, SEK ¹⁾	48,000	46,000	46,000	42,000	–

¹⁾ 40% of the men work in IT, where there is a labour shortage in Sweden, which explains the higher salaries.

Employees have access to a number of benefits to stay healthy and maintain a balance, such as wellness allowances, activities through our sports club, parental benefits, crisis management assistance, and health and rehabilitation insurance.

Avanza supports the rights of its employees to unionise and collectively negotiate. At the same time, we believe in the abilities and participation of the individual and have chosen not to enter into collective bargaining agreements. Avanza offers similar terms compared to relevant collective agreements.

The work environment is measured and followed up regularly in pulse surveys.

Impact and management of Covid-19

Also 2021 was a different year due to the pandemic. Avanza has followed the Swedish Public Health Agency's recommendations and instructions. The majority of employees have worked remotely. To improve home workspaces and facilitate remote work, employees have been offered up to SEK 2,000. New communication channels and routines have been adopted to manage the business, the pace of development and engagement among employees, and to safeguard the culture. The new employee introduction has been done digitally as well. Exclusively digital communication has in many cases increased the availability of our employees, which is important to building Avanza's culture and cohesion. Many of these new and flexible ways of working are here to stay, at the same time that spontaneous interactions with colleagues shouldn't be underestimated.

Because we care about individual flexibility, we will maintain an open and trusting approach to remote work, depending on the position and role. Ultimately it is up to each employee and manager to agree on. At the same time, we have a strong corporate culture at Avanza and want to create a workplace where we are comfortable and want to be. Physical proximity and communication between colleagues creates the best opportunities to doing a good job and strengthen the culture.

High engagement and recommendation rate among employees

We measure employee engagement and well-being through pulse surveys three times a year. The surveys ensure a continuous dialogue on how employees feel about their jobs, so that we can build an even better workplace together. The questions in each survey are tied to Engagement, Leadership and the Work environment, where the goal is an index score of 80 in each area; see the table on page 32. We see these areas, along with eNPS, as cornerstones to create a strong and engaged culture. Our pulse surveys for 2021 showed an average eNPS score of 67 (69). The main reasons why our employees recommend Avanza are still strongly linked to our corporate culture, where there is a sense of pride and responsibility for the company and a feeling that what we accomplish is meaningful and important.

Benefits¹⁾

Group insurance ²⁾	For everyone
Occupational health care	Work related injuries
Crisis management support	For everyone
Parental leave with salary over and above compensation from the Swedish Social Insurance Agency ³⁾	For everyone
Occupational pension	For everyone > 25 years
Warrant programme	For everyone
Health insurance	For Group Management

¹⁾ Reported KPIs refer to permanent employees. In addition, we have a large number of fixed-term employees to staff areas of the business. Most fixed-term employees are young people who work extra while studying. They are also a natural part of and successful recruiting base for Avanza.

²⁾ Comprises life, health and disability, and child insurance.

³⁾ In addition to compensation for parental leave of up to 18 months, the public social insurance system in Sweden provides compensation for care of close relatives, sick leave and care of a sick child.

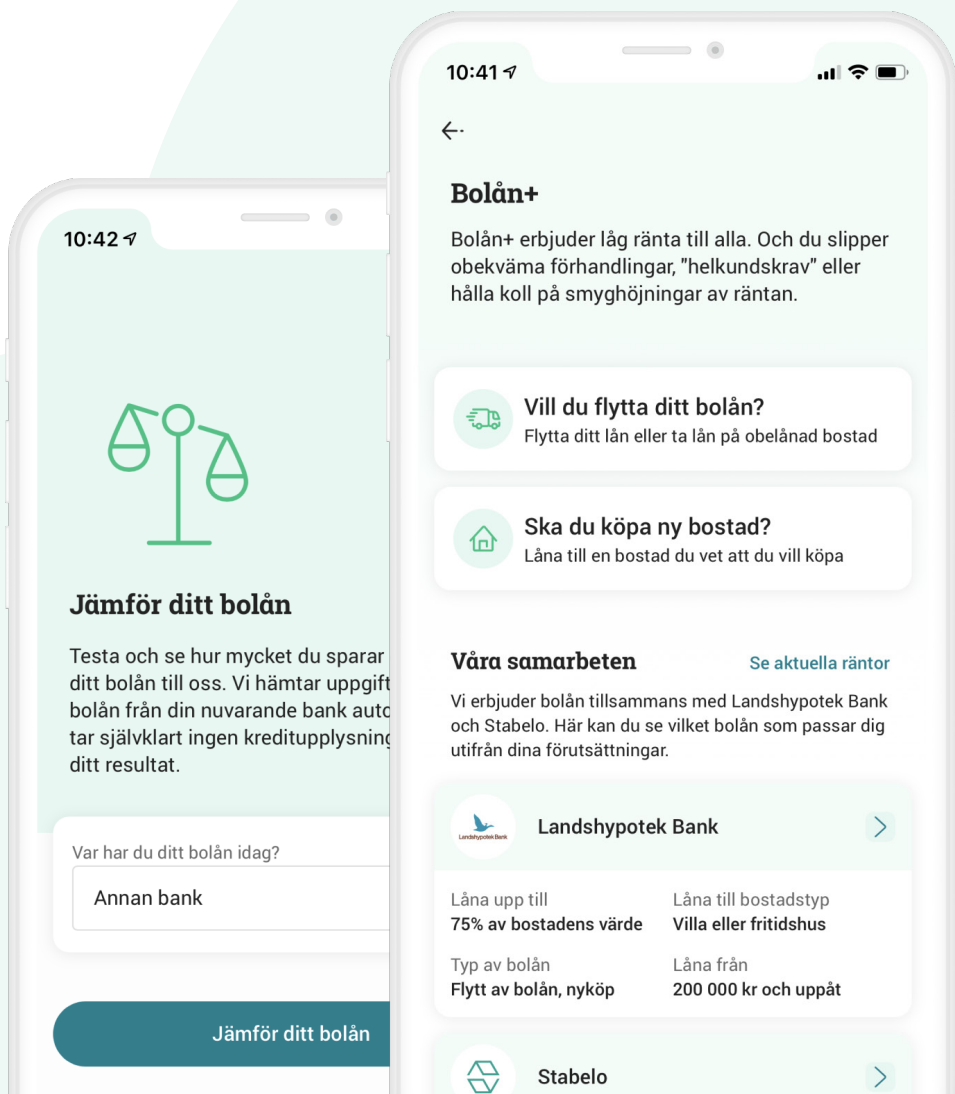
Employee key ratios ¹⁾	2021	2020	2019	2018	2017
Average no. of employees	560	478	429	406	383
of which no. of fixed-term employees	7	14	4	6	4
of which women, %	36	36	36	36	35
of which 0–29 years, %	23	22	26	29	31
of which 30–49 years, %	69	73	69	64	64
of which 50–years, %	8	5	5	7	5
Average no. of employees within IT	184	148	125	111	105
of which women, %	22	21	19	20	17
of which managers, %	8	9	9	8	7
of which female managers, %	47	49	50	44	42
Average no. of full-time employees	525	439	400	369	357
of which women, %	36	35	34	34	34
No. of recruitments	137	126	109	75	89
of which women, %	39	42	34	36	37
of which 0–29 years, %	42	46	49	42	47
of which 30–49 years, %	53	51	49	54	49
of which 50–years, %	6	3	2	4	3
No. of completed employments	65	60	77	62	68
of which women, %	43	43	29	34	33
of which 0–29 years, %	38	42	36	37	43
of which 30–49 years, %	55	55	56	62	56
of which 50–years, %	6	2	8	1	1
Sickness absence, % ²⁾	3.3	2.5	2.8	3.0	2.7
of which women, %	3.6	4.4	3.8	4.4	3.6
of which men, %	3.2	1.1	2.4	2.1	2.1
of which 0–29 years, %	4.9	1.8	3.1	2.7	2.2
of which 30–49 years, %	1.6	2.5	2.9	3.2	2.9
of which 50–years, %	4.2	3.3	1.4	1.2	2.7
Average no. of parental leave	22	13	18	12	17
of which women, %	43	42	67	61	65
No. of directors at the Board	9	9	7	8	7
of which women, %	22	22	29	38	43
of which 0–29 years, %	0	0	0	0	0
of which 30–49 years, %	44	44	43	63	57
of which 50–years, %	56	56	57	38	43
No. of employees in Group Management	9	9	9	9	8
of which women, %	44	44	44	56	50
of which 0–29 years, %	0	0	0	0	0
of which 30–49 years, %	44	56	56	56	75
of which 50–years, %	56	44	44	44	25
No. of managers	70	65	60	57	52
of which women, %	46	49	47	44	38
of which 0–29 years, %	3	2	2	9	13
of which 30–49 years, %	79	86	87	75	73
of which 50–years, %	19	12	12	16	13
Distribution of employment level					
Employees in entry and mid-level positions, %	90	89	85	–	–
of which women, %	35	34	36	–	–
Employees in senior and executive positions	10	11	15	–	–
of which women, %	46	48	41	–	–

¹⁾ Refers to permanent employees, hourly employees excluded. Of the Group's total number of employees, 7 per cent are paid on an hourly basis, 1 per cent are fixed-term employees and 0 per cent are temporary positions.

²⁾ Avanza has chosen to only report sickness absence, since accidents and injuries are not relevant to our office- and Internet-based business. Sickness absence is calculated in relation to normal working hours.

How much you can save in interest by transferring your mortgage to Avanza

With the exception of our own mortgages, we offer mortgage loans in collaboration with external partners with no minimum level of savings capital or other commitments. On the platform you can compare the rate on your current mortgage with our mortgage offer to see whether you can reduce your interest costs. We obtain information on existing mortgages from other banks automatically when the customer uses BankID.



The share and our shareholders

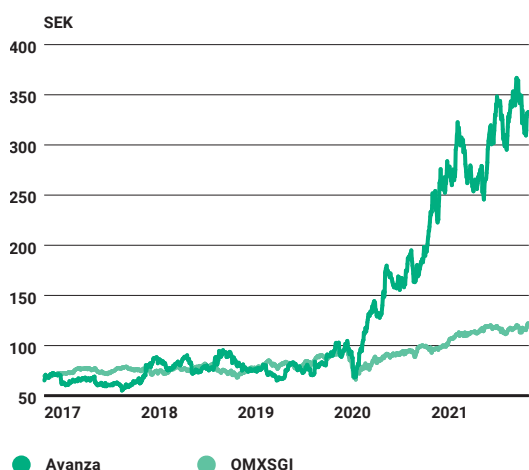
Share information

Avanza Bank Holding AB (publ) is traded on the Nasdaq Stockholm Large Cap. Avanza is included in the Financial Services sector under the ticker symbol AZA. In 2021, 76 (80) per cent of trading in the Avanza share was on the Stockholm Stock Exchange. The share was also traded to some extent on European MTFs. In total, 114,577,972 Avanza shares were traded on the Stockholm Stock Exchange, equivalent to a turnover rate of 71 (58) per cent of the year's average number of outstanding shares. In 2021, Avanza's share price rose by 43 per cent to SEK 332.20. Including the dividend paid, the total return on the Avanza share was 44 per cent for the year.

Large share of foreign institutional ownership

At the end of the year, Avanza had 76,984 shareholders, according to Modular Finance. The ten largest registered owners accounted for 55 per cent of the total number of shares and votes. Foreign ownership was 48 (54) per cent and was highest in the UK at 17 per cent. Avanza did not own any repurchased shares as of 31 December 2021.

The share's total return relative to index



Share capital and incentive programme

The share capital and number of outstanding shares increased during the year due to the redemption of warrants through a new share issue. Avanza's outstanding warrant programmes comprise a total of 5,700,000 warrants, which entitle holders to subscribe for an equal number of shares, divided among three programmes, each of which run for three years. The warrant programme is offered to all permanent employees and is issued on market terms. The Black & Scholes model is used to determine the value of the warrants. There is a risk of losing money if the company and the share do not perform well enough. For more information on the outstanding programmes, see page 46 and Note 29 Equity.

The board of Directors proposes a dividend in line with the dividend policy

The Board of Directors proposes a dividend of SEK 9.20 (3.80) per share, equivalent to 70 (44) per cent of the profit for 2021. The lower dividend payout ratio in 2020 was due to the fact that the Tier 1 capital needed to be strengthened prior to the introduction of the leverage ratio requirement in 2021, and to achieve a resilient leverage ratio. The policy of a dividend of at least 70 per cent of net profit was updated in January 2022. Current policy is to distribute 70 per cent of net profit for the year, taking into account the leverage requirement, including the Pillar 2 guidance and an internal buffer requirement. The leverage ratio requirement is 3 per cent, in addition, the Swedish FSA is introducing a Pillar 2 guidance, which will be completed in 2022. An industry peer got an additional requirement of 0.9 per cent. Today, Avanza has an internal leverage ratio target of 3.8 per cent, which will need to be reviewed when the additional Pillar 2 guidance has been clarified. Also, an additional internal buffer will be needed. The leverage ratio requirement affects both the consolidated situation and the bank. For more information see page 67. See also the Board of Directors' statement on the allocation of profits proposal on page 115.

Share data	31-12-2021
Share capital, SEK	77,785,879
No. of outstanding shares	155,571,758
Quotient value, SEK	0.50
Market cap, MSEK	51,700
Share price, SEK	332.20
Highest closing price (16-11-2021), SEK	370
Lowest closing price (27-01-2021), SEK	225.2
P/E multiple	25
Dividend yield, %	2.77
Turnover rate, %	71
Earnings per share before dilution, SEK	13.19
Earnings per share after dilution, SEK	13.00
Shareholders' equity per share before dilution, SEK	30.21
Proposed dividend per share, SEK	9.20
No. of outstanding warrants	5,700,000

For definitions see pages 130–131.

Change in share capital

Year	Change	Change in number of shares	Total number of shares	Changes in share capital, SEK	Total share capital, SEK
2001	New issue	4,425,907	25,415,478	11,064,767	63,538,695
2001	New issue	1,207,396	26,622,874	3,018,490	66,557,185
2005	New issue	842,800	27,465,674	2,107,000	68,664,185
2007	Repurchase of own shares	-305,674	27,160,000	-	68,664,185
2008	Withdrawal of repurchased shares, 2007	-	27,160,000	-764,185	67,900,000
2008	New issue	435,843	27,595,843	1,089,608	68,989,608
2008	Repurchase of own shares	-18,233	27,577,610	-	68,989,608
2009	Withdrawal of repurchased shares, 2008	-	27,577,610	-45,583	68,944,025
2010	New issue	379,860	27,957,470	949,650	69,893,675
2011	New issue	580,603	28,538,073	1,451,507	71,345,183
2011	Repurchase of own shares	-275,524	28,262,549	-	71,345,183
2012	Withdrawal of repurchased shares, 2011	-	28,262,549	-688,810	70,656,373
2012	New issue	611,198	28,873,747	1,527,995	72,184,368
2015	New issue	470,341	29,344,088	1,175,852	73,360,220
2016	New issue	494,834	29,838,922	1,237,085	74,597,305
2017	New issue	157,300	29,996,222	393,250	74,990,555
2018	New issue	276,774	30,272,996	691,935	75,682,490
2019	Share split	121,091,984	151,364,980	-	75,682,490
2019	New issue	2,421,342	153,786,322	1,210,671	76,893,161
2020	New issue	1,167,688	154,954,010	583,844	77,477,005
2021	New issue	617,748	155,571,758	308,874	77,785,879

The ten largest shareholders, 31-12-2021¹⁾

	Country	No. of shares	Share of capital and votes, %
Baillie Gifford & Co	UK	15,671,559	10.1
Sven Hagströmer (incl family and company)	Sweden	15,667,230	10.1
Creades AB	Sweden	15,593,000	10.0
AMF Pension & Funds	Sweden	9,451,966	6.1
Sten Dybeck (incl family and company)	Sweden	6,438,000	4.1
Liontrust	UK	6,377,664	4.1
Columbia Threadneedle	US	5,804,427	3.7
Vanguard	US	4,305,946	2.8
Blackrock	US	3,522,211	2.3
Fourth Swedish National Pension Fund	Sweden	3,161,200	2.0
Other owners		69,578,555	44.7
Total		155,571,758	100.0

Concentration (by group of owners), 31-12-2021¹⁾

	Share of capital and votes, %
The 10 largest owners	55.3
The 20 largest owners	65.0
The 100 largest owners	77.7

Distribution of shares, 31-12-2021¹⁾

	No. of shareholders	Owners, %	No. of shares	Shares, %
1 – 100	59,250	77.0	1,520,077	1.0
101 – 1,000	14,398	18.7	4,763,636	3.1
1,001 – 10,000	2,937	3.8	8,714,308	5.6
10,001 – 100,000	316	0.4	7,922,613	5.1
100,001 – 1,000,000	67	0.1	22,749,209	14.6
> 1,000,001	16	0.0	97,246,755	62.5
Anonymous ownership			12,655,160	8.1
Total	76,984	100.0	155,571,758	100

1) Modular Finance, Monitor.

Limited financial risks and strong focus on IT and information security

Our customers expect a high level of availability and security on the platform. This, together with rapid technological development and growing digital threats, makes IT and information security critical for Avanza.

Strong focus on IT and information security

Avanza's operations are largely digital, which makes stability, availability and IT and information security critical to ensure long-term customer relations, trust and protect economic value. This requires a comprehensive security strategy for the whole IT area.

We continuously invest resources to develop our competencies and capabilities. Avanza cooperates with industry colleagues through the Swedish Bankers' Association to share experiences, insights and advice. The goal is to strengthen awareness of IT and information security and at the same time put the right talent in place to proactively reduce risks. We regularly test and evaluate technical and organisational safeguards. Our employees receive training in risk management and security, including web-based training, which is followed up with control questions. IT and information security is also part of the introductory training for new employees to ensure that they have sufficient knowledge in this area. The Board and management receive regular training as well.

The purpose of information security is to protect our customers' and Avanza's data and other sensitive information. Late spring it was found that Avanza, due to a handling error, had inadvertently activated functions on its website which enabled Facebook to collect personal data from Avanza's website in encrypted form. The functions were turned off as soon as this was detected. The data was hashed, a simpler form of encryption. Facebook had the possibility to use the information, but it is not clear to what extent this could have occurred. If Facebook has used the information, which we do not know, it has only related to Avanza's own marketing. Facebook has confirmed that the information has not been used for its own or other firms' commercial purposes and that the information has been deleted. When we realised that the information had been shared, Avanza reported itself to the Swedish Authority for Privacy Protection (IMY) and the Swedish FSA for a potential breach of the General Data Protection Regulation (GDPR). Our assessment is that no customers were put at harm. The case is ongoing.

The availability of the platform and our services is ensured e.g. by maintaining redundant data centres independent of each other. Trading activity among Avanza's customers has been historically high during the pandemic, and at the start of which work was done to stabilise and strengthen IT systems. In 2021, Avanza's platform was available 99.9 (99.9) per cent of the time.

During the year, Avanza created a better infrastructure for testing and IT security. The company is working proactively and continuously to replace hardware and software with more modern solutions to stay on the forefront and avoid technical debt. Investments were made in 2021 to replace the backoffice system, which will allow Avanza to use smarter technology and solutions that increase efficiencies, at the same time that scalability and opportunities for product development is improved. We thoroughly test performance and new functionality before

release in production. In addition, weekly site updates and improvements further reduce operational risk. This also applies to the apps.

Third Party Players and significant counterparties

Avanza offers its own and distributes others' savings and mortgage products. The offering is presented objectively with both advantages and disadvantages, and without promoting individual products. Avanza does not offer investment advice.

The majority of Avanza's suppliers provide financial products and services and are overseen by the Swedish FSA or similar foreign authorities, and/or are subject to the rules of various stock exchanges. Close collaborations and agreements with suppliers always entail a risk, however. To better understand the counterparty, and thereby identify and minimise any business or reputational risks, we work systematically to control and monitor Third Party Players and other significant counterparties. Counterparty assessments are done for among other reasons to ensure that the counterparty has the correct authorisation and is not involved in any legal disputes or enforcement actions that could potentially impact the company's reputation or financial stability. In certain cases, more detailed reviews and supplier visits are conducted as well. Follow-ups are done annually or when there is an indication of a change in risk level.

Avanza's largest service suppliers are Nasdaq, Euroclear Sweden and NGM. Among the most important third party collaborators are fund management companies, our partners in deposit accounts and mortgages, and Avanza Markets. In connection with transactions such as an IPO or rights issue, Avanza works exclusively with established counterparties on the Swedish financial market. In transactions where Avanza is the lead and only advisor, thorough due diligence is performed to ensure that the company complies with stock exchange rules and listing requirements. As a step in limiting sustainability risks in the fund company's investments, all external funds that its funds invest in must meet the Principles for Responsible Investments (PRI) and have a policy for responsible investments and shareholder engagement.

Low financial risks

Avanza's financial risks, such as credit risks, market risks and liquidity risks, are limited. Avanza does not offer traditional consumer credit or engage in proprietary trading. The balance sheet largely consists of assets and liabilities in the insurance business. It is the policyholders who bear the direct investment risk, so they also retain the yield on these assets. This means that the value of insurance liabilities, by definition, tracks the value of insurance assets. Avanza Pension does not offer any insurance products with a guaranteed return.

The liability side of the balance sheet mainly consists of customer deposits. Avanza is self-financed through shareholders' equity and customer deposits. Only a limited share of deposits is used for lending with longer contractual maturities, which creates a low liquidity risk. Lending in relation to deposits amounted to 37 (37) per cent at year end.

With regard to credit risk, all lending is collateralised by liquid financial assets with good collateral margins or Swedish residential properties with a low loan to value (LTV) ratio. Margin lending requires collateral in listed securities with good liquidity. Avanza offers mortgages to private banking customers with a LTV ratio not exceeding 50 per cent and where SEK 3 million in savings is required. The low ratio should ensure that the collateral is adequate, even in the event of a sharp drop in property prices. The average LTV ratio at year end was 41 per cent. The low credit risk makes the loan book resilient even accounting for climate-related risks. Concentration risk is managed by normally limiting individual mortgages to SEK 10 million and by ensuring that the collateral in any one security represents only a limited share of the total collateral. Avanza has not found it necessary to amend its credit strategy due to transition- or climate-related risks. In the case of the external mortgages, Avanza is only a distributor, meaning it does not affect Avanza's balance sheet, nor does it mean a credit risk for Avanza.

Surplus liquidity is managed effectively with the lowest risks and costs possible, within the framework of the limits placed by the leverage ratio and net stable funding ratio (NSFR). Surplus liquidity is invested mainly in covered bonds and with the Riksbank and systemically important Nordic credit institutions. The liquidity portfolio is managed with a balanced maturity structure of between one and five years, where the average interest term is normally maximum three months. Surplus liquidity as of 31 December was SEK 35 billion including client fund receivables.

For further information, see Note 35 Financial risks.

Sustainability risks

Managing sustainability risks responsibly is critical. Climate change poses a risk to many sectors of society, which in turn represents a risk to the financial sector. It is important to understand how climate change can affect our operations and the return on customer funds in both the short and long term. Besides the risk, however, there are opportunities, where political decisions, technological advances and demand from stakeholders will have a great impact. Regulatory changes and social activism targeted at unsustainable business models could affect Avanza's reputation as well.

Climate risks are usually divided into physical and transition risks. Physical risks are the risks of physical destruction due to such climate impacts as droughts, floods and forest fires. Transition risks are risks of negative financial consequences from society's transition to becoming more sustainable from a climate perspective.

Avanza's climate- and sustainability-related risks, both financial and nonfinancial, are reported in accordance with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

Governance

Governance of climate-related risks and opportunities begins with the Board of Directors of Avanza Bank Holding AB, which among other things decides on issues concerning Avanza's strategic direction, including the sustainability strategy and targets. This also includes policy documents, which together with the

sustainability strategy provide the basis of Avanza's sustainability work. The CEO is responsible for day-to-day management. To support the sustainability work, the CEO has established a sustainability committee.

Strategy and risk management

Risks and opportunities have been identified in operations, as well as the potential effect they could have in the short and long term. This is part of the assessment of whether Avanza's strategy is aligned with among other things the Paris Agreement. The climate- and sustainability-related risks and opportunities that Avanza has identified are described below, with how they are assessed and managed.

Climate and sustainability risks tied to the balance sheet

On the asset side, Avanza has exposure to municipalities in the form of the municipal bonds in the liquidity portfolio. The exposure is limited in terms of both amount (max 20 per cent) and rating (AAA/A1). If a municipality incurs higher climate-related costs, thereby affecting its credit worthiness and credit spread, the short average maturity also means that a change in credit rating would have a very limited impact on the portfolio.

Sustainability and climate-related risks are also considered low in the credit portfolio – even in cases where the underlying collateral for Avanza's Private Banking mortgages is in geographically vulnerable areas, which could affect the collateral's value. The loan value in the portfolio remains low and mortgage customers are usually over-collateralised. If the underlying collateral decreases significantly in value, it is captured in the annual revaluation, which can trigger amortisation requirements.

In Avanza's margin lending, environmental and climate-related risks could have an indirect impact since the loan is strictly used to finance investments in securities. Transition and climate-related risks that an issuer is exposed to through its business model are normally reflected in the asset's volatility and therefore taken into account in assessing the value of the collateral. This would trigger a re-evaluation of the LTV ratio, which if necessary would be lowered for the individual issuer.

Climate and sustainability risks tied to the business operations

To help customers make sustainable choices and minimise the climate risk in their investments, Avanza is developing various tools and providing information and education on sustainable savings. For more information, see pages 26–27.

In the corporate finance business, assignments where the underlying environmental and climate-related risks are disregarded could have a negative impact on Avanza's reputation and brand. This type of risk is addressed by the bank's investment committee when deciding whether to accept an advisory assignment.

In the fund management company, ignoring sustainability considerations in the management of the funds could have a detrimental effect on both performance and reputation. Special criteria for responsible investments have been designed for funds of funds. The underlying funds they invest in must live up to the same criteria as the fund of funds. Sustainability risks are taken into account by excluding companies with revenue from controversial sectors and companies that violate international norms and conventions. By including funds that promote environmental and social development, so-called light green funds according to article 8 of the Sustainable Finance Disclosure Regulation (SFDR), sustainability risks are further reduced.

The funds of funds also have a limit in terms of companies that sell coal, chemical and biological weapons, cluster bombs, land mines, nuclear weapons as a means to reduce the climate risks in their investments. For more information, see page 26.

Risks associated with personnel and social issues

Avanza's success is highly dependent on strong employee engagement and the success in retaining employees and attracting new talent. Avanza's corporate culture, modern platform and technology choices, coupled with the way we work and our values, are important to remain attractive as an employer. In Universum's survey of Sweden's most popular employers in 2021, Avanza ranked highest of all financial companies. Avanza has a recruiting policy, diversity and gender equality policy, and occupational health and safety policy, which ensure that these issues are addressed. See pages 32–36 for more information.

Human rights risks

Avanza's code of conduct outlines and describes our values and business ethics. The code applies to board members, managers and all employees of Avanza regardless of form of employment. Sustainability is incorporated in Avanza Fonder's funds of funds based on the opt-out principle. The funds of funds exclude funds which invest in companies that do not follow international norms and conventions with respect to the environment, human rights, working conditions and business ethics e.g. the UN Global Compact and OECD Guidelines for Multinationals. Beyond that, Avanza's operations do not entail a material risk of violating human rights, whether directly or indirectly.

Anti-money laundering and terrorist financing

We work actively to prevent and combat money laundering and terrorist financing. The goal is to effectively and efficiently minimise the risk that the products and services Avanza offers are used in financial crime. It is critical to our work that we know our customers and properly understand the risk of being exploited.

At least once a year, Avanza's board and CEO establishes a Group-wide policy and guidelines that serves as a framework for Avanza's AML/CTF work. We are proactive in managing this risk through our Know-Your-Customer process and by analysing improprieties on a continuous basis. We have routines to investigate and report suspicious activity to the Financial Intelligence Unit within the Swedish Police. Internal training programmes are in place to ensure that employees have the knowledge they need, in addition to which all employees receive basic training each year.

Avanza serves Swedish customers, and to be a customer of Avanza you must also have an account with another Swedish bank. Our aim, using a risk-based approach, is to continuously improve both automatic and manual customer processes and routines.

Compliance risks

Avanza operates under the supervision of the Swedish FSA. The financial sector is strictly regulated, which places high demands on compliance with applicable financial and ethical rules.

Avanza places the highest priority on lawful and ethical conduct and has established internal rules, routines and processes to ensure that Avanza is in compliance with regulations. All employees have a clearly stated responsibility to follow these rules, routines and processes. A key element of compliance work is good internal governance, risk management and control, as well as a sound risk culture, which the Board of Directors and the CEO are ultimately responsible for.

In accordance with the three lines of defence principle, Avanza has established an independent compliance function, which is directly subordinate to the CEO. Compliance is responsible for verifying that the licensed operations comply with laws, regulations and internal rules, including by helping them identify their compliance risks and independently monitoring and controlling that the business has the proper routines and controls in place to manage the risks. Moreover, Compliance is responsible for ensuring that employees are informed and educated on new or amended rules applicable to licensed operations.

Stress tests ensure that Avanza's strategic and business model is resilient in the event of a more negative climate scenario

This year, for the first time, Avanza's strategic and business model was stress tested based on various climate scenarios. This work was reported to the Board's Risk, Capital and Audit Committee and included in the annual own risk and solvency assessment (ORSA), which the board establishes and which is sent to the Swedish FSA. The stress test has used the Paris Agreement Capital Transition Assessment (PACTA), an open platform to measure whether an investment portfolio is aligned with the commitments of the Paris Agreement. With the help of PACTA, customers' investments are categorised into climate-relevant sectors such as energy, oil & gas and coal mining.

The various scenarios have used one assumption where customers are passive and hold onto the same assets and one which assumes that they are active and act rationally by reweighting over a five-year period from the four categories Energy, Oil & Gas, Coal and Material production to more sustainable asset categories. Since the business plan does not stretch to either 2030 nor 2050, the outcomes from the two climate scenarios are compared against each other. The business plan is followed to 2024 in terms of volumes, earnings and costs per transaction, and insurance capital. To isolate the climate effect, the net inflow is assumed to be zero. Revenue and expenses are held constant from 2024 and all generated results are distributed to the shareholders. This is done to avoid inflating the balance sheet and to isolate the climate impact.

The stress test showed that the direct exposure to physical risks due to climate change was very limited. The transition to a more sustainable, fossil-free economy creates transition risks for Avanza, since our earnings are largely tied to the value of customers' investments and how actively customers trade. In both the passive and active scenario, the stress test showed very little effect. The low exposure to the directly affected industries is an important reason. Even if the analysis itself shows very little effect, sustainable assets are expected to generate fairly different returns in each scenario. While this is only marginally captured in the analysis, it is considered to have a fairly big impact on customers' savings capital and Avanza's earnings over this long period of time. The extent is highly uncertain, however. Individual customers may have a greater exposure to particular sectors, which is why it is important that Avanza continues to offer sustainable investment alternatives as well as inform and inspire customers to make sustainable choices.

Target and measure

Avanza follows a number of key figures and indicators linked to our operations and sustainability work, which are based on three focus areas. Read more on pages 20–21 and 24–25.

Earnings risk

An important part of Avanza's risk management is to evaluate and challenge our business model when it comes to earnings risks. Earnings risk is managed by continuously improving and broadening our offer to ensure high customer value and broader, more diversified earnings. Continued strong growth in the number of customers and savings capital, along with increased cost efficiency, improves economies of scale and makes Avanza more competitive. Avanza continuously monitors the market and its pricing in order to respond to changes in customer preferences and market developments through planned measures and adjustments to the business model.

Internal capital and liquidity assessment (ICAAP)

Each year Avanza performs an ICAAP to analyse all the material risks that Avanza is, or could be, exposed to based on established business and financing plans. The aim is to ensure that Avanza has sufficient capital, liquidity and assets of lasting value to cover unexpected losses, outflows and customers' liquidity needs, even under unfavourable conditions.

The size of Avanza's capital and liquidity is ultimately linked to the viability and resilience of the business model. The ICAAP models the income statement and balance sheet in a baseline scenario and stress tests them for possible economic slowdowns, strategic risk factors identified in business and financing plans, and other relevant scenarios over a three-year period. The effect of unfavourable conditions is analysed based on capital and liquidity needs.

The result of the 2021 ICAAP reflects Avanza's low risk exposure and shows the resilience of Avanza's business model, even under highly stressed conditions. Avanza's capital base at no points falls below the capital adequacy requirements stipulated by the Swedish FSA.

Own risk and solvency assessment (ORSA)

The ORSA measures total solvency capital for the insurance group, corresponding to the capital required to remain a going concern in the short and long term. Avanza starts here with its own risk profile, risk tolerance and business strategy, and the capital requirement is evaluated in relation to the insurance group's assessment of risk and the regulatory solvency capital requirement. ORSA is an important part of corporate governance and risk management and requires the company to stay informed of, and be able to assess, all its risks. ORSA is an integral part of Avanza's business strategies. This means that the result of the ORSA is taken into account in strategic decisions and business planning.

Scenario-based tests are conducted in the ORSA to obtain a forward-looking assessment of the solvency situation and thereby evaluate the insurance group's ability to meet its obligations in stressed situations. Among the factors that are stressed are volumes, market conditions, costs, earnings, climate change and the risk that customers leave Avanza.

The result of the 2021 ORSA shows that the insurance group is well capitalised and can withstand stress, and that measures can be taken fairly easily to restore the solvency ratio even in severe situations.

Capital planning

Avanza's capitalisation is governed by the regulation requiring a leverage ratio of 3 per cent, which was introduced at mid-2021. In addition, the Swedish FSA is introducing a Pillar 2 guidance, which means an additional safety margin. In 2021, the Swedish FSA announced the guidance for an industry peer of an additional 0.9 per cent. The guidance for Avanza is expected to be finalised 2022, once the Swedish FSA has completed its review and evaluation of Avanza. To maintain a good margin to the requirement regardless of market conditions, the board has previously set the internal leverage ratio target at 3.8 per cent. Avanza's leverage ratio for the consolidated situation was 4.8 (4.9) per cent at year end, and for the bank 4.4 (4.3) per cent. The leverage ratio is strengthened through increased Tier 1 capital and/or decreased deposits on the balance sheet.

The total capital requirement for the consolidated situation was 12.6 (13.1) per cent at year end. Avanza's total capital ratio was 24.0 (24.4) per cent.

Group recovery plan

Avanza prepares an annual Group recovery plan to prepare the Board and management for potentially severe financial situations. The 2021 recovery plan has been approved by Avanza's Board.

In the plan, recovery measures are identified to restore capital, liquidity and profitability. Also included are indicators that we regularly monitor to identify in time whether recovery measures are needed. Avanza's financial situation is also stressed in several scenarios. In all these scenarios, Avanza is placed in a recovery situation to evaluate whether the measures Avanza has identified are sufficient without exposing customers to risk.

Chairman's comment

What happens when you don't practice what you preach

2021 was another outstanding year for Avanza and Rikard has discussed the most important milestones elsewhere. Our customers have done well. Avanza has done well. An ideal outcome.

For the 12th year in a row, we won the Swedish Quality Index award for Sweden's most satisfied savings customers, which is especially gratifying since it is given by our customers. Winning it has even been a goal of ours, and there is always a sense of nervousness before the results are announced in December of each year.

2022 will in all likelihood see higher demands for a good return without raising risk

When talking about risks, I would like to say something about the risks and anomalies in 2021.

The markets are naturally steered mainly by facts, but various forums, where people act anonymously, are gaining influence over stock prices. The cynic might see this as a natural phenomenon at a market peak. And it could very well be, but that doesn't justify it. It used to be easier to trace the sources of false and accurate information that could affect share prices, but with these chat sites, which are usually anonymous, it is harder to figure out.

This leaves a lot of the onus on our customers to distinguish between false and accurate information. Last year's most hyped stock was GameStop, whose price soared fuelled by a forum on Reddit in the US and in two weeks was up 1,500% after a short squeeze. This means that the investors who had shorted the share were forced to accept the skyrocketing prices to buy back those shorted shares when the borrowers demanded them.

"I see our customers as cautious and fact-based investors"

It is interesting to see how many Avanza customers bought GameStop stock and how much was involved. About 33,000 owned the share and their median holding never exceeded SEK 10,000. In other words, less than 3% of our customers tested



Sven Hagströmer, Chairman of the Board

their luck on GameStop. The percentage of customers and the average amount say a lot about our customers as being cautious and fact-based investors.

I would like to add here that Avanza was started with the aim of giving customers a well-stocked toolbox to make their own informed investment decisions. The toolbox is constantly updated to be effective and as widely available as possible.

“We want to give our customers a good toolbox to make informed decisions”

Avoid specific advice but listen to the general

As a long-time investor and founder of Avanza, I often meet other investors in various contexts.

The basic concept when it comes to investing in stocks is to avoid buying a Fiat today when you could buy a Mercedes, or why not a Tesla, tomorrow. This is the difference, but today we are bombarded too often by, “Buy Now, Pay Later”.

The highlight of these meetings is usually when I am expected to offer specific advice. This is something I always avoid, however, since advice by its nature evolves. I know that when I meet these people a buy recommendation can change to a hold or maybe even a sell.

On the other hand, I usually give two general pieces of advice, which I have mentioned here before:

- Buy shares in companies whose products you understand.
- Buy shares in companies where you are satisfied customer.

It is easy to give others advice, but have I followed it myself?

In the case of Avanza and Creades, I no doubt have. Here I hope and believe that both companies will continue to fulfil their potential.

Instead I would rather discuss when I failed to practice what I preach and what it cost. Hopefully, it will inspire someone to make better decisions.

“I have always been interested in technology and saw the opportunities when I created Avanza”

I have been interested in technology from the age of 12, when I received my library card at the Royal Institute of Technology in Stockholm. I started Avanza when I saw the opportunities that the Internet had created.

So far, so good. But when it comes to the Tesla, I totally blew it. I loved the car from the first time I saw it. But I thought the stock was too expensive. What did I do? Well, I thought I was being very smart by buying a Tesla in the belief that it was a better investment than the share. I am still a very satisfied Tesla owner. Until the other day when I did a calculation. I shouldn't have bothered. Had I combined my Tesla purchase and as a very satisfied customer bought shares for the same amount, I would have been able to buy 23 brand-new Teslas today. All that in almost exactly 8 years.

It is little consolation, but I am not alone. This is a fairly typical stock market story. The biggest mistake you can make as an investor is not to stick to your discipline. I know!

I will not make you to hear another story but if I say that I bought my first Apple computer, an Apple II, in 1981, I think you can guess.

Always practice what you preach.

Stockholm in February 2022



Sven Hagströmer
Chairman of the Board

Corporate governance report

We want to create a better future for millions of people. The key to success is a high level of trust and the most satisfied customers. It is our firm conviction that it is through customer value that we create the best shareholder value.

Avanza's Corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the Code). Avanza Bank Holding AB (publ), hereafter "Avanza", does not deviate from the Code. As a publicly listed Swedish limited liability company, Avanza's operations are also governed by other laws and regulations, including the Swedish Companies Act, Nasdaq's Nordic Main Market Rulebook for Issuers of Shares and the International Financial Reporting Standards (IFRS). The operating subsidiaries are subject to the supervision of the Swedish Financial Supervisory Authority (SFSA), which requires strict application of various financial and ethical rules and guidelines based on Swedish and European law and the Swedish Securities Markets Association's guidelines.

Avanza is driven by a strong customer focus and an ambition to provide a world-class user experience and customer service. We believe our offer must stand the test of time. We do not offer investment advice and instead inspire and educate customers to make informed savings and investments decisions. Our promise is that customers will have more money left in their own pockets with Avanza than with any other bank. In the long term, what we do benefits the Swedish savings market and the industry's development, which in turn has a positive effect on society as a whole. From a societal and sustainability perspective we also promote an increased share of sustainable investments. This is done by facilitating sustainable investment choices and by educating and challenging. An important part of the sustainability work is a sustainable organisation with thorough oversight and control. We are working actively to increase gender equality and diversity.

To achieve our vision and promote a better savings market in the long term, we have to maintain a dialogue with and listen to our stakeholders. We have to earn their trust every day and preferably surpass their highest expectations. These stakeholders include customers, employees, owners, partners, media, suppliers, authorities and legislators, all of whom affect and are affected by our operations.

A. Ownership and voting rights

The share capital consists of one class of shares. All shares confer the same rights. There are no limitations on the right to transfer shares or how many votes a shareholder may cast. The share is listed on Nasdaq Stockholm's Large Cap list. The share capital at the end of 2021 amounted to SEK 77,785,879, represented by 155,571,758 shares and votes. An ownership distribution is presented on page 39. The largest shareholders are represented on the Nomination Committee and in the nomination process

for the election of Board members and the auditor; see below. Avanza has three outstanding warrant programmes comprising warrants with the right to subscribe for 5,700,000 new shares with a maximum dilution of 3.7 per cent. Of the total number of outstanding warrants, 40 per cent were transferred to employees at year-end. Two additional incentive plans were established by the AGM 2021. They comprise a total of 2,400,000 warrants and cannot be transferred until 2022 and 2023, when the existing incentive plans expire. For further information on the Avanza share, see pages 38–39 and Note 29 Equity.

B. Nomination process for election of Board members and auditor

The AGM 2020 established the nomination process for the election of Board members and the auditor as well as the appointment of a Nomination Committee. The principles for the nomination process apply until further notice.

The names of the Nomination Committee's members, and the shareholders they represent, were published on 24 September 2021, more than six months before the date of the AGM 2022. The Nomination Committee consists of one representative from each of the four largest shareholders wishing to appoint a representative, based on ownership interests known immediately before the announcement. The Nomination Committee is a governing body of the AGM with the sole purpose to prepare the AGM's resolutions on election, and directors as well as auditors' fees.

The Nomination Committee is mandated to serve until a new committee is appointed. In accordance with the nomination process, the Chairman of the Committee is the member representing the largest shareholder, unless the Nomination Committee has agreed otherwise. A shareholder who after the publication of the Committee members is no longer among the four largest shareholders must make their seat available in favour of the shareholder who became one of the four largest. Marginal changes do not have to be considered. Shareholders appointing a representative to the Committee have the right to dismiss this representative and appoint a replacement. All changes to the composition of the Committee shall be publically announced.

The Nomination Committee's proposals for resolution at the AGM:

- Chairman of the Meeting
- Board of Directors and Chairman of the Board
- Board fees
- auditor and fees for the Company's auditors
- if appropriate, changes in the procedure for appointing the Nomination Committee

Composition of the Nomination Committee

Name	Representing	Holding 31-08-2021	Holding 31-12-2021
Erik Törnberg (Chairman of the Nomination Committee)	Creates AB	15,593,000 (10.1%)	15,593,000 (10.0%)
Sven Hagströmer (Chairman of the Board of Avanza)	Hagströmer family and companies	15,667,230 (10.1%)	15,667,230 (10.1%)
Moritz Sitte	Baillie Gifford & Co	15,671,559 (10.1%)	15,671,559 (10.1%)
Peter Guve	AMF Pension & Fonder	9,236,966 (6.0%)	9,451,966 (6.1%)

The Nomination Committee's proposal to the Board of Directors is presented in its entirety to ensure that the composition of the Board meets competence, diversity and independence requirements. Shareholders with views on the Board's composition or proposals for new members shall submit them to the Nomination Committee well in advance of the AGM. Nomination proposals are reviewed as part of the nomination process. Proposals shall be sent to valberedningen@avanza.se or to:

Avanza Bank Holding AB
F.A.O.: Valberedningen
Box 1399
111 93 Stockholm

Although Committee members are not remunerated for their work, Avanza refunds reasonable costs deemed necessary for them to undertake their duties. The Committee has agreed that Erik Törnberg, Creades AB, will remain in the position of Chairman of the Committee.

The Nomination Committee's proposals, as well as a reasoned opinion on the proposal and a report on the Committee's work, are published in conjunction with the notice of the AGM. When preparing its proposal for Board fees, the Nomination Committee uses comparisons to companies operating in similar spheres and with a similar size and complexity. Proposed fees shall be market rate based on the responsibility and work required and on the contribution the Board can make to the Company's development.

As a diversity policy, the Nomination Committee has applied section 4.1 in the Code. Although the Nomination Committee has sought a gender balance among AGM-elected Board members, the share of women has been lower than the Swedish Corporate Governance Board's ambition. In 2021 the Board of Directors consisted of seven men and two women. For more information, see section F. Board of Directors.

The Nomination Committee held 3 meetings in 2021, at which all members were present. The Nomination Committee also conducted an evaluation of the Board and its work, where the Board's size, composition, industry experience and competence were evaluated.

C. Annual General Meeting (AGM)

Shareholders exercise influence over Avanza through participation at the AGM, Avanza's most senior decision-making body. In accordance with the Articles of Association, the AGM elects the Company's Board members and appoints Avanza's auditors.

In addition, decisions are taken on adoption of the income statement and balance sheet, consolidated income statement and consolidated balance sheet, dividends and other profit distributions, discharge from liability of the members of the Board and the CEO, the nomination procedure, remuneration guidelines for senior management, and other important issues.

To exercise their vote at the AGM, shareholders usually have to be present at the meeting in person or by proxy. In addition, they must be registered in their own name in the share register on the specified date prior to the meeting and have notified Avanza of their participation as set out in the notice. Due to the pandemic, temporary rules were in place in 2021 that allowed shareholders to vote by post or digitally.

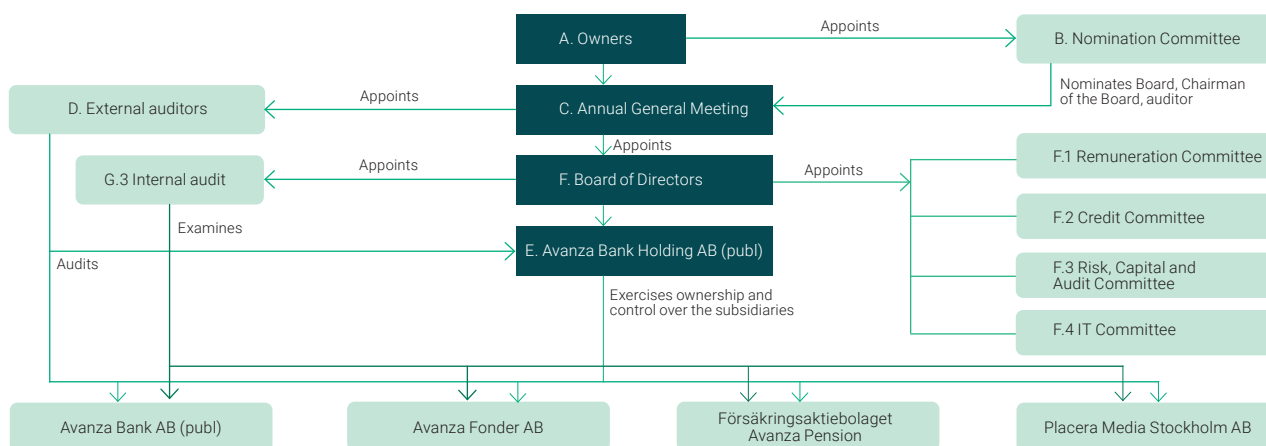
The AGM's resolutions normally pass with a simple majority, i.e. more than half of the total number of votes cast, unless otherwise specified by the Swedish Companies Act. Shareholders wishing to add a matter to the agenda at the AGM may submit a written request. Such requests must be received by the date indicated on Avanza's website, which for the AGM 2022 was 10 February 2022. Requests are to be sent to:

Avanza Bank Holding AB
F.A.O: Bolagsjuridik
Box 1399
111 93 Stockholm

The date and time of the next AGM, and information on how shareholders can exercise their right of initiative, are posted on Avanza's website under the Governance section at the latest in conjunction with the publication of the third interim report of the year preceding the AGM. Minutes and supporting documentation from previous AGMs are also available in the same section.

Extraordinary General Meetings may be held if the Board deems necessary or if the Company's auditor or a shareholder holding at least ten per cent of the shares requests such a meeting.

At Avanza's AGM on 30 March 2021, 246 shareholders were represented with a holding corresponding to 47 per cent of the total number of shares and votes. Due to the pandemic, the AGM was held without physical presence. Voting was conducted by mail or digitally prior to the AGM. To enable shareholders to ask questions before the AGM, a separate digital information meeting was held in Swedish with the CEO and the Chairman of the Board. Avanza's CEO also held a presentation.



In addition to the annually recurring matters, the following resolutions were also adopted by the AGM 2021:

- amendment to the Articles of Association on which date a shareholder must be listed in the shareholder register to be entitled to participate in the AGM
- issuance of warrants for employee incentive programmes
- authorisation for the Board to acquire own shares

The AGM approved three incentive programmes, the last of which expires in November 2026. The three incentive programmes comprise a total of 3,600,000 warrants, corresponding to 1,200,000 per programme, which entitle holders to subscribe for a corresponding number of shares. Warrants corresponding to 651,630 shares have been transferred, equivalent to a subscription rate of 45 per cent for the first programme. If all the warrants in the three programmes approved by AGM 2021 were exercised, the dilution effect would be below 2.3 per cent.

An Extraordinary General Meeting held on 16 November 2021 resolved to distribute a dividend of SEK 2.95 per share.

D. External auditor

The external auditor is an independent reviewer of Avanza's financial statements and determines whether they in all material respects are accurate and provide a fair presentation of the Company and its financial position and results.

The AGM 2021 reelected KPMG AB as the auditor, with Mårten Asplund as Auditor-in-Charge, until the AGM 2022.

The auditor presents the AGM with an audit report on Avanza's Annual report and consolidated financial statements, the appropriation of the Company's profit or treatment of its loss, and the administration of the Board and the CEO, and offers an opinion on the Corporate governance report. In addition, the auditor submits reports on day-to-day management and internal control, in writing as well as orally to Avanza's Board and/or Audit Committee, at least twice a year and delivers an audit report on the annual accounts and Annual report.

The audit is conducted in accordance with the International Standards on Auditing (ISA), issued by the International Federation of Accountants (IFAC). The auditor's fees are paid based on approved invoices. In 2021, fees paid to KPMG for auditing duties totalled SEK 2,663 thousand. Total remuneration paid is shown in Note 10 Auditors' fees and reimbursement of expenses.

E. Avanza Group

Avanza strives to maintain a clear and transparent organisational structure. Reporting from subsidiaries is done on a monthly basis. The members of Avanza's Board of Directors are also members of the board of directors of the subsidiary Avanza Bank. The boards of other subsidiaries consist of both internal and external members.

CEO and Group Management

The CEO is responsible for the day-to-day management of the company in accordance with the Swedish Companies Act and Avanza's CEO instruction, which is adopted by the Board. The CEO is responsible for keeping the Board informed of the Company's operations and ensuring that Board members have all the information they need. The CEO also keeps the Chairman updated on the Group's development.

On 1 February 2021, Anna Casselblad took over as CFO of the Avanza Group succeeding Birgitta Hagenfeldt. Gunnar Olsson, COO, took over as Deputy CEO. Anna Casselblad has worked at Avanza since 2012 and since 2017 as head of the Avanza Group's Compliance function. Avanza's Group Management consisted at year end 2021 of:

- Rikard Josefson, CEO of Avanza Bank Holding AB (publ)/ Avanza Bank AB (publ)
- Anna Casselblad, CFO
- Jesper Bonnivier, CEO of Avanza Fonder
- Camilla Hedenfelt, Head of Human Resources
- Åsa Mindus Söderlund, CEO of Försäkringsaktiebolaget Avanza Pension and Group Head of Sustainability
- Gunnar Olsson, COO and Deputy CEO of Avanza Bank Holding AB (publ)/ Avanza Bank AB (publ)
- Teresa Schechter, CLO
- Peter Strömberg, CIO
- Peter Westling, Head of Innovation and Marketing

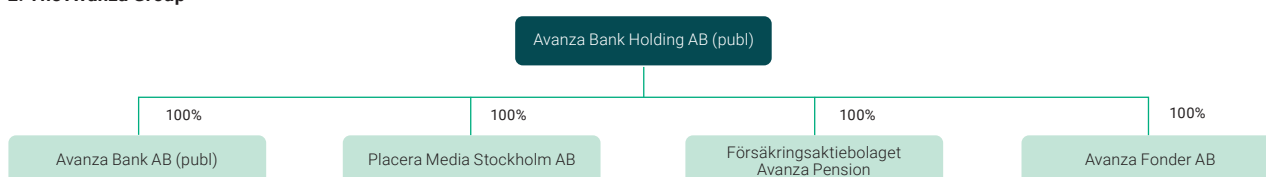
More information on Group Management is available on the website, avanza.se/ir, and on pages 56–57.

Group Management holds formal meetings every two weeks and informal meetings as needed. The meetings address Avanza's results and strategy, priorities and the status of major projects and initiatives, with regular reports from the Group functions Compliance and Risk Management.

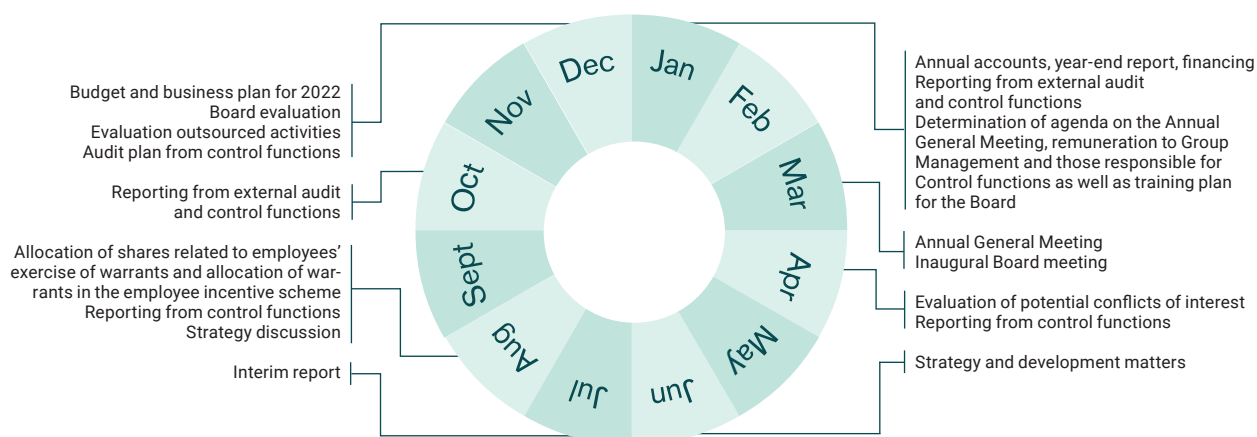
Suitability assessment

Avanza has internal guidelines for suitability assessments of the CEO, other members of Group Management, the heads of control functions and those responsible for the Group's AML work. The assessments are made in conjunction with new appointments and followed up at least once a year as regards the CEO and at least every two years as regards other members of Group Management and the heads of control functions. In the assessment it is determined whether the person in question has adequate knowledge, insight, experience and is suited to the role. Potential conflicts of interest are evaluated as well. Background checks are conducted at least once a year and training plans are set annually.

E. The Avanza Group



Board meetings 2021



Remuneration to Group Management

Group Management's remuneration shall reflect each person's experience, competence and performance. Remuneration comprises a fixed salary and the opportunity to purchase warrants in the incentive programme for all employees resolved by the AGM.

Members of Group Management have acquired warrants on prevailing market terms in accordance with the warrant programme. In contrast to other employees, Avanza's Group Management receives financing to acquire warrants for an annual one-time payment of 10 per cent of their base salary. The financing is contingent on the amount being invested in Avanza's incentive programmes and may be subject to repayment if pre-emptive rights are exercised to purchase warrants in accordance with the pre-emptive rights agreement for the warrants.

Avanza's remuneration policy can be found at avanza.se/ir under Governance, as well as the remuneration report approved at the latest AGM. The remuneration report presented at the AGM 2022 will be published as soon as it has been approved. Questions concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and approved by the Board. Remuneration to other members of Group Management is determined by the Board, based on the Committee's proposal, following consultation with the CEO. Remuneration guidelines for senior management are adopted by the AGM and presented in Note 9 Employees and personnel costs.

Corporate culture and policies

Avanza's corporate culture is based on a vision to create a better future for millions of people. The key is that what we do will create value for our customers. The corporate culture is characterised by collaboration, humility and an aim to constantly challenge ourselves to think differently. Decision-making channels are short and there is room for different opinions.

Avanza has a Group-wide policy on diversity and equality, which can be found at avanza.se/ir. For Avanza, diversity and equality mean utilising everyone's knowledge, experience and views to enrich, create dynamism and influence every part of the Company. The policy also ensures that all employees are treated fairly and that there is no discrimination. The CEO has overarching responsibility for diversity and gender equality. The work is done systematically with updated documentation, analysis, active measures, evaluations and follow-ups. Equality issues are tracked through employee surveys. Parity between women

and men, is measured in Group Management and among managers with personnel responsibility. Avanza's management at the end of 2021 was comprised of 4 women and 5 men. Among managers, 46 per cent are women.

Occupational health and safety is a priority. Healthy employees make for a better and more effective organisation and create shareholder value. The overarching goal of our health and safety work is to create and maintain an environment where employees have the right opportunities given their position and goals. Avanza has a dedicated committee that deals with the overall structure for systematic occupational health and safety work and equality issues.

Avanza has a high recommendation rate among employees with an eNPS score of 67.

For more information, see pages 32–36.

Regulatory training

Avanza has a code of conduct that includes our ethical guidelines. The code applies to all employees and provides guidance on how we build long-term relationships by describing the responsibility that comes with being an employee. The code contains Avanza's stance on business ethics and reporting routines as well as how we expect employees to act in ethical dilemmas.

Acting ethically and taking measures to prevent unethical or illegal behaviour is an important part of Avanza's culture. Employees are encouraged to report actions that could be considered unethical or illegal. Incoming reports are handled confidentially. Whistleblowers can contact either their immediate superior or the Head of Compliance, or use an external whistleblowing tool where they can remain anonymous. All reporting through the external tool is encrypted and shall ensure the anonymity of the person who filed the report. Reports can also be submitted to HR, the CEO or the Chairman of the Board. Avanza has a whistleblowing instruction adopted by the Board. A whistleblower who reports legitimate concerns about illegal or unethical behaviour have Avanza's full support and are not at risk of losing their job or facing any form of reprisal as a result of their actions.

All new employees are introduced to current laws, which is followed up on a regular basis to ensure that the employees are kept updated on regulations and any changes. In addition, individual departments arrange separate, in-depth training in specific areas. All employees undergo regular web-based training in GDPR, security, anti-money laundering and anti-corruption.

As a company in the financial market, we have an obligation to help maintain trust in the market. Avanza abides by Sweden's anti-corruption laws and practices and under no circumstances accepts active or passive bribery or other illegal payments. The Avanza Group works continuously to fight corruption and has an anti-bribery policy that complies with Swedish law. The policy and Avanza's Code of Conduct are included in the mandatory compliance training for new employees and can be found at Avanza.se/ir. Supplemental training is provided every three years for all employees. Compliance training includes the work being done in anti-money laundering and terrorist financing, central laws and rules for the regulated operations of Group companies, and other key guidelines and policies. Neither Avanza nor any of Avanza's employees have been convicted of bribery or other crimes related to corruption.

Avanza's internal regulations are easily available to all employees on the internal web. All employees of Avanza have a responsibility to understand and stay updated on the laws and internal rules that affect and are relevant to their work. Avanza is also affiliated with Swedsec, which sets proficiency requirements, issues licenses and requires compliance of those who work as specialists with mortgages and in management or control functions. All of these approximately 100 employees were Swedsec certified as of year end.

F. Board of Directors

The Board of Directors sets forth the business framework, appoints the CEO and exercises control over the Company's management. The Board's duty is to manage the Group's affairs in the best interests of Avanza and its shareholders in order to create the best conditions for a sustainable business. The duties of the Board are governed by the Swedish Companies Act, the Code and the formal plan that the Board has established for its work.

The Board takes decisions on matters concerning Avanza's strategic direction, major investments, organisational issues, acquisitions and divestments. Furthermore, each Board establishes policies and guidelines, as well as the terms of reference for the CEO. Where applicable, subsidiaries establish work plans for the control functions Risk Management, Compliance, Internal Audit and the Actuarial function.

The AGM 2021 re-elected all previously elected Board members except Birgitta Klasén, who declined re-election. Additionally, Leemon Wu was elected as a new member in accordance with the Nomination Committee's proposal. According to the Articles of Association, the Board shall consist of no fewer than five and no more than nine members. Avanza's Board consisted

in 2021, as of the AGM, of nine members elected until the next AGM and no deputies. The Chairman of the Board is Sven Hagströmer. The Board held its first meeting following election on 30 March 2021. Information about the members of the Board can be found on Avanza's website and on pages 54–55.

Diversity and suitability

The guidelines on suitability assessments set forth how Avanza evaluates appointees for their assignments, how conflicts of interest are addressed and how a suitably diverse board is achieved. The Board's composition of individuals of varying age, with a goal of gender parity, and with varying educational and professional backgrounds will help to ensure that the Board collectively has the ability to critically review and understand relevant regulations and can identify the risks caused and faced by the Company. New members are also evaluated in terms of the number of executive and/or non-executive positions they hold, to ensure they have the time needed for the Board's work. These assessments are made in conjunction with new appointments and followed up at least annually. Based on the suitability assessments, annual training plans are then formulated. Background checks were made of all Board members in 2021. Information on the Board's composition, age and background is shown on pages 54–55.

The boards of the subsidiaries Avanza Bank AB and Försäkringssaktiebolaget Avanza Pension follow their own guidelines on suitability assessments adapted to the requirements of a suitable composition and collective competence for the board of each company. Subsidiary boards consist of members with varying experience and education, which contributes to a suitable composition of competences.

Work of the Board in 2021

During the year, the Board held a total of 16 meetings, including 8 regular meetings, 1 inaugural meeting, 5 extra and 2 by telephone/mail. Board meetings by telephone/mail mainly addressed decisions relating to Avanza's incentive scheme.

At scheduled meetings, the following are always discussed:

- financial reporting
- operational reporting
- reporting by the Board's committees
- credit reporting for the subsidiary Avanza Bank

The control functions Risk Management, Internal Audit and Compliance report quarterly.

Attendance at recorded Board meetings 2021

Member of the Board	Attendance Board meetings	Attendance committee meetings	In relation to the company and its management	In relation to the company's largest shareholders
Sven Hagströmer, Chairman	16/16	RC 7/7, CC 31/31	Independent member	Not independent member
Magnus Dybeck	16/16	IT 11/11	Independent member	Independent member
Catharina Eklöf	15/16	RC 7/7	Independent member	Independent member
Viktor Fritszén	16/16	RKAC 8/8	Independent member	Independent member
Jonas Hagströmer	16/16	RKAC 5/8*, IT 11/11	Independent member	Not independent member
Birgitta Klasén (declined re-election at AGM)	4/16**	CC 7/31**, RKAC 3/8**	Independent member	Independent member
Mattias Miksche	16/16	RC 6/7, IT 11/11	Independent member	Independent member
Johan Roos	16/16	RKAC 8/8, CC 24/31*	Independent member	Independent member
Hans Toll	16/16	CC 31/31, RKAC 8/8	Independent member	Not independent member
Leemon Wu	12/16*		Independent member	Independent member

*Took office at AGM 2021. **Stepped down at AGM 2021.

In addition to the recurring items on the agenda, the Board addressed the matters described in the illustration on the previous page. The Board also focused on the Group's implementation of and alignment with new and amended regulations affecting various parts of its operations.

The Board also worked on and participated in strategic business planning in order to continuously adapt and improve Avanza's customer offering.

At the end of each calendar year, an evaluation is undertaken to improve the Board's work procedures and competence. The evaluation is conducted by the Board members evaluating their own and the Board's collective competence as well as the Board's work and work procedures. The results are communicated to the Nomination Committee and compiled in a report, which then forms the basis for any changes or training.

The Board of Directors' competence training

Each year the Board establishes a training plan to give members a better understanding of various areas, relevant rules and risks that affect the business as well as new products and services Avanza is launching. Board members also visit various parts of Avanza on their own initiative to better familiarise themselves with specific areas. The Board's training needs are reviewed and specific measures are taken as needed to provide information and improve competence in special areas. In 2021, the Board underwent training with a focus on insurance law, updated capital adequacy rules, fund regulations, anti-money laundering and counter-terrorism financing rules, cloud services and outsourcing, as well as rules on sustainability. New Board members receive introductory training to gain an overview of the Group and its operations and an understanding of Avanza's values and culture.

Formal work plan of the Board of Directors

The Board follows a formal work plan it adopts on an annual basis, which regulates the division of duties, decision-making, signatories, meeting procedures and the Chairman's duties. It also covers the Board's responsibilities and duties as well as how to identify and manage potential conflicts of interest.

The Board's work follows a plan that meets the Board's information needs and is otherwise governed by established procedures for dividing duties between the Board and the CEO. In addition, the Company's auditor presents the audit and observations to the Board. The Company's auditor attended and reported to the Board at one Board meeting as well as attended the Audit Committee's meetings in 2021. Company employees participate in the Board's meetings as rapporteurs and secretary.

Remuneration for Board members and attendance at Board meetings

The AGM 2021 resolved to pay annual remuneration of SEK 368,000 each to the Chairman of the Board and Board members Jonas Hagströmer and Magnus Dybeck. The fee paid to other Board members was set at SEK 460,000 each, combined with a recommendation to invest one third of the net fee in shares in Avanza. In addition, a fee of SEK 54,500 was set for members of Avanza Bank's Credit Committee and SEK 44,000 for members of the Company's Remuneration Committee and IT Committee. For the Risk, Capital and Audit Committee, SEK 225,000 was set for the Chairman and SEK 100,000 to each member. Board members who receive a salary through their employment with the Company are not entitled to Board fees. In 2021, no board members were employed by the company. More information in Note 9, Employees and personnel costs.

Board work requires all members to engage and participate in issues concerning the Company's and the Group's organisation and management of its affairs, establishment of qualitative and quantitative operating goals, and approval of the Company's strategy to achieve these goals. This is in addition to Avanza's long-term financial interests, the risks Avanza and its subsidiaries are and may potentially be exposed to, and the capital required to cover these risks. The duties of the Board are delegated to the committees as described below. On issues that require specific expertise and independence, the Board discusses which of its members are the most qualified to oversee or investigate them. The Board continuously evaluates the competence needs of each committee.

Board members have no individual areas of responsibility beyond this and the committee work specified below.

F.1 Remuneration Committee

The Board appoints the Remuneration Committee, which in the financial year 2021 consisted of Mattias Miksche (Chairman), Sven Hagströmer and Catharina Eklöf. The Committee is responsible for evaluating and recommending remuneration principles.

The Committee prepares proposals on remuneration for Group Management and the managements of the subsidiaries Avanza Bank AB, Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension, for the heads of the control functions Risk Management, Internal Audit, Compliance and the Actuarial function, as well as for identified risk-takers. Remuneration is approved by the board of each Group company. The Committee also prepares issues relating to the CEO's terms of employment and benefits for approval by the Board.

In 2021, the Committee held 7 meetings and also maintained regular contact.

F.2 Credit Committee

The Board of Directors of Avanza Bank AB appoints the members of the Credit Committee, which in the financial year 2021 consisted of Board members Hans Toll (Chairman), Sven Hagströmer and Johan Roos. The Committee is tasked with taking decisions on credit matters, with the exception of credits to related parties, which the entire Board takes the decision on. Minutes are kept of the Committee's meetings and decisions, which are distributed to the Board at its next meeting.

In 2021, the Credit Committee held 31 meetings and also maintained regular contact.

F.3 Risk, Capital and Audit Committee

The Board appoints the Risk, Capital and Audit Committee, which during the financial year consisted of Johan Roos (Chairman), Viktor Fritzen, Jonas Hagströmer and Hans Toll. In its capacity as risk and capital committee, the committee shall support the Board on risk and capital issues and serve as a forum for analysis and in-depth discussion of the company's risk taking and capital requirements. In its capacity as audit committee, the committee also monitors that the financial reporting maintains high quality, receives reports from the auditor, reviews and monitors the auditor's impartiality and independence, evaluates the auditing performance and provides input to the Nomination Committee on the AGM proposal on the auditor's election. The committee's members meet the independence requirements of the Swedish Companies Act and the Code, as well as accounting or auditing competence requirements.

The auditor attended all of the Risk, Capital and Audit Committee's regularly scheduled meetings and reported on the audit on 3 occasions in 2021. Internal Audit also participated at all of the meetings and has reported its independent observations on a quarterly basis. The quarterly reporting was also provided to the Board.

The Risk, Capital and Audit Committee held 8 meetings in 2021 and also maintained regular contact.

F.4 IT Committee

The Board of Directors appoints the IT Committee, which during the financial year consisted of Magnus Dybeck (Chairman), Jonas Hagströmer and Mattias Miksche. The IT Committee is tasked with monitoring and reviewing critical projects with a high IT content, as well as preparing issues in advance of the Board's decisions on such projects. The IT Committee held 11 meetings in 2021 and also maintained regular contact.

G. Internal control and risk management

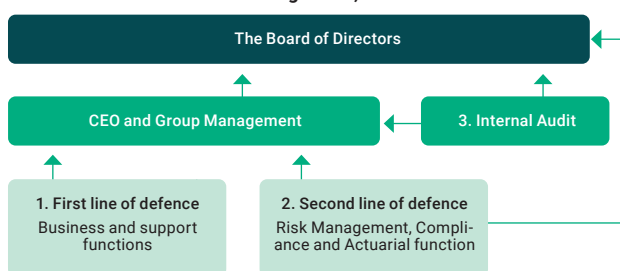
The Avanza Group shall be distinguished by good internal governance, risk management and control, and operate in an ethically responsible and professional manner with clearly defined roles and areas of responsibility. The risk management processes are designed to be effective and purposeful and include an independent risk management function with responsibility for governance, monitoring and reporting on the Group's aggregate risks.

As a rule, the subsidiaries shall apply the same principles for governance, risk management and control at a company-specific level as those at the Group level. Exceptions are made for specific legal or supervisory requirements and, in terms of proportionality, for the subsidiary's operations, scope and/or complexity, and when specific types of risk only exist in a single subsidiary.

Three lines of defence principle

Risk management and risk control in the Group and its subsidiaries are based on the three lines of defence principle. The first line of defence is comprised of the business operations. The second line of defence is comprised of the Risk Management function, Compliance and, for Försäkringsaktiebolaget Avanza Pension, the Actuarial function, which are independent of each other and independent of other operations. The third line of defence is comprised of Internal Audit, which reports directly to the board of each Group company.

G. Internal control and risk management, Three lines of defence



1. First line of defence – risk management in the business operations

Risk management primarily takes place in the first line of defence, which consists of business and support functions with specific responsibility for each department. Within the Company's regulatory framework are specific frameworks for risk management with policies, guidelines, instructions, risk appetites and limits for each type of risk.

2. Second line of defence

2.1 Risk Management function

An important part of risk management is to promote a sustainable risk culture and risk-taking that never threatens the Company's survival. The culture is derived from the Board's and management's governance and decision-making. Within the framework of the Group's financial capacity, the Board has formulated a risk appetite, which has been further broken down in the form of CEO limits. To ensure that risk-taking stays within the risk appetite and limit structures, risk management and control processes have been put in place to identify, value, manage, report and monitor every type of risk that the Company, including its subsidiaries, is exposed to.

Risk monitoring and control are performed in among other ways by limiting and measuring financial risks, self-assessments of non-financial risks, incident reporting and follow-ups, and risk analysis and approval of major changes by the Group functions. The Risk management function provides an overview of the Group's risk exposure and limit utilisation to management on a monthly basis and to the Board on a quarterly basis. In addition the Chief Risk Officer reports directly to the CEO and the Chairman of the Board as needed. The Chief Risk Officer falls directly under the supervision of the CEO.

2.2 Compliance

Compliance verifies that subsidiaries with licensing requirements follow applicable laws, regulations, internal directives and accepted practices. Compliance monitors and regularly assesses whether the measures and routines that Avanza and its subsidiaries have introduced are appropriate and effective. Compliance proposes internal rules, routines and measures that are needed to minimise the risk of non-compliance and to assist the Swedish Financial Supervisory Authority (SFS) in its supervisory capacity.

Compliance is also responsible for keeping Avanza's employees informed and educated on the applicable rules for subsidiaries with licensing requirements.

Compliance falls directly under the supervision of the CEO of each subsidiary and reports on a quarterly basis at Board meetings and regularly to Group Management, in addition to reporting directly to the CEO and the Chairman of the Board as needed.

2.3 Actuarial function

The Actuarial function is responsible for formulating and verifying that the actuarial calculations by the subsidiary Försäkringsaktiebolaget Avanza Pension meet established limits, and to assist the Board and the CEO on matters involving methods, calculations and assessments of technical provisions and insurance risks as well as reinsurance protection and other risk reduction techniques.

The Actuarial function, which for the main part of 2021 was outsourced to Northern Actuarial AB, is subordinate to the insurance company's CEO. The Actuarial function regularly reports at the board meetings of Försäkringsaktiebolaget Avanza Pension. In December 2021, the outsourcing of the Actuarial function to Northern Actuarial AB was terminated when a Head of the Actuarial function was employed by Försäkringsaktiebolaget Avanza Pension.

3. Third line of defence – Internal Audit

Internal Audit is an independent internal audit function appointed by and directly under the supervision of the respective board of directors within the Group. Internal Audit's work is based on

a risk-based audit plan established by each board. The plan is based on a thorough risk analysis and the audit work includes examining and assessing governance and internal control, examining and assessing whether the Company's organisation, governance processes, IT systems, models and routines are appropriate and effective, and examining and regularly evaluating the reliability and quality of the work performed by other control functions. Internal Audit issues recommendations after each review and then regularly follows up to verify that the recommendations have been acted on.

Internal Audit provides internal auditing services to all Group subsidiaries with licensing requirements by having the subsidiaries outsource this function to the Parent Company.

The results of the internal audits are reported quarterly, both in writing and orally, at the Board meetings and the Audit Committee as well as to the CEO.

Board of Directors' report on internal control over financial reporting

The Board is responsible, under the provisions of the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Conduct for Corporate Governance ("the Code"), for internal control for both Avanza and the entire Avanza Group. This description is limited to internal control over financial reporting and constitutes a part of the Corporate governance report, which is appended to the Company's Annual report.

System of internal control and risk management over financial reporting

Internal control over financial reporting is a process, the purpose of which is to ensure compliance with the established principles for internal control and financial reporting, and that the financial reporting is prepared in accordance with laws, regulations, applicable accounting standards and generally accepted accounting principles, as well as all other requirements for companies with transferable securities listed for trade in a regulated market.

Control environment

The keys to Avanza's internal control over financial reporting are the control environment described in the Corporate governance report, a clear and transparent organisational structure, the distribution of responsibilities, and governing internal documents such as policies, guidelines and instructions.

Another component of the control environment is risk assessment, i.e. identification and management of risks that can affect financial reporting, as well as the control activities to prevent, identify and rectify errors and discrepancies.

Risk management

Management of risks related to the financial reporting is proactive and emphasises continuous assessments, controls and training. Avanza applies available techniques and methods in a cost-effective manner. Risk management is an integral part of the business operations. Refer to previous page for more information.

Control activities

Control activities are integrated into the financial reporting process. They include both general and more detailed controls, which are designed to prevent, identify and rectify errors and discrepancies. Control activities are formulated and documented at a Company-wide and department level, based on a reasonable level of risk of errors and their impacts. Each depart-

ment manager has primary responsibility for managing the risks associated with the department's operations and financial reporting processes.

A high level of IT security is also crucial to effective internal control over financial reporting. For this reason, rules and guidelines have been established to ensure the availability, accuracy, confidentiality and traceability of the information in the business systems.

Information and communication

The information and communication channels are designed to promote thoroughness and accuracy in the financial reporting. Governing documents applying to the financial reporting have been made available and known to appropriate employees through the Company's intranet and have been supplemented with relevant routines and process descriptions.

Continuous information, dialogue, training and controls ensure that the employees are aware of and understand the internal regulations. This ensures a high standard of financial reporting. The entire Group applies the same system for financial reporting.

Follow-up

Avanza's Controller function compiles and reports financial and operating data and analyses to department managers, Group Management and the Board. Moreover, the accounting and controller departments actively monitors operating expenses in relation to budgets and forecasts. This work is undertaken in close cooperation with Group Management and managers in the organisation.

The control functions Risk Management, Compliance and Internal Audit monitor compliance with policies, guidelines and instructions. Additionally, Avanza has a Reporting Committee to take responsibility for, discuss and decide on questions concerning regulatory reporting, including new reporting requirements, new and revised reporting templates, and interpretations and assumptions regarding regulations and technical instructions from authorities for the various reports.

The Board receives monthly financial reports, and the financial situation is addressed at every Board meeting. The Board receives quarterly reports from the control functions Risk Management, Compliance and Internal Audit. All of these reports are based on an evaluation of the Group's activities and cover the entire organisation.

The Board also reviews the quarterly financial reports and annual accounts, as well as the observations and conclusions of the external and internal auditors.

The Group's information and communication channels are monitored on a regular basis to ensure they are appropriate for the financial reporting.

Assessment and position on internal audits

Internal Audit's work is based on an audit plan established annually by the Board of each subsidiary. The plan is based on a risk analysis and the work comprises an examination and assessment of whether systems, internal control mechanisms and routines are appropriate and effective. Internal Audit also issues recommendations, controls that these recommendations are followed and reports in writing at least once a year to the Board of Directors and the CEO.

The Chairman of the Board of each subsidiary and the Chairman of the Risk, Capital and Audit Committee in Avanza Bank discuss with the internal auditors which issues and areas to review.

Board of Directors and Auditors



Sven Hagströmer, Chairman

Born: 1943

Elected: 1997

Committees: Remuneration Committee, Credit Committee

Education: Studies at Stockholm University

Diversity and suitability: Over 40 years of experience from the financial industry. Highly skilled business executive and entrepreneur who has founded several companies and co-financed others outside the financial industry. Strongly engaged in various social projects and projects involving gender equality and diversity. Thorough knowledge of and keen feel for the financial markets.

Relevant employment history: Founder of Sven Hagströmer Fondkommission AB 1981. Chairman of Avanza's Board of Directors since 1999

Other significant assignments: Chairman of Creades AB, Biovestor AB and Creaspac AB

Holdings on 31 December 2021 (incl. family and companies): 31,260,230 (of which Creades 15,593,000)



Magnus Dybeck

Born: 1977

Elected: 2020

Committees: IT Committee

Education: MSc Engineering, KTH Royal Institute of Technology in Stockholm

Diversity and suitability: Operational experience from the financial industry in analysis and asset management as well as in the fintech development.

Relevant employment history: 2012–2017 HiQ, Fintech Specialist. 2010–2011 Öhman, Head of Private Wealth Management. 2007–2010 EFG Bank, Analyst

Other significant assignments: Board member of Investment AB Öresund

Holdings on 31 December 2021 (incl. family and companies): 4,507,000



Catarina Eklöf

Born: 1969

Elected: 2020

Committees: Remuneration Committee

Education: MBA and MSc from Uppsala University, MSc programme, Solvay Business School, Belgium

Diversity and suitability: Extensive global experience and broad knowledge spanning product and business development, strategy, payment technology, data analysis and digital service commercialisation. Extensive experience in M&A with fintechs and global commercial partnerships. Fact-based understanding of innovation, agile data-driven product development in payment technology.

Relevant employment history: 2007–2019 Mastercard, of which 2009–2017 Senior Vice President Global Data Science Solutions Telco (USA), 2013–2017 Senior Vice President Global Enterprise Development (UK) and 2007–2013 Vice President Merchant Development and Vice President Co-brand Business Development Europe (Belgium). 1997–2007 Scandinavian Airlines, of which 2006–2007 Vice President Commercial Strategies (Sweden), 2001–2005 General Manager Belgium and Luxembourg and 1997–2001 Vice President Product Management

Other significant assignments: Chief Commercial Officer at IDEX Biometrics

Holdings on 31 December 2021 (incl. family and companies): 2,320



Viktor Fritzen

Born: 1985

Elected: 2018

Committees: Risk, Capital and Audit Committee

Education: MSc from Stockholm School of Economics

Diversity and suitability: Background in the financial industry and experience from growth companies, building strong company culture, IT and compliance.

Relevant employment history: 2012–2018 LeoVegas Group, CFO. 2011–2012 GP Bullhound, Corporate Finance Analyst. 2009–2011 Goldman Sachs, Global Investment research analyst

Other significant assignments: Board member of Appjobs Sweden AB, StickerApp Holding AB, Coinshares International Limited, Ready International AB

Holdings on 31 December 2021 (incl. family and companies): 5,350



Jonas Hagströmer

Born: 1982

Elected: 2015

Committees: Risk, Capital and Audit Committee, IT Committee

Education: MBA from Lund University, studies at Hong Kong University of Science and Technology

Diversity and suitability: Experience from corporate finance, investment companies and board assignments for a number of companies. Broad knowledge of the financial market. Contributes an investor's and shareholder's perspective as well as expertise in the inner workings of the financial services sector.

Relevant employment history: 2012– Creades AB, Investment Manager. 2007–2011 Keystone Advisers (later MCF Corporate Finance), Corporate Finance Associate and analyst

Other significant assignments: Chairman of Inet AB and Inet Group AB, Board member of Apolea Holding AB, StickerApp Holding AB and Biovestor AB

Holdings on 31 December 2021 (incl. family and companies): 15,000 and indirect holdings via Biovestor and Creades



Mattias Miksche

Born: 1968
Elected: 2008

Committees: Remuneration Committee, IT Committee

Education: MSc Business Administration and Economics, Stockholm School of Economics

Diversity and suitability: Extensive expertise in Internet and mobile services. Operational experience from developing and improving digital interaction with customers and users in various industries. Experience from various board assignments and private investments in tech companies.

Relevant employment history: 2005–2016 Glorious Games Group AB (formerly Stardoll), Founder and CEO. 2009–2016 Sportamore AB, Board member. 2008–2011 Eniro AB, Board member. 2003–2005 Boxman AB (later Lovefilm Nordic), Founder and CEO. 2003–2005 E*TRADE Sverige AB, Board member. 2002–2003 E*TRADE Bank AG (Germany), CEO. 2000–2002 E*TRADE Sverige AB, CEO

Other significant assignments: Chairman of Hem Design Studio AB and Raw Fury AB, Board member of Stratsys AB, StickerApp Holding AB and Sana Labs AB. Advisor on technical issues to Altor Equity Partners

Holdings on 31 December 2021 (incl. family and companies): 14,300



Johan Roos

Born: 1968
Elected: 2020

Committees: Credit Committee, Risk, Capital and Audit Committee

Education: Auditor exam, MBA with specialisation in accounting from Uppsala University

Diversity and suitability: Extensive experience and knowledge in accounting and auditing. 20 years in senior management positions and subsidiary boards as well as operational experience in banking and insurance. Deep knowledge of developing efficiency and reliability in corporate processes and internal control with a strong customer focus. Extensive experience developing and enforcing good corporate governance and evaluation of corporate strategies.

Relevant employment history: 2019 Independent consultant. 2016–2019 RSA Scandinavia (Codan/Trygg-Hansa), CFO. 2007–2016 SEB, CFO. 2001–2007 Hewlett-Packard Sweden, Finance Director. 1991–2001 PricewaterhouseCoopers Sweden, Authorised Public Accountant and regional partner

Other significant assignments: Board member of SaveLend Group AB

Holdings on 31 December 2021 (incl. family and companies): 6,350



Hans Toll

Born: 1970
Elected: 2014

Committees: Credit Committee, Risk, Capital and Audit Committee

Education: MSc Business Administration and Economics, Stockholm School of Economics

Diversity and suitability: 20 years of experience from the financial sector with broad network of contacts. Thorough understanding of Avanza's operations and challenges after his previous role as Deputy Managing Director at Avanza Bank. Background as financial analyst with deep understanding of the financial services sector, its players and financial instruments.

Relevant employment history: 2010–2013 Avanza Bank AB, Deputy Managing Director and Head of Bank and Investments. 2002–2010 RAM One – Rational Asset Management AB, Portfolio Manager. 1999–2002 Investor Trading AB, Analyst. 1995–1999 Investor AB, Financial Analyst

Other significant assignments: Chairman of Bright Sunday AB, Board member of Creades AB, Creaspac AB and WeMind AB

Holdings on 31 December 2021 (incl. family and companies): 128,350



Leemon Wu

Born: 1975
Elected: 2021

Committees: –

Education: MSc Business Administration and Economics, Stockholm School of Economics

Diversity and suitability: Extensive experience in equity research, portfolio management and investments, as well as board experience from fund companies and digital business models.

Relevant employment history: 2018–Chief Investment Officer, Moor Holding. 2007–2016 Portfolio manager, C Worldwide Asset Management. 2001–2007 Equity analyst, Carnegie Investment Bank. 1999–2001 Investments analyst, AB Custos

Other significant assignments: Board member of Rovio Entertainment Oyj, Acast AB

Holdings on 31 December 2021 (incl. family and companies): 8,800



Auditors

KPMG AB

Auditor-in-Charge:
Mårten Asplund
Born: 1972
Authorised Public Accountant

Group Management



Rikard Josefson, CEO

Born: 1965

Employed: 2017

Education: B.A Economics Stockholm University

Employment history: 2011–2017 Länsförsäkringar Bank, CEO. 2011 SEB, Head of Global Transaction Services. 2004–2010 SEB, Deputy Head the Swedish retail banking operations. 2000–2004 SEB Finans, CEO. 1999–2000 Latvijas Unibanka (SEB), Deputy CEO. 1998–1999 SEB, Project Manager

Other significant assignments: Board member of SweSec Licensiering AB

Holdings on 31 December 2021 (incl. family and companies):

Shares: 22,000

Warrants (corresponding number of shares): 135,440



Jesper Bonnavier, CEO Avanza Fonder AB

Born: 1974

Employed: 2019

Education: Business administration Linköping's and Mälardalen's Universities

Employment history: 2011–2018 Länsförsäkringar Fondförvaltning AB, Deputy CEO and Head of Asset Management. 2009–2010 Länsförsäkringar AB, Head of Securities Administration. 2007–2008 Länsförsäkringar Fondförvaltning AB, Deputy CEO and Head of Fund Analysis and Valuation

Other significant assignments: –

Holdings on 31 December 2021 (incl. family and companies):

Shares: 0

Warrants (corresponding number of shares): 30,000



Anna Casselblad, CFO

Born: 1981

Employed: 2012

Education: MSc Business Administration and Economics, Stockholm School of Economics

Employment history: 2017–2020 Head of Compliance, The Avanza Group, Compliance responsible Avanza Bank AB (publ), 2016–2017 Group leader Compliance, Avanza Bank AB (publ), 2012–2017 Operational responsibility Compliance, Avanza Bank AB (publ), 2005–2012 Auditor in Financial Services, PwC AB, Stockholm

Other significant assignments: –

Holdings on 31 December 2021 (incl. family and companies):

Shares: 1,550

Warrants (corresponding number of shares): 8,750



Camilla Hedenfelt, Head of Human Resources/CHRO

Born: 1968

Employed: 2019

Education: BA Personnel and working life programme, Stockholm's University

Employment history: 2016–2019 Orkla Care AB (Orkla AS acquired Cederroth AB 2016), HR Director. 2014–2016 Cederroth AB, HR Director. 2012–2014 Swedish Match, HR Manager. 2007–2012 Orkla Brands Nordic (within Orkla ASA), HR Manager

Other significant assignments: –

Holdings on 31 December 2021 (incl. family and companies):

Shares: 0

Warrants (corresponding number of shares): 24,770



Åsa Mindus Söderlund, CEO Försäkringsaktiebolaget Avanza Pension and Group responsible for CSR

Born: 1965

Employed: 2017

Education: Bachelor Financial Economics, Stockholm School of Economics and Business Administration

Employment history: 2017-2018 Avanza Fonder, CEO. 2012-2017 SPP, CEO SPP Consultant and member of Group Management SPP Pension & Insurance. 2010-2012 mindUS Consulting, Project leader with focus on international outsourcing within the fund and asset management industry. 2005-2010 Atos Consulting, Director and CEO. 1998-2005 Capgemini Ernst & Young, Senior Manager Ernst & Young Management Consulting. 1991-1997 Ministry of Finance, Head of Section

Other significant assignments: –

Holdings on 31 December 2021 (incl. family and companies):

Shares: 250

Warrants (corresponding number of shares): 31,760



Gunnar Olsson, COO, Deputy CEO

Born: 1972

Employed: 2018

Education: MBA, Mittuniversitetet

Employment history: 2012-2018 Länsförsäkringar Bank AB, Head of business development and products. 2000-2012 SEB, Head of third party sales and Business developer. 1998-2000 PAR AB (Now Bisnode), Account Manager

Other significant assignments: Board member of Stabelo Group AB

Holdings on 31 December 2021 (incl. family and companies):

Shares: 8,750

Warrants (corresponding number of shares): 54,630



Teresa Schechter, CLO

Born: 1970

Employed: 2006

Education: LL.M. University of Gothenburg

Employment history: 2006-2017 Avanza Bank AB, Head of Compliance, Legal and Surveillance. 2004-2006 Aktieinvest FK AB, Compliance Officer and Corporate counsel. 2002-2004 Swedish Shareholders' Association, Legal Counsel. 1999-2001 Aktiesparinvest / HQ.se AB, Corporate Counsel

Other significant assignments: –

Holdings on 31 December 2021 (incl. family and companies):

Shares: 0

Warrants (corresponding number of shares): 34,410



Peter Strömberg, CIO

Born: 1972

Employed: 2014

Education: MSc Business Administration & Information Technology, Gotland University College/Stockholm University

Employment history: 2010-2014 RSA Scandinavia IT-Service Management, IT Director. 1998-2010 Nasdaq OMX, Vice President OMX Technology

Other significant assignments: Board Member of CAG Group

Holdings on 31 December 2021 (incl. family and companies):

Shares: 0

Warrants (corresponding number of shares): 58,550



Peter Westling, Head of Innovation and Marketing

Born: 1971

Employed: 2012

Education: MBA, Stockholm University

Employment history: 2002-2011 Garbergs advertising firm, CEO, Partner and Communication Strategist

Other significant assignments: Board member of Monetise Capital AB

Holdings on 31 December 2021 (incl. family and companies):

Shares: 5,366

Warrants (corresponding number of shares): 109,250

Stockholm, 23 February 2022

Sven Hagströmer
Chairman of the Board

Magnus Dybeck
Board member

Catharina Eklöf
Board member

Viktor Fritzés
Board member

Jonas Hagströmer
Board member

Leemon Wu
Board member

Mattias Miksche
Board member

Johan Roos
Board member

Hans Toll
Board member

Rikard Josefson
CEO

The auditor's examination of the corporate governance statement

To the general meeting of the shareholders in Avanza Bank Holding AB, corporate identity number 556274-8458

Engagement and responsibility

The Board of Directors is responsible for that the corporate governance statement on pages 46–58 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 23 February 2022

KPMG AB

Mårten Asplund
Authorised Public Accountant
Auditor-in-Charge

Dan Beitner
Authorised Public Accountant

Administration report

The Board of Directors and the CEO of Avanza Bank Holding AB (publ), Corporate Identity Number 556274-8458, hereby present the Annual report for 2021. A Corporate governance report is provided separately from the Administration report on pages 46–58. Avanza's Annual report is available on avanza.se/ir.

Group structure

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group. The operational activities are conducted by the wholly-owned subsidiaries Avanza Bank AB (publ), Försäkringssaktiebolaget Avanza Pension ("Avanza Pension") and Avanza Fonder AB, the operations of which are supervised by the Swedish Financial Supervisory Authority (FSA). Placera Media Stockholm AB is also included in the Group, a media company that publishes topical news and independent advice on the financial website Placera and the financial magazine Börsveckan. The subsidiary Avanza Förvaltning AB is responsible for holding of all warrants, which are acquired to be sold to the personnel under the terms of the established warrant programmes. Avanza owns 19.8 per cent of the mortgage lender Stabelo Group AB.

Description of the operations

Avanza is Sweden's leading platform for savings and investments. Avanza offers a broad range of savings products, a strong occupational pension offering and mortgages. Avanza challenges established structures of large banks and pension providers and drives the long-term development of financial products and services. Customers are offered to save in Swedish and foreign securities and in savings accounts, with no fixed account charges and at a very low brokerage fee. Avanza primarily targets individual investors, but also offers services for professional investors and corporate customers, such as entrepreneurs, asset managers and those who want occupational pension.

Market and sales

The Swedish savings market amounted to just over SEK 11,200 billion as of 30 September 2021, an increase by just over 13 per cent since the end of 2020. The occupational pension market increased by nearly 11 per cent to SEK 3,960 billion.¹⁾ In the same period, Avanza's savings capital increased by 29 per cent and the occupational pension capital with 25 per cent.

Avanza's share of the Swedish savings market increased in terms of savings capital to 6.6 per cent, while the market share

Market shares	Oct 2021– Sep 2021	Oct 2020– Sep 2020	Jan 2020– Dec 2020
The Swedish savings market			
Market share at the end of the period, %	6.6	5.4	5.8
Net inflow, %	18.0	19.4	19.0
The Swedish life insurance market			
Premium inflow, %	12.3	10.9	11.9
Premium inflow for non collectively agreed occupational pension insurance, %	7.7	7.0	7.2

¹⁾ Statistics from the Savings barometer and Swedish Insurance are published with a lag, the latest refer to 30-09-2021.

²⁾ Statistics from SCB, refer to 30-09-2021.

³⁾ Based on statistics from Swedish Insurance as of 31-12-2020.

⁴⁾ Swedish Investment Fund Association.

of the net inflow for the twelve-month period decreased to 18.0 per cent. The market share in the occupational pension market was 1.2 (1.0) per cent.¹⁾

Pension and insurance savings, i.e. the life insurance market, is the single largest savings segment, accounting for just less than half of the Swedish market. The occupational pension market can be divided into traditional life and unit-linked insurance. Unit-linked insurance accounts for close to 40 per cent, of which Avanza is active in the portion outside collectively agreed occupational pensions. Statistics from Insurance Sweden show that Avanza's market share regarding non collectively agreed unit-linked insurance per the end of 2020 was 3.8 (3.3) per cent³⁾.

Avanza's market shares for the last 12-month period for premium payments to non collectively agreed occupational pensions increased to 7.7 per cent. With respect to premium inflows to the competitive pension and life insurance market, including endowment insurance, Avanza was the leader with a market share of inflows of 12.3 per cent.¹⁾

As of 30 September 2021, the Swedish mortgage market regarding households was valued at just under SEK 3,820 billion. Avanza has since 2013 offered internally financed mortgages on a small scale to Private Banking customers. Since 2018, Avanza is a distributor of external mortgages, which are offered to a broader customer group. Avanza's share of the Swedish mortgage market, including external mortgages, was 0.7 (0.6) per cent. The market share of the net change was 2.9 (2.5) per cent on an annual basis²⁾.

The majority of stock exchanges around the world performed strongly in 2021. Volatility decreased compared to 2020, but remained at high levels and the OMX Stockholm Gross Index rose by 39 per cent. The number of transactions on the Stockholm Stock Exchange and First North increased by 15 per cent and turnover increased by 10 per cent compared to the previous year. Among Avanza's customers, the number of transactions on these markets increased by 27 per cent while the turnover was up by 16 per cent. Avanza's market shares increased during the year and Avanza was the largest Swedish player in terms of both transactions and turnover.

According to data from the Swedish Investment Fund Association the fund market reported a strong increase in net inflow during the year. Net inflow to Avanza was also strong, but increased to a lesser extent.⁴⁾

Market shares	2021 Jan–Dec	2020 Jan–Dec
Nasdaq Stockholm and First North		
No. transactions %	19.7	18.1
Turnover, %	8.9	8.5
The Swedish fund market (excl. PPM)		
Net savings, %	19.5	32.9

The repo rate remained unchanged at zero per cent in 2021 and the Riksbank's own forecast indicates it will not be raised until the second half of 2024.

More information about Avanza's market opportunities is available on pages 9–13.

The number of customers rose in 2021 by 379,800 and the total number of customers amounted to 1,660,100 at the end of the year. Within occupational pension the number of customers rose by 18 per cent to 127,200.

Savings capital increased in 2021 driven by the positive stock market development but also net inflow. The net inflow was SEK 89.8 billion, an increase of 18 per cent compared to previous year

and the highest annual inflow in Avanza's history. At the end of the year, savings capital amounted to nearly SEK 810 billion, an increase of 42 per cent in 2021. Savings capital invested in occupational pension increased by 39 per cent and total fund capital rose by 49 per cent. Deposits share of savings capital decreased by 3 percentage points to 11 per cent at the end of the year.

Lending increased by 34 per cent during the year. External mortgages increased by 46 per cent to SEK 19.8 billion. Internally financed mortgages amounted to SEK 10.2 billion, an increase of 9 per cent. Margin lending increased by 45 per cent to SEK 10.1 billion.

Net inflow, SEK m	2021	2020	Change %
Standard	81,520	63,740	28
Private Banking	8,170	12,000	-32
Pro	110	560	-81
Net inflow	89,800	76,300	18
Equity-, fund-, and savings accounts	68,100	62,100	10
Pension- & insurance-based accounts	21,700	14,200	52
of which, endowment insurance	15,600	9,800	59
of which, occupational pensions	5,470	4,290	28
Net inflow	89,800	76,300	18
No. customers, savings capital and lending, SEK m (unless otherwise stated)	31-12-2020	31-12-2020	Change %
Standard, no.	1,627,050	1,252,460	30
Private Banking, no.	29,500	25,000	18
Pro, no.	3,550	2,840	25
No. customers	1,660,100	1,280,300	30
of which occupational pension customers, no	127,200	107,900	18
Standard	461,400	327,700	41
Private Banking	315,200	221,300	42
Pro	33,000	21,500	53
Savings capital	809,600	570,500	42
Equity-, fund-, and savings accounts	581,700	407,900	43
Pension- & insurance-based accounts	227,900	162,600	40
of which, endowment insurance	160,600	113,400	42
of which, occupational pensions	47,600	34,200	39
Savings capital	809,600	570,500	42
Equities, bonds, derivatives, etc.	495,100	342,000	45
Mutual funds	225,100	150,900	49
Deposits	89,400	77,600	15
of which, external deposits (Savings account+)	29,700	27,700	7
Savings capital	809,600	570,500	42
Internally financed lending	20,300	16,300	25
of which, margin lending	10,100	6,970	45
of which, mortgages (for Private Banking)	10,200	9,320	9
External mortgages (Bolån+)	19,800	13,600	46
Lending	40,100	29,900	34
Deposits/Savings capital, %	11	14	-3
Return, average account since 1 Jan, %	24	19	5
OMX Stockholm GI since 1 Jan, %	39	15	24

For definitions see page 130–131.

Information related to Covid-19

Avanza's operations have after the outbreak of Covid-19 continued without major disruptions. The pandemic, together with various political measures and stimulus from central banks have increased access to capital and made the stock market more attractive. Since the beginning of 2020, customers have been more active in their savings, and the trading activity among Avanza's customers have been at historically high levels. Customer growth and the net inflow have been strong as well.

The aftermath of the pandemic is hard to predict. At the end of September, most of the Covid-19 restrictions were lifted in Sweden only to be partially reintroduced in mid-December. In the short period when the restrictions were eliminated, there were no appreciable changes in customer growth, net inflow or customer activity. A return to a more normal life after the pandemic could affect the net inflow by reducing the savings ratio. Customer activity is more closely tied to market conditions and volatility, and it is not unusual for activity to slow after major turbulence. However, the pandemic has highlighted the importance of savings and having a buffer. This, together with a 70 per cent increase in the number of customers since the end of 2019, makes us confident that Avanza has raised its lowest level. Due to the strong growth since January 2020, when the 2025 targets were set, the long-term targets have been updated and are presented on pages 22–25. Avanza's long-term strategies remain unchanged. Neither strengthened provisions nor actual credit losses connected to the pandemic were recognised during 2020 nor 2021.

Seasonal effects

Avanza has no major seasonal variations, except from the third quarter which is characterised by lower personnel costs, due to employees' summer vacation, and also seasonally low Corporate Finance activity. Avanza's financial results are rather impacted by cyclical market factors such as stock market development, volatility and the repo rate. Customer growth and net inflow are normally higher at the beginning of the year.

Product and business development

Avanza's offer is continuously updated and developed with new functions and improvements. During the year, the Swedish equity index-tracking fund Avanza Sverige, which offers exposure to the entire Swedish market at a low fee, was launched. The fund's management fee is 0.15 per cent.

The Avanza Auto funds, which give customers access to automatically managed fund portfolios based on a chosen savings horizon and desired risk level, received an update. The management model has been reassessed and the management fee was reduced from 0.35 to 0.20 per cent.

To help more people start saving, Avanza has since 2016 a Start offer with commission-free equity trading on the Stockholm Stock Exchange. The Start offer is available to customers with less than SEK 50,000 in savings capital. This year, Start was expanded to also include funds. This means that customers are refunded all fund fees, including any exchange fees. All 1,350 funds on the platform are included.

The "Right Now" page launched in the apps, which provides a simple way to track savings on a daily basis. It also makes it easy to find pages and functions that the customer often uses or views and is designed to make it easier to stay updated on savings and receive valuable insight.

Monthly saving has also been simplified through new flows and opportunities to schedule automatic fund purchases. Milestones and Savings targets were launched in the apps. Milestones show when new savings levels have been reached and are designed to motivate and engage. Savings targets are a tool where customers set up visual and concrete goals. Customers can also create a savings plan. Savings can then be tracked in a graph, and it is easy to simulate various future scenarios.

A sought-after Stop Loss function was launched in the apps to buy or sell a share at the predetermined price. The function was expanded at the same time to include U.S. equities. The pages in the apps for ETF's, indexes, warrants and bonds were updated with a new design and new functions as well, which enables technical analysis and comparisons of instruments.

The stock pages were updated with a new, easier ordering process, and the transaction pages were given a better overview of current orders and historical transactions. The technical analysis function was improved to make it easier to predict future price performance. New investment themes were launched in Avanza Trackers, including renewable energy, the digital economy, innovative technology and smart cities. The range of publicly traded products was expanded with new ETF's.

In occupational pensions, a new landing page, new product page and new customer flow for companies were introduced. This makes it possible to sign up for an occupational pension insurance directly in the app, regardless of the number of employees.

Moreover, margin lending was expanded with more eligible securities. In addition, the interest rate for lending on funds was reduced. The benefit levels for margin lending were eliminated as well, which means the same low interest rate for everyone.

The mortgage offer was expanded through a partnership with Landshypotek. Avanza thereby became the first in Sweden to offer customers the option to apply for, track and manage mortgages from different lenders on the same platform. The partnership broadens the offer with competitive interest rates, at the same time that demand for mortgages for higher loan to value ratios, new homes and second homes is met.

A large part of the development work during the year was devoted to the replacement of Avanza's backoffice system. The new system will enable us to use smarter technology and solutions to increase efficiency at the same time that scalability and opportunities for product development are improved.

Read more on pages 28–30.

Results

Operating profit increased by 55 per cent compared to 2020. Operating income increased as well as operating expenses. The operating margin increased to 74 per cent and the return on shareholder's equity was 50 per cent.

Operating income increased by 41 per cent compared to 2020. This was primarily a result of higher net brokerage income and currency-related income, as well as higher net fund commissions. Other income and net interest income also increased.

Net brokerage income increased by 32 per cent, a result of more brokerage-generating customers, even though the number of brokerage-generating notes per brokerage-generating customer decreased slightly. The number of brokerage-generating customers was 32 per cent higher than at the end of 2020 and the number of commission-generating notes was 44 per cent higher in 2021. Turnover in brokerage-generating securities increased by 29 per cent. Gross brokerage income per SEK of turnover increased at the same time from 11.1 to 11.4 basis points. This was due to a higher share of brokerage income

Five-year overview, summary of the Group's performance

Income Statements, SEK m	2021	2020	2019	2018	2017
Net commission ¹⁾	2,980	1,998	1,028	956	893
Net interest income ¹⁾	321	283	165	91	80
Other income	0	67	1	2	2
Total income	3,301	2,349	1,193	1,049	975
Operating expenses before credit losses	-864	-763	-666	-629	-535
Operating profit before credit losses	2,437	1,586	528	420	441
Credit losses, net	0	-4	0	-1	0
Profit/loss from participations in associated companies	-	-6	-8	-1	-
Operating profit	2,437	1,576	520	418	441
Taxes	-390	-242	-73	-69	-63
Profit for the year	2,047	1,335	447	349	379
Balance Sheets, SEK m	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
Cash and balances with central banks	2,939	1,428	1,340	2,907	-
Treasury bills eligible for refinancing	2,523	245	-	-	-
Loans to credit institutions	2,508	2,272	1,766	914	1,731
Loans to the public	20,300	16,287	13,106	10,339	9,507
Bonds	25,854	25,572	19,782	16,958	14,420
Shares and participations	237	244	0	1	22
Shares and participations in associated companies	-	-	108	116	-
Assets in insurance operations	218,990	155,931	116,369	86,457	86,041
Other assets	5,731	2,796	3,471	4,449	4,399
Total assets	279,082	204,775	155,942	122,138	116,120
Deposits and borrowing from the public	53,659	43,987	36,400	33,317	27,901
Liabilities in insurance operations	218,992	155,933	116,370	86,458	86,041
Other liabilities	1,732	1,683	1,127	650	651
Subordinated liabilities	-	-	100	100	99
Shareholders' equity	4,700	3,172	1,945	1,614	1,427
Total liabilities and shareholders' equity	279,082	204,775	155,942	122,138	116,120
Key ratios	2021	2020	2019	2018	2017
Operating margin, %	74	67	44	40	45
Profit margin, %	62	57	37	33	39
Earnings per share before dilution, SEK ²⁾	13.19	8.66	2.94	2.32	2.53
Earnings per share after dilution, SEK ²⁾	13.00	8.58	2.94	2.31	2.53
Return on shareholders' equity, %	50	57	27	24	30
Return on assets, %	0.8	0.8	0.3	0.3	0.3
Credit loss level, %	0.00	-0.03	0.00	0.01	0.00
Income to savings capital ratio, %	0.47	0.51	0.34	0.35	0.37
Costs to savings capital ratio, % ³⁾	0.12	0.17	0.19	0.20	0.20
Net brokerage income per trading day, SEK m	5.8	4.4	1.9	1.8	1.8
No. brokerage-generating notes/trading day	234,300	163,100	70,600	60,800	55,900
Turnover in brokerage-generating securities/trading day, SEK m	5,930	4,600	2,250	2,150	2,200
Turnover in brokerage-generating foreign securities/trading day, SEK m	1,040	570	180	190	150
Gross brokerage income/turnover in brokerage-generating securities, %	0.114	0.111	0.100	0.098	0.096
No. trading days	250.5	250.0	248.0	247.5	249.0
Average no. employees	560	478	429	406	383
Platform operational availability, %	99.9	99.9	99.9	100.0	99.9
Key ratios	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
Shareholders' equity per share before dilution, SEK ²⁾	30.21	20.47	12.65	10.66	9.51
Cash dividend per share, SEK (2021; proposal) ²⁾⁴⁾	9.20	3.80	2.30	2.10	2.10
No. shares, thousand ²⁾	155,572	154,954	153,786	151,365	149,981
Average no. shares before dilution, thousand ²⁾	155,150	154,150	152,115	150,432	149,449
Average no. shares after dilution, thousand ²⁾	157,456	155,581	152,115	150,827	149,449
Market capitalisation, SEK m	51,700	36,100	15,000	12,800	10,300
Share price, SEK ²⁾	332.20	233.00	97.80	84.72	68.82
No. employees	603	510	445	422	390

¹⁾ Income related to external deposits has been transferred from Net interest income to Net commission. Historical figures have been adjusted.

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

³⁾ Excluding the Swedish FSA decision imposing a fine of SEK 35 million on Försäkringsaktiebolaget Avanza Pension, reported in the fourth quarter of 2018.

⁴⁾ Dividend for 2020 includes an extra dividend.

For definitions see pages 130–131.

generated in lower brokerage fee classes, in line with the strong customer growth. The share of income generated in Private Banking and Pro was 18 per cent, compared to 20 per cent in 2020.

Net currency-related income increased by 76 per cent. This was a result of higher turnover in foreign securities, which increased by 81 per cent and accounted for 18 (13) per cent of the brokerage-generating turnover.

Net fund commissions increased by 58 per cent, mainly due to higher average fund capital. Fund capital was 49 per cent higher at the end of the year. Income per SEK of fund capital increased marginally to 35 basis points for the full year, but was 32 basis points at the end of the year. The share of actively managed funds was high at the beginning of the year, but has since decreased in favour of a higher share of index funds. The Start offer for funds, which was launched in March 2021, refunds customers with less than SEK 50,000 in savings capital their fund fees. This negatively affected fund commissions by SEK 19 million for the full year.

Net interest income increased by 13 per cent due to higher income from lending, primarily margin lending. The return on surplus liquidity decreased due to a lower STIBOR (3M), which was 14 basis points lower compared to 2020. All else being equal, without taking changes in customer behaviour into account, a 1 percentage point change in the repo rate with today's volumes would affect full-year net interest income by over SEK 450 million. The Riksbank's own forecast indicates that the repo rate will not be raised until the second half of 2024. The deposit guarantee fee and resolution fee increased to SEK 42 million (30) due to higher volumes.

Other income increased by 25 per cent despite that income for the fourth quarter 2020 included an extraordinary capital gain of SEK 63 million from the decreased holding in Stabelo. The increase in other income in 2021 is mainly due to higher income from Avanza Markets and Corporate Finance, which amounted to SEK 159 million (SEK 103m) and SEK 89 million (SEK 37m), respectively. Other income also includes income from stock lending in endowment insurance within the insurance company, which was launched in October 2020. Avanza's income from stock lending amounted to SEK 21 million in 2021. Stock lending means that Avanza Pension lends the shares to Morgan Stanley with the customer receiving 60 per cent of the return and Avanza retaining 40 per cent and paying the expenses. Other commission expenses increased, mainly due to higher payment service commissions.

Operating expenses increased by 13 per cent. Extraordinary relocation and rental costs of SEK 29 million were recognised

in 2020, and SEK 10 million was reversed in 2021. In addition, new interpretive guidance on intangible assets affected Avanza's accounting principles. As a result, a smaller share of development costs related to cloud services in connection with the development of the new backoffice system was expensed directly through profit or loss instead of capitalised on the balance sheet. This increased other expenses in 2021 by SEK 18 million. Excluding these and items affecting comparability, expenses for 2021 increased by 16.7 per cent year-over-year. This is approximately SEK 10 million more than the previously announced guidance of around 15 per cent and refers to both personnel-related costs and the costs associated with the strong growth. Personnel costs increased mainly as a result of additional hires mainly in IT and development as well as customer service. Costs for 2022 are estimated at between SEK 1,050 million and SEK 1,070 million, compared to previous guidance of a cost increase of around 20 per cent, excluding items affecting comparability. The previous long-term cost guidance of an annual cost growth of 9-12 per cent is withdrawn.

The costs to savings capital ratio decreased by 4 basis points to 12 basis points. The new target to spotlight efficiency and the focus on costs is a costs to savings capital ratio of 12 basis points over time. The target should be seen as a ceiling, where the ambition is to be even lower. Since this measure could be impacted by market fluctuations, the impact on the savings capital may differ in certain years. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

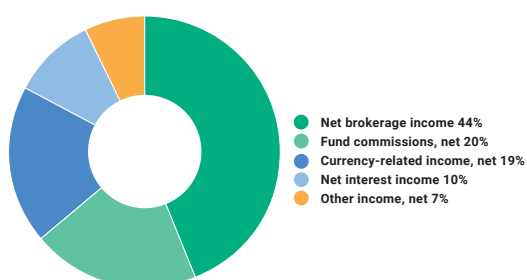
Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. In addition, an expected credit loss from 2011 was confirmed during the year. More information in Note 19 Loans to the public.

In the fourth quarter of 2020, Avanza reduced its holding in Stabelo to 19.8 per cent. After the reduced ownership, Stabelo is classified as a shareholding and thus no longer as an associated company of Avanza. Avanza value the holding at fair value via other comprehensive income.

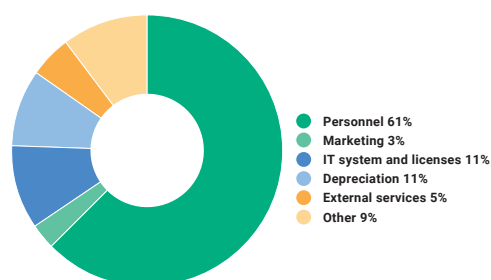
The effective tax rate increased to 16.0 (15.3) per cent as a result of a higher share of revenues generated in the bank, where the ordinary corporate tax rate applies, and because the revenue from the share sale in Stabelo 2020 was tax-exempt. In the insurance company, where most of the revenues are subject to yield tax, the tax rate is lower.

The Swedish corporate tax rate was reduced from 21.4 per cent on 1 January 2021 to 20.6 per cent.

Breakdown of operating income 2021



Breakdown of operating expenses 2021



Future outlook

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

- The increased need for individual savings in recent years to buy a home, meet unforeseen events or for retirement are important growth factors.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competition enter the savings market. Cost leadership also puts Avanza in a strong position.
- Avanza is also well-positioned in terms of regulations on increased transparency and higher consumer protection. Avanza puts its customers first, at the same time that it maintain clear and transparent pricing. Avanza has always advocated low fees and a long-term approach and refrained from commission-driven advice, instead developing tools on the platform to help customers make their own investment decisions and customise savings to meet individual needs. Market conditions are expected to keep pressure on prices in the industry to the benefit of consumers, especially in unit-linked insurance savings.
- Avanza's strong pension offer with no fees, coupled with a broad offering and digital tools, are a strong competitive advantage when transfer rights for unit-linked insurance policies are strengthened. New technology and Open Finance regulations at the same time enable more tools and services to be developed.
- Over the last ten-year period, Avanza has attracted a large share of younger customers. Although 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 good reasons for them to stay on the platform. This is especially true as wealth is transferred to younger generations. Avanza will probably be positively affected by this. Avanza has a low churn of 1.9 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 grows. 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 our customers gain access to investment opportunities that otherwise are available only to institutions and a few individuals. Avanza is a party in most transactions on the Stockholm Stock Exchange.
- Although Avanza already has a high market share among the equity-owning portion of the population, there is still growth potential. Everyone in Sweden with a bank account who understands the importance of personal savings is a potential Avanza customer. Avanza's growth ambition includes attracting broader target groups – experienced and established investors as well as new ones – and with new products and services attract a larger share of existing customers' savings. Growth among new customers is expected to increase the percentage of fund savings on the platform, which along with the growth ambition in pensions and mortgages reduces the sensitivity to market swings.

Read more about Avanza's future outlook on pages 14–16.

Financial position

Avanza is self-financed by equity and customer deposits. All assets have a high level of liquidity. A significant part of the assets can, therefore, be transferred within a couple of days.

The surplus liquidity is mainly invested in covered bonds, Riksbank certificates and as deposits with the Riksbank and systemically important Nordic banks, plus to a lesser extent in bonds issued by the Swedish Government and Municipalities. Of the liquid assets of SEK 5.0 billion at the end of the year, SEK 417 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange. Avanza does not conduct, and has not previously conducted, trading in securities on its own account.

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and 2021 total actual and expected credit losses amounted to SEK 15 million, which is the equivalent, on average, to less than 0.02 per cent per year.

The Parent Company

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for 2021 was SEK –30 million (SEK –25m). The Parent Company does not report any revenues. Anticipated dividends from subsidiaries of SEK 1,380 million (SEK –m) were recognised for 2021.

Following the resolution by the Annual General Meeting, the dividend for 2020 of SEK 132 million was paid to the shareholders in March 2021. The Extraordinary General Meeting in November resolved to pay an additional dividend of SEK 459 million for the financial year 2020. Dividends of SEK 370 million was distributed from subsidiaries. The total dividend for the financial year 2020 amounted to SEK 591 million (SEK 354m).

Sustainability reporting

Avanza's sustainability reporting is an important part of an open and balanced presentation of Avanza's position, activities and achievements in key areas. In accordance with the Annual Reports Act, chap. 6, section 11, Avanza has chosen to prepare a Sustainability report separately from the Administration report and largely from the formal financial statements. The Sustainability report has been reviewed by the auditors' which have submitted a separate statement. Avanza's report has been prepared in accordance with the GRI Standards: Core option. The report also follows GRI's specific guidelines for the industry (Financial Services Sector Supplement). The statutory Sustainability report comprises Avanza and its subsidiaries and its scope is indicated on page 124. On 1 January 2022, the Taxonomy disclosure requirements also took effect. For Avanza, this means reporting how large a share of the assets on the balance sheet is taxonomy eligible at a consolidated level. The presentation is based on the Swedish Bankers' Association's template.

Avanza's operations are not deemed to pose any significant negative environmental impact or risk of violation on human rights, whether directly or indirectly, other than in the fund company which has sustainability aspects implemented in the asset management. Avanza therefore has no formalised management or performance metrics in these areas. On the other hand, Avanza's Code of conduct provides guidance for employees on business ethics and how Avanza maintains fair and lawful business relationships and follows international and national codes of conduct in the industry. The sustainability disclosures focus on issues such as social benefit, social conditions, equality, personnel and anti-corruption.

The previous Sustainability report for the calendar year 2020 was published on 26 February 2021.

Additional information about Avanza's sustainability activities is provided on pages 26–27 and 122–124. Avanza's sustainability policy is published on avanza.se/ir.

Employees

In 2021, the Avanza Group had, on average, a total of 560 (478) employees of whom 36 (36) per cent were women. The average age was 36 (36) years. The Parent Company had, on average, 5 (4) employees during the year. All employees have individual targets, based on Avanza's overall targets, which are followed up through regular development discussions. One of Avanza's long-term goals is engaged employees, measured by an international measure of employee loyalty called the employer Net Promoter Score (eNPS). The score for 2021 was 67 (69), which shows a very strong ambassadorship. Additional information about Avanza's employees is provided on pages 32–36 and in Note 9 Employees and personnel costs.

Significant risks and uncertainty factors

Avanza has a conservative approach to risk and strives to keep risks low. In its operations, Avanza is mainly exposed to financial risks in form of credit risk and operational risk. IT and information security risk is of great importance to Avanza. During the second quarter, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (IMY) and the Swedish FSA due to a potential breach of the General Data Protection Regulation (GDPR). Our assessment is that no customers have been put at harm. Avanza has an ongoing dialogue with the IMY and the Swedish FSA, but it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out. For more information, see page 40.

Risks are measured, controlled and, where necessary, acted upon, in order to protect the company's capital and reputation. The manner in which Avanza identifies, follows up and manages these risks has a bearing on the soundness of the business and on Avanza's long-term profitability. Additional information about the Group's risk exposure and risk management is provided on pages 40–43, 52–53 and in Note 35 Financial risks.

Remuneration guidelines for senior management

The Annual General Meeting of Avanza Bank Holding AB (publ) resolved on 17 March 2020 to establish the following guidelines for determining salaries and other remuneration paid to the CEO, Deputy CEO and other members of the company's management (Group Management) until further notice.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company's business strategy is, in short, to create long-term growth in operating income through strong customer growth through satisfied customers in combination with a scalable business model with the market's lowest costs to savings ratio. This enables continued development and creates shareholder value. Further information on the company's business strategy is provided on pages 20–21.

Successful implementation of Avanza's business strategy and the safeguarding of its long-term interests, including its sustainability, require Avanza to be able to recruit and retain qualified employees. In order to do this, the company needs to be able to offer market-based remuneration. These guidelines allow senior executives to be offered a market-based remuneration.

Avanza has long-term incentive programmes based on warrants. They were resolved by the Annual General Meeting and therefore are not subject to these guidelines. The programmes include all permanent employees in the company. The outcome of the incentive programmes has a clear connection to the business strategy and also to Avanza's long-term value-adding for the shareholders. To be able to exercise the warrants and subscribe for new ordinary shares, Avanza's share price needs to have reached a specific higher level three years after the warrants were issued. The incentive programmes based on warrants further impose requirements on own investment and a holding period of three years before they can be used for subscription for new ordinary shares. For more information about these programmes, including the criteria on which the outcome depends, please see avanza.se/ir.

Forms of remuneration

Remuneration must be market-based and may consist of a fixed cash salary, pension benefits and other benefits. In addition, the Annual General Meeting may, and regardless of these guidelines, decide on, for example, shares and share price related remuneration or incentive programmes based on warrants.

For the CEO, pension benefits as well as health insurance must be determined based on a premium. Pension premiums for premium based pension shall amount to a maximum of thirty-five (35) percent of the fixed cash salary. For other senior executives, pension benefits, including health insurance, must be determined based on a premium. Pension premiums for premium based pension shall amount to a maximum of thirty (30) percent of the fixed cash salary.

Other benefits may, among other, include life insurance and health insurance. Premiums and other costs in connection with such benefits may amount to a maximum of five (5) percent of the fixed cash salary.

Termination of employment

Upon termination of employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may all in all not exceed an amount corresponding to the fixed cash salary of two (2) years for the CEO. In the event of termination by the CEO or by other senior executives, the period of notice may not exceed six (6) months, without the right to severance pay.

Salary and terms of employment for employees

In the processing of the Board's proposal of these compensation guidelines, salaries and terms of employment for Avanza's employees have been taken into account. This has been done by using the information on employees' total remuneration, components of the remuneration and rates of increase over time as part of the Remuneration Committee's and the Board's underlying documentation to evaluate the reasonableness of the guidelines and the limitations that follow from them.

The decision-making process to establish, review and implement the guidelines

The Board has established a Remuneration committee. The committee's tasks include preparing the Board's decision on proposals for guidelines for remuneration to senior executives. The Board shall draw up proposals for new guidelines at least every four years and submit the proposal to be resolved at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Remuneration committee shall also follow and evaluate the application of guidelines for remuneration to senior executives

as well as current remuneration structures and remuneration levels in the company. The members of the Remuneration committee are independent in relation to Avanza and its management. In the Board's processing of and decisions on remuneration related matters, the CEO or other members of the executive management are not present, insofar as they are affected by the issues.

Deviations from the guidelines

The Board may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case, there are special reasons for it and a deviation is necessary to satisfy Avanza's long-term interests, including its sustainability, or to ensure Avanza's financial viability. As stated above, it is part of the Remuneration committee's tasks to prepare the Board's decision on remuneration issues, which includes decisions on deviations from the guidelines.

The Board of Directors and Group Management

The Annual General Meeting on 30 March 2021 resolved that the Board of Directors shall comprise nine members without deputies.

The Annual General Meeting in 2021 reelected all previously elected members except Birgitta Klasén, who declined reelection. In addition, Leemon Wu was elected as a new Board member in accordance with the Nomination Committee's proposal. In accordance with the Articles of Association, the Board shall consist of not less than five and not more than nine members. Avanza's Board of Directors consisted in 2021, as of the Annual General Meeting, of nine members elected by the Annual General Meeting with no deputies, who are elected until the next Annual General Meeting.

Anna Casselblad took over as the new CFO on the 1 of February 2021 and replaced Birgitta Hagenfeldt. Gunnar Olsson, COO, is Deputy CEO since 1 February 2021.

Additional information about the Board of Directors and Group Management is provided in the Corporate governance report on pages 54–57.

The Avanza share

The Avanza share is listed on Nasdaq Stockholm Large Cap, included in the Financial Services sector under the ticker symbol AZA.

At year-end, there were a total of 155,571,758 shares in Avanza. There is only one class of shares, each share entitles to one vote and there are no limitations as to the number of votes a shareholder may exercise at an Annual General Meeting. There is no rule in Avanza's Articles of Association limiting the right to disposal of shares.

Avanza had three owners who each directly or indirectly represented at least one tenth of the voting rights for all shares on 31 December 2021: Baillie Gifford & Co representing 10.1 per cent, Sven Hagströmer including family and companies representing 10.1 per cent and Creades AB representing 10.0 per cent.

Outstanding warrant programmes include 5,700,000 warrants corresponding to a maximum dilution effect of 3.7 per cent, if fully exercised. Of these warrants, 2,262,450 was transferred to employees at the end of the year.

For further information on the Avanza share, see pages 38–39, 46 and Note 29 Equity.

Repurchase of the company's own shares

The Annual General Meeting in 2021 resolved to authorize the Board of Directors to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased in 2021 and the company holds no repurchased shares as of 31 December 2021.

Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a leverage ratio of 3 per cent, which was introduced at mid-2021. In addition, the Swedish FSA is introducing a leverage ratio guidance, which means an additional capital buffer. In 2021, the Swedish FSA announced guidance for an industry peer of an additional 0.9 per cent. Guidance for Avanza is expected to be completed in 2022, after the Swedish FSA has finalised a Supervisory Review and Evaluation. To ensure an adequate margin to the requirement regardless of market conditions, Avanza has previously set an internal leverage ratio target of 3.8 per cent for both the consolidated situation and the bank. The leverage ratio is negatively affected by customers' increased deposits, resulting in fluctuations of the ratio during a market slump when deposits usually rise. As of 31 December 2021, Avanza's leverage ratio for the consolidated situation was 4.8 per cent. The leverage ratio is planned to be strengthened through the issuance of additional Tier 1 capital in 2022. See also Note 34 Own funds and capital requirements.

Proposed allocation of profits

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting on 31 March 2022 resolve that the accumulated profit, including net profit for the year and share premium reserve of SEK 2,002,053,301, in accordance with the established balance sheet, be allocated in such a way that a dividend of SEK 9.20 per share is distributed to the shareholders and the remainder is carried forward. This corresponds to a dividend of SEK 1,431 million (SEK 591m) and to 70 (44) per cent of operating profit. The policy for 2021 was to distribute at least 70 per cent of profit for the year. From 2022, the policy has been updated to distribute 70 per cent of profit for the year, taking into account the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement. For the Board of Directors' statement on the proposed allocation of profits, see Note 39 Proposed allocation of profits.

Capital surplus financial conglomerate, SEK m¹⁾	31-12-2021	31-12-2020
Own funds per sector		
Own funds for regulated units in the insurance sector ³⁾	3,055	2,598
Own funds for regulated units within the banking and investment services sector	2,712	2,147
Total own funds after dividends	5,767	4,745
Total own funds before dividends	7,198	4,877
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ³⁾	2,229	1,500
Capital requirement for regulated units within the banking and investment services sector	1,435	1,209
Total capital requirement	3,664	2,709
Deduction for non-distributable solvency capital ²⁾	-385	-294
Capital surplus after dividends	1,717	1,742
Capital surplus before dividends	3,148	1,874
Capital surplus per share after dividend per share, SEK	11.04	11.24
Capital surplus per share before dividend per share, SEK	20.24	12.10

¹⁾ Capital surplus for the financial conglomerate. See also Note 34 Own funds and capital requirements.

²⁾ Non-distributable solvency capital (future profits) = solvency capital – solvency capital requirement.

³⁾ 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.

Capital surplus consolidated situation, SEK m	31-12-2021	31-12-2020
Leverage ratio total exposure measure	62,317	50,032
Tier 1 capital after dividends	2,966	2,427
Leverage ratio after dividends, %	4.8	4.9
Leverage ratio incl. internal buffer requirements ^{1) 2)} , %	3.8	3.8
Capital surplus after dividends and leverage ratio requirements incl. internal buffer requirements	598	526
Capital surplus Avanza Bank, SEK m	31-12-2021	31-12-2020
Leverage ratio total exposure measure	61,383	49,558
Tier 1 capital after dividends	2,691	2,132
Leverage ratio after dividends, %	4.4	4.3
Leverage ratio incl. internal buffer requirements ^{1) 2)} , %	3.8	3.8
Capital surplus after dividends and leverage ratio requirements incl. internal buffer requirements	358	249

¹⁾ Pillar-2 guidance to be received in 2022. See also Note 34 Own funds and capital requirements.

²⁾ The internal buffer requirement of 3.8 per cent was decided in December 2020.

Consolidated income statement

SEK m	Note	2021	2020
Operating income			
Commission income	3, 4	3,419	2,310
Commission expenses	5	-439	-312
Interest income calculated using the effective interest method	6	428	364
Other interest income	6	-	-
Interest expenses	6, 11	-106	-80
Net result of financial transactions	7	0	67
Other operating income		-	0
Total operating income		3,301	2,349
Operating expenses			
General administrative expenses	8-10	-753	-640
Depreciation and amortisation	11, 23-24	-70	-84
Other operating expenses	12	-41	-38
Total operating expenses before credit losses		-864	-763
Operating profit before credit losses		2,437	1,586
Credit losses, net	13	0	-4
Profit/loss from participations in associated companies		-	-6
Operating profit		2,437	1,576
Profit before tax		2,437	1,576
Tax on profit for the year	15	-390	-242
Profit for the year¹⁾		2,047	1,335
Earnings per share before dilution, SEK	16	13.19	8.66
Earnings per share after dilution, SEK	16	13.00	8.58

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK m	Note	2021	2020
Profit for the year		2,047	1,335
Items that will be reversed to the income statement			
Changes in value of financial instruments recognised at fair value via other comprehensive income	7	-3	18
Tax on changes in value of financial instruments recognised at fair value via other comprehensive income		1	-4
Changes in value of associated companies		-	-10
Tax on changes in value of associated companies		-	-
Items that will not be reversed to the income statement			
Changes in value of shares and participations ¹⁾		-	144
Tax on changes in value of shares and participations		-	-
Total other comprehensive income after tax		-3	149
Total profit or loss and other comprehensive income after tax²⁾		2,044	1,483

¹⁾ When the Stabelo holding was reduced, a revaluation of SEK 144 million was recognised.

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

Consolidated balance sheet

SEK m	Note	31-12-2021	31-12-2020
Assets	31, 32		
Cash and balances with central banks	17	2,939	1,428
Treasury bills eligible for refinancing	18	2,523	245
Loans to credit institutions	17	2,508	2,272
Loans to the public	19	20,300	16,287
Bonds	20	25,854	25,572
Shares and participations	21	237	244
Assets in insurance operations	22	218,990	155,931
Intangible fixed assets	23	107	82
Right-of-use assets	11	120	153
Tangible fixed assets	24	61	64
Other assets	15, 25	4,952	2,153
Prepaid expenses and accrued income	26	491	344
Total assets		279,082	204,775
Liabilities and shareholders' equity			
Liabilities	31-33		
Deposits and borrowing from the public	17	53,659	43,987
Liabilities in insurance operations	22	218,992	155,933
Lease liabilities	11	122	171
Other liabilities	15, 27	1,442	1,380
Accrued expenses and deferred income	27	167	133
Total liabilities		274,382	201,603
Shareholders' equity	29		
Share capital		78	77
Other capital contributed		477	564
Fair value reserve		157	159
Retained earnings including profit for the year		3,989	2,372
Total shareholders' equity		4,700	3,172
Total liabilities and shareholders' equity		279,082	204,775

Changes in the Group's shareholders' equity

SEK m	Share capital	Other capital contributed	Fair value reserve	Retained earnings	Total
Shareholders' equity, 31-12-2019	77	663	9	1,196	1,945
Profit after tax reported in the income statement	-	-	-	1,335	1,335
Other comprehensive income	-	-	159	-10	149
Total comprehensive income	-	-	159	1,325	1,483
Changed accounting principle interest-bearing securities	-	-	-8	-	-8
<i>Transactions with owners</i>					
Dividend paid	-	-202	-	-152	-354
Exercise of share warrants	1	96	-	4	101
Warrants issue	-	6	-	-	6
Shareholders' equity, 31-12-2020	77	564	159	2,372	3,172
Profit after tax reported in the income statement	-	-	-	2,047	2,047
Other comprehensive income	-	-	-3	-	-3
Total comprehensive income	-	-	-3	2,047	2,044
<i>Transactions with owners</i>					
Dividend paid	-	-161	-	-430	-591
Exercise of share warrants	0	62	-	-	63
Warrants issue	-	11	-	-	11
Shareholders' equity, 31-12-2021	78	477	157	3,989	4,700

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

Consolidated cash flow statement

SEK m	Note	2021	2020
Operating activities			
Profit before tax		2,437	1,576
whereof interest payments received		428	364
whereof interest expenses paid		-106	-80
<i>Adjustment for items not included in cash flow</i>			
Depreciations	11, 23-24	70	84
Interest expenses on lease liabilities	11	3	3
Changed accounting principle interest-bearing securities		-	-8
Income tax paid		-2,653	915
Cash flow from operating activities before changes in operating activities' assets and liabilities		-143	-2,570
Changes in operating activities' assets and liabilities			
Increase (-)/decrease (+) in loans to credit institutions	33	-392	4
Increase (-)/decrease (+) in loans to the public		-4,013	-3,181
Increase (-)/decrease (+) in securities		7	-136
Increase (-)/decrease (+) in other assets		-180	-203
Increase (+)/decrease (-) in deposits from the public		9,672	7,587
Increase (+)/decrease (-) in other liabilities		-423	300
Cash flow from operating activities' assets and liabilities		4,671	4,370
Cash flow from operating activities		4,528	6,940
Investment activities			
Investment in treasury bills eligible for refinancing		-2,278	-245
Acquisition and disposals of intangible fixed asset	23	-34	-14
Acquisition and disposals of tangible fixed assets	24	-22	-49
Acquisition of shares and participations		0	0
Investment in bonds		-285	-5,637
Cash flow from investment activities		-2,619	-5,945
Financing activities			
Amortisation lease liabilities		-37	-51
Cash dividend		-591	-354
Subordinated bond		-	-100
Exercise of share warrant		63	101
Warrants issue		11	6
Cash flow from financing activities		-554	-398
Cash flow for the year		1,355	598
Liquid assets at beginning of year		3,675	3,077
Liquid assets at end of year		5,030	3,675
Change		1,355	598
Composition of liquid assets, SEK m			
		2021-12-31	2020-12-31
Cash and balances with central banks		2,939	1,428
Loans to credit institutions		2,508	2,272
Pledged assets		-417	-25
Total		5,030	3,675

Reconciliation of liabilities arising from financial activities

SEK m	31-12-2020	Cash flow	Non-cash changes	31-12-2021
Lease liabilities	171	-37	-12	122
Total	171	-37	-12	122

See Note 2 Accounting principles for the basis for preparing cash flow statement.

Parent Company income statement

SEK m	Note	2021	2020
Operating expenses			
Administration expenses	9	-19	-17
Other operating expenses	10	-10	-8
Operating profit/loss		-30	-25
Profit/loss from financial investments			
Profit/loss from participations in Group companies	14	1,750	-
Profit/loss from sales of financial investments		-	49
Interest income and similar items		-	-
Interest expenses and similar items		0	0
Profit/loss before appropriations and tax		1,720	24
Appropriations			
Group contribution received		67	58
Group contribution paid		-1	-7
Profit/loss before tax		1,786	75
Tax on profit for the period	15	-8	-6
Net profit/loss for the period		1,778	69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – SEK m	2021	2020
Net profit for the year	1,778	69
<i>Items that will be reversed to the income statement</i>		
Changes in value of associated companies	-	-10
Tax on changes in value of associated companies	-	-
<i>Items that will not be reversed to the income statement</i>		
Changes in value of share and participations	-	144
Tax on changes in value of shares and participations	-	-
Other comprehensive income after tax	-	134
Total comprehensive income after tax	1,778	203

Parent Company balance sheet

SEK m	Note	31-12-2021	31-12-2020
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares and participations in Group companies	30	426	420
Shares and participations in other companies		237	237
Total fixed assets		663	657
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		1,428	121
Current tax receivable		2	2
Prepaid expenses and accrued income		3	2
Total current receivables		1,432	124
Cash and bank balances		5	62
Total current assets		1,437	186
Total assets		2,100	843
Shareholders' equity and liabilities			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital		78	77
<i>Unrestricted shareholders' equity</i>			
Share premium reserve		450	549
Fair value reserve		144	144
Retained earnings		1,408	59
Total shareholders' equity	29	2,080	830
Current liabilities			
Accounts payable		0	0
Liabilities to Group companies		-	-
Tax liability		13	6
Other liabilities		0	0
Accrued expenses and deferred income		7	7
Total current liabilities		20	13
Total shareholders' equity and liabilities		2,100	843

Changes in the Parent Company's shareholders' equity

SEK m	Share capital	Share premium reserve	Fair value reserve	Retained earnings	Total
Shareholders' equity, 31-12-2019	77	643	-	160	880
Net profit for the year	-	-	-	69	69
Other comprehensive income for the year	-	-	144	-10	134
Total comprehensive income for the year	-	-	144	59	203
<i>Transactions with owners</i>					
Dividend paid	-	-194	-	-160	-354
Exercise of share warrants	1	100	-	-	101
Shareholders' equity, 31-12-2020	77	549	144	59	830
Net profit for the year	-	-	-	1,778	1,778
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,778	1,778
<i>Transactions with owners</i>					
Dividend paid	-	-161	-	-430	-591
Exercise of share warrants	0	62	-	-	63
Shareholders' equity, 31-12-2021	78	450	144	1,408	2,080

Parent Company cash flow statement

SEK m	2021	2020
Operating activities		
Profit before tax	1,786	75
whereof interest payments received	-	-
whereof interest expenses paid	0	0
<i>Adjustment for items not included in cash flow</i>		
Anticipated dividend	-1,380	-
Income tax paid	0	-1
Cash flow from operating activities before changes in operating activities' assets and liabilities	406	74
Changes in operating activities' assets and liabilities		
Increase (-) / decrease (+) in securities	-	-49
Increase (-) / decrease (+) in other assets	72	230
Increase (+) / decrease (-) in other liabilities	0	0
Cash flow from operating activities' assets and liabilities	72	181
Cash flow from operating activities	478	256
Investment activities		
Disposals of shares and participations in associated companies	-	62
Cash flow from investment activities	-	62
Financing activities		
Cash dividend	-591	-354
Exercise of share warrants	63	101
Shareholder contribution paid	-6	-3
Cash flow from financing activities	-534	-256
Cash flow for the year	-56	62
Liquid assets at beginning of year	62	0
Liquid assets at end of year	5	62
Change	-56	62

The basis for preparing the Parent company's cash flow statement is the same as that for the Group. See Note 2 Accounting principles.

Notes

Note 1 Corporate information

The Parent Company, Avanza Bank Holding AB, (publ) Corporate Identity Number 556274-8458, is a Swedish registered limited company whose registered office is in Stockholm. The Parent Company's share is listed on Nasdaq Stockholm Large Cap, comprising companies with a market capitalisation of over EUR 1 billion. The address of the head office is Regeringsgatan 103, Box 1399, SE-111 93 Stockholm, Sweden.

The consolidated accounts for 1 January 2021–31 December 2021 comprise the Parent Company and its subsidiaries, referred to collectively as "the Group". The Group's operations are described in the Administration report. The consolidated accounts and the Annual report for Avanza Bank Holding AB (publ) for the 2021 financial year were approved on 23 February 2022 by the Board of Directors and the CEO. The consolidated accounts and the Annual report are adopted by the Annual General Meeting on 31 March 2022.

Note 2 Accounting principles

(a) Compliance with standards and legislative requirements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards adopted by the EU. The complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) regarding Annual Reports in Credit Institutions and Securities Companies are applied as well. The consolidated financial statements also apply recommendation RFR 1 Supplementary accounting rules for groups and statements from the Swedish Financial Reporting Board.

The Parent Company applies the same accounting principles as the Group other than in the cases specified below under section (v), The Parent Company's accounting principles.

(b) Preconditions with regard to the preparation of financial reports of the Parent Company and Group

The Parent Company's functional currency is Swedish kronor, which also constitutes the reporting currency for both the Parent Company and the Group. All amounts, unless otherwise indicated, are rounded to the nearest million. Financial assets and liabilities are reported at amortised cost, except for certain financial assets and liabilities that are valued at fair value via income statement or via other comprehensive income, see Note 32 Financial instruments.

Certain parts of the Annual report have also been prepared according to the new European Single Electronic Format (ESEF). The financial statements included in ESEF for 2021 are the consolidated income statement, balance sheet, cash flow statement and changes in the Group's shareholders' equity.

The accounting principles described below for the Group have been applied consistently to all periods presented in the Group's financial reports, unless otherwise indicated below.

(c) New IFRS and interpretations

Only those IFRS and interpretations that are currently considered relevant to Avanza's consolidated financial statements are reported below.

New IFRS and interpretations introduced in 2021

IFRS IC agenda decision (IU 03-19)

In 2021, the IFRS Interpretation Committee published an agenda decision on costs to configure and adapt software in a Software as a Service arrangement (SaaS), i.e. a cloud-based software solution. These costs can no longer be recognised as an intangible asset and instead are seen as a service that the customer receives over the contract term. This is because the customer usually does not control the software being configured or adapted and the services do not create a separate intangible asset. In the fourth quarter 2021, Avanza adapted its reporting of such costs and as a result reclassified part of previous intangible assets associated with the new backoffice system under development.

No other new or amended IFRS, IFRIC interpretations or changes as a result of IASB's annual improvement project, which entered into force on 1 January 2021, are assessed to have had any significant impact on the Group.

IFRS and interpretations applicable in 2022 or after

The new standards, amendments to standards and statements of interpretation entering into force during the financial year 2022, or later, have not been early adopted in the preparation of the financial statements. Only those changes which are assessed as having a possible future impact on the Group are described below.

IFRS 17 Insurance contracts

IFRS 17, which will enter into force on 1 January 2023, replace IFRS 4 and will entail significant changes. In contrast to IFRS 4, IFRS 17 also contains rules on how insurance contracts are measured and presented. The purpose of the standard is to create a uniform method for recognising all types of insurance contracts, a higher degree of transparency in insurance companies' earnings and increased comparability between companies and countries. The definition of an insurance contract is left essentially unchanged compared to IFRS 4, while the rules for separating investment and service components are slightly adjusted. The composition of the income statement and balance sheet will be changed and the disclosure requirements are significantly increased. Avanza has analysed the new standard and will not be subject to IFRS 17. All contracts in Avanza's insurance operations are classified as investment contracts and recognised according to IFRS 9.

No other IFRS or IFRIC interpretations which have not yet entered into force are expected to have a material impact on the Group.

(d) Segment reporting

A segment is a part of the Group that can be identified in accounting terms and which engages in commercial operations, which receives income and incurs costs for which independent financial information exists, and whose operating profit is monitored by the management.

Avanza's internal monitoring is conducted on the basis of the result for the Group as a whole and expenditure per cost unit. This business is connected with the customers' accounts and Avanza is guided by total customer volume rather than financial information for different product categories. The operating profit is only followed up at a group level. Avanza as a whole, therefore, constitutes a total segment in accordance with the criteria in IFRS 8.

(e) Classification

Fixed assets and long-term liabilities in the Parent Company and the Group comprise, in every significant respect, amounts that are expected to be recovered or paid more than twelve months after the closing day. Current assets and current liabilities in the Parent Company and the Group comprise, in every significant respect, amounts that are expected to be recovered or paid within twelve months of the closing day.

(f) Consolidation principles

Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling influence ends.

The acquisition method of accounting is used for reporting the Group's business combinations. The purchase sum for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities that the Group assumes to the previous owners of the acquired company and shares issued by the Group. The purchase sum also includes the fair value of all assets and liabilities resulting from any agreement on a conditional purchase sum. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the acquisition date. For each acquisition the Group determines whether holdings without controlling influence in the acquired company should be recognised at fair value or as the proportional share of the holding in the carrying amount of the identifiable net assets of the acquired company. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the amount with which the total purchase sum and fair value of the holding without controlling influence exceed fair value of identifiable acquired assets and assumed liabilities. If the purchase sum is less than the fair value of the net assets of the acquired company, the difference is recognised directly in the income statement.

Associated companies are companies over which the Group exercises control. Control is assumed when the Group directly or indirectly holds between 20 and 50 per cent of the votes in the company. The equity method is applied once the holding has been classified as shares in associated companies in the Group. Profit shares are recognised as profit/loss from participations in associated companies.

Restrictions on the transfer of funds to the Parent Company

The subsidiaries Avanza Bank AB (publ), Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB are, in accordance with external regulations and legislative requirements, obliged

to maintain a certain amount of shareholders' equity in each legal entity, which means that restrictions exist on the transfer of funds to the Parent Company, Avanza Bank Holding AB (publ).

Transactions eliminated on consolidation

Intra-group receivables, liabilities and transactions, including income or expenses and unrealised gains or losses arising from intra-group transactions, are eliminated in their entirety. The accounting principles for subsidiaries have been amended as appropriate in order to guarantee the consistent application of the Group's principles.

(g) Foreign currencies

Transactions in foreign currencies are converted to Swedish kronor at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currencies are converted to Swedish kronor at the closing day exchange rate. Exchange rate differences arising in conjunction with the conversions are recognised in the income statement.

(h) Income

Net commission

Commission income primarily comprises brokerage, fund commissions, currency-related income and other commissions and is, according to IFRS 15, recognised as revenue when the customer obtains control over the sold goods or services and has the potential to use or obtain benefit from the goods or services. A customer is a party that enters into a contract with Avanza to obtain services that are the result of Avanza's ordinary activities. Brokerage is recognised as income on the transaction date. Fund commissions are received from external fund managers and essentially comprise compensation based on fund volume, which are recognised on a monthly basis. Currency-related income refer to currency exchanges related to customers' securities and fund trades listed in other currency than Swedish kronor. Other commissions mainly refer to compensation for brokering securities in conjunction with new share issues, the sale of structured products and compensation for distribution. Other commissions are recognised upon completion of transactions.

Commission expenses mainly consist of transaction costs directly related to brokerage income and payment commissions.

Net interest income

Income from financial instruments is reported in accordance with IFRS 9. Interest income related to assets measured at amortised value and fair value via other comprehensive income is recognised as interest income in the income statement according to the effective interest method, while other interest income is recognised in other interest income. Interest income from lending to credit institutions and lending to the public is recognised as income as it is earned, which implies that interest income is allocated to the period to which it refers in accordance with the effective interest method. The effective interest method is a method for calculating the amortised cost for a financial asset and for allocating interest income to appropriate periods. Bonds generate net interest income in periods with positive rates as an effect of the sum of amortisation of premiums and the coupon rate, where the coupon rate exceeds the interest expense for amortisation of premiums.

Interest expenses regarding lending to credit institutions refer to interest fees for periods with negative interest, which are

expensed as incurred, meaning that interest expenses are allocated to the period to which they refer. Bonds generate net interest expenses in periods with negative rates as an effect of the sum of amortisation of premiums and the coupon rate, where the coupon rate is below the interest expense for amortisation of premiums. Interest expenses are also incurred on deposits from the public, subordinated liabilities, lease liabilities and the deposit guarantee fee and the resolution fee, which are recognised according to the same principle.

Net result of financial transactions

Income from financial instruments is reported in accordance with IFRS 9. Profit/loss from financial transactions comprises realised and unrealised profit/loss from the sales and holdings of securities, participations and currencies. Profit/loss on assets and liabilities in the insurance operations is also reported here.

(i) Financial instruments

Financial instruments are defined in accordance with IAS 32 as agreements that give rise to a financial asset in a company and a financial liability or equity instrument in another company. A financial asset is an equity instrument in another company or assets that entail a contractual entitlement to immediate receipt of cash or other financial asset. A financial liability is a contractual obligation to pay cash or other financial asset to another company.

A financial asset or financial liability is recognised in the balance sheet on the transaction date, i.e. when the company becomes party to the instrument's contractual terms. Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows expire or have essentially been transferred to a third party. Financial liabilities are derecognised when the obligation has been discharged, cancelled or expired. The same applies to any part of a financial asset or financial liability.

As a rule, financial assets and liabilities are recognised gross in the balance sheet. A financial asset and a financial liability are set off and reported with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability. Securities trading receivables and securities trading liabilities are offset in the balance sheet, this is because they are settled by payment for delivery in a clearing business.

Financial instruments are initially recognised at the instrument's fair value, which normally corresponds to the acquisition cost plus direct transaction costs. Those instruments that fall within the category of fair value via income statement are, however, measured excluding transaction costs. Subsequent recognition is determined by the categories within which the instruments have been classified.

According to the classification and measurement requirements in IFRS 9, financial assets are classified as and measured at fair value via income statement, amortised cost or fair value via other comprehensive income. The classification is determined by a business model assessment for different groups of instruments and in a so-called SPPI test (Solely Payment of Principal and Interest), which determines whether the asset's cash flow consists solely of repayments of principal and interest. The SPPI test must be passed in order for financial instruments to be clas-

sified at amortised cost or at fair value via other comprehensive income. If the SPPI test is not passed, the financial instrument is classified at fair value via income statement.

Financial assets at fair value via income statement

Equity instruments and derivatives measured at fair value via income statement mainly consist of shares and participations, as well as interest-bearing securities held as part of the insurance operations.

Interest-bearing securities held as part of the insurance operations are assets used as liability coverage for the Group's investment contracts in the insurance operations. All contracts within the Avanza Group have conditional dividends in which the policyholder bears the risk of changes in value and these contracts are consequently defined as investment contracts and recognised in accordance with IFRS 9, see also section (o) Insurance operations.

Instruments are measured at fair value and have initially been identified as financial instruments at fair value via income statement less transaction costs. The policyholders are authorised to manage the assets themselves, while at the same time being responsible for all risks related to changes in value as a consequence of this management, which is why insurance-related assets and debts (conditional dividends) are of equal size at all times. There is also a minor item for outstanding claims included among insurance-related liabilities (guaranteed return), due to which total insurance-related liabilities slightly exceed insurance-related assets. The policyholders carries risk of change in value of the assets in the insurance operations corresponding to the part of liabilities in the insurance operations which regards conditional dividends, the net effect of change in value is therefore zero. Change in the remaining insurance debt, which relates to outstanding claims, is guaranteed by the insurance company.

Financial assets at amortised cost

This category includes a portfolio of treasury bills eligible for refinancing, covered bonds and, to a lesser extent, government, municipal and county bonds that are held as an element in the management of the Group's surplus liquidity. This category also includes balances at central banks, lending to credit institutions, lending to the public, securities trading receivables, tax receivables of which the majority refers to the balance of the tax account, accounts receivable and the part of the insurance assets that pertains to cash. The business model consists of generating value by obtaining contractual payments. The terms of the instruments mean cash flows passing the SPPI test.

Lending to the public and accounts receivable are measured at amortised cost less confirmed credit losses and expected credit losses. Avanza has neither corporate financing nor consumer loans, which are normally associated with banking operations. Concerning lending to the public, so-called account credits have collateral in the form of securities or cash, while mortgages have collateral in the form of real estate.

Financial assets at fair value via other comprehensive income

Assets measured at fair value via other comprehensive income are initially recognised in the balance sheet at fair value with addition to acquisition value costs. Following first reporting, instruments in this category are measured at fair value via other comprehensive income. Unrealised changes in fair value are

recognised in other comprehensive income and accumulated in the fair value reserve in shareholder's equity. In connection with a sale, a reclassification is made from the fair value reserve through other comprehensive income to profit or loss, where the realised result is recognised on the line for net result of financial transactions in the income statement.

Financial instruments in this category mainly consists of a portfolio of covered bonds, and to a lesser extent, securities issued by the Swedish government, municipalities and county councils which are held as a part of administration of the Group's excess liquidity. The business model consists of both generating value by obtaining contractual payments and through certain sales of the financial assets. The terms of the instruments mean cash flows passing the SPPI test. This category also reports the parts of shares and participations that are not held for trading, identified to the category fair value via other comprehensive income at the first reporting date.

Financial liabilities at fair value via income statement

In this category liabilities in the insurance operations are reported, see section (o) Insurance operations, excluding provisions for unregulated claims, since corresponding assets are measured at fair value through profit or loss. All agreements with Avanza have conditional dividends in which the policyholder bears the risk of changes in value, with which the commitment is reported as a liability in the balance sheet. The size of the debt is directly proportional to the value of the securities, as well as deposits and withdrawals.

The liabilities have initially been identified as financial liabilities at fair value via income statement less transaction costs. The valuation is based on the fair value of the underlying assets.

Financial liabilities at amortised cost

Financial liabilities in this category mainly refer to deposits from the public, securities trading liabilities, current tax liabilities, accounts payable and other liabilities.

Impairment according to IFRS 9

IFRS 9 states that all assets measured at amortised cost and fair value via other comprehensive income, as well as off-balance sheet commitments including guarantees and credit obligations, must be tested for impairment. The impairment test is based on a model for expected credit losses. Assets that are impairment tested are divided into three categories depending on the degree of credit impairment according to IFRS 9. Category 1 comprises assets where there has not been a significant increase in the credit risk, category 2 comprises assets where there has been a significant increase in the credit risk, and category 3 comprises defaulted assets. Significant assets in category 3 are tested on an individual basis, while a collective assessment is made for insignificant assets. Linked to this are forward-looking scenarios where macro factors are taken into account in the categorisation, see below under the section Macro analysis. Avanza's definition of default is an exposure that wound up in category 3.

Impairment lending to the public

Margin lending and mortgage lending are classified in categories 1–3 according to the above-mentioned changes in credit deterioration.

- Category 1: Margin lending where the borrowers abide by the current credit and account terms with fewer deviations than specified in category 2. Mortgages where the borrowers have made their interest payments during the latest rolling 12-month period with fewer deviations than specified in category 2.
- Category 2: Margin lending and mortgage lending with a significant increase in the risk of default are moved from category 1 to category 2 when the following conditions are met. Margin lending where the borrowers are overleveraged, but where the value of the collateral (which reflects repayment capacity) exceeds the active liability for more than 10 days or loans that have been categorised in category 3 in the last 90 days. Mortgages where the borrowers during the latest 12-month period have had at least one violation of interest payment deadlines lasting longer than 10 days. A return to category 1 requires: Margin lending – the customer is no longer in violation for more than 10 days and in the latest 90 days has not been categorised in category 3. Additionally, the market value of the financial securities pledged as collateral (which reflects repayment capacity) for the active liability exceeds the active liability. Mortgages – where the customer during the latest rolling 12-month period has remained current on their interest payments without being in violation for more than 10 days.
- Category 3: Margin lending and mortgages with a significant increase in credit risk compared to category 2 are moved to category 3 when the following conditions are met: Margin lending where the borrowers are overleveraged at the same time that the value of the collateral (which reflects repayment capacity) is less than the active liability or a violation of the credit and account terms has continued for longer than 90 days. Mortgages where the borrowers during the latest 3-month period have had a violation of interest payment deadlines lasting 90 days or more. A return to category 2 requires: Margin lending – the market value of the financial securities pledged as collateral (which reflects repayment capacity) for the active liability is no longer less than the active liability and the customer is no longer in violation of the credit and account terms for more than 90 days. Mortgages – the customer is not returned until they have not been in violation for 90 days or more during the latest rolling 3-month period. Returns are initially always to category 2, never directly to category 1, which applies to both products.

The provisions will be calculated as exposure upon default times the probability of default times the loss in the event of default. In category 1, the provisions correspond to the part of the entire term's expected credit losses that is attributable to an event of loss in the coming 12 months. In categories 2 and 3, the provisions correspond to lifetime expected credit losses.

If the impairment is considered definitive, it is recognised as a confirmed credit loss and the value of the lending and the associated provisions for credit losses are derecognised from the balance sheet. The principle for derecognition from the balance sheet is bankruptcy, completed debt restructuring or mortality.

Impairment liquidity portfolio

Avanza's portfolios of bonds, which are recognised at fair value through other comprehensive income or at amortised cost, are considered to be of the highest possible credit quality with low credit risk. The portfolios mainly consists of covered bonds

and municipal bonds. All bonds are market listed. The bonds are placed in category 1 and Avanza currently does not allocate any provisions to the reserve for expected credit losses for bonds, since the portfolios as a whole have a high rating and are assessed according to the exception for holdings with low credit risk as per IFRS 9. The need for a loss reserve is assessed on a regular basis and may change if the portfolio's structures changes.

Macro analysis

The macroeconomic scenario work is based on three scenarios (a baseline scenario, a positive scenario and a negative scenario) to determine any impact on probability of default (PD), loss given default (LGD) and exposure at default (EAD). The weights for these scenarios are 70 per cent for the baseline scenario, 15 per cent for the positive scenario, and 15 per cent for the negative scenario.

The IFRS 9 model also uses forward-looking macroeconomic factors that are revised over time and a reasonability and sensitivity assessment of their impact on expected credit losses (ECL). The macro variables that affect the ECL calculation for margin lending are probability of a significant drop in stock prices, probability of a significant price drop in individual securities and unemployment. The macro variables that affect the ECL calculation for mortgages are the repo rate, unemployment and the house price index.

(j) Intangible fixed assets

Intangible assets are recognised in the balance sheet if it is probable that future financial benefits will accrue to the company and the acquisition value of the asset can be calculated in a reliable way.

An intangible asset is initially measured at acquisition value when recognised in the balance sheet. After first reporting, an intangible asset is recognised in the balance sheet at acquisition value, following deduction of any accumulated amortisation and accumulated write-downs. The accounting principles for depreciation are shown below under (l) Depreciation.

The residual value and useful life of intangible assets are reassessed, regardless of whether a reduction in value is indicated, at a minimum at the end of each financial year, at which time an adjustment of the amortisation schedule and/or write-down is made as required. The accounting principles for write-downs are shown below under (m) Write-downs. Intangible assets that have not yet been taken into use are also tested annually even if there is no indication of impairment.

Goodwill

Goodwill represents the difference between the acquisition value of a business combination and the acquired fair value of assets, assumed liabilities and any contingent liabilities. Goodwill is measured at the acquisition value less any accumulated write-downs.

Capitalised development expenditure

Capitalised development expenditure comprises externally purchased services and capitalised personnel costs. Capitalised expenditure relates to the development of a trading system and other applications (the comparative year 2020 also included the backoffice system), which will generate long-term economic advantages for the Group through either increased income or

cost savings, and are recognised among assets when they arise. Capitalised development is added to the balance sheet at acquisition value less amortisation and write-downs. Amortisation of capitalised development occurs once the asset is ready and over its estimated useful life.

Development expenditure is recognised as an asset in the balance sheet when a number of criteria are met:

- the product or process is technically and commercially viable
- the company has sufficient resources to complete development
- the company can use or sell the intangible asset
- the acquisition cost can be calculated in a reliable manner

Avanza has marketing expenditures that are expensed immediately rather than capitalised. Costs to configure and adapt SaaS services are expensed as they arise or accrued over the system's contract term. Development costs are otherwise expensed when they arise.

Customer relations

Customer relations are recognised at estimated fair value when the Group assumed risks and benefits regarding affected subsidiaries. Customer relations have a limited useful life and are recognised at acquisition value less accumulated depreciation and any write-downs.

(k) Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet if it is likely that future economic benefits will accrue to the company and the acquisition value of the asset can be reliably calculated.

Tangible fixed assets are recognised in the Group at acquisition value after deducting accumulated depreciation and any write-downs. Acquisition value includes the purchase price and costs directly attributable to the asset. The accounting principles for depreciation and amortisation are shown below under (l) Depreciation and amortisation and the principles for write-downs under (m) Write-downs.

Tangible fixed assets are eliminated from the balance sheet in conjunction with retirement or disposal. Profits and losses are recognised as other operating income/expenses.

(l) Depreciation and amortisation

Depreciation and amortisation is recognised on a straight-line basis in the income statement over the assets' estimated useful lives. The estimate useful lives are:

- | | |
|---|--------------|
| • computers and other technical installations | 3 or 5 years |
| • equipment | 5 years |
| • patents and trademarks | 5 years |
| • development expenditure | 5 years |
| • development expenditure trading system | 10 years |
| • customer relations | 5 years |
| • rights to use | 1–4 years |

An assessment of an asset's residual value and useful life is made annually. Intangible assets subject to amortisation are amortised from the date they become available for use.

(m) Write-downs

The carrying amounts for the Group's assets not classified as financial instruments are tested each closing day to determine whether there is any indication of a write-down requirement. If any such indication exists, the asset's recoverable amount is calculated. A write-down is reported when the carrying amount of an asset exceeds the recoverable amount. A write-down is charged to the income statement. The recoverable amount of goodwill and other intangible assets with indeterminable useful lives, and intangible assets not yet ready for use, is calculated annually.

Calculation of the recoverable amount

The recoverable amount is the greater of the asset's fair value, less selling expenses, and its value in use. When calculating value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest rates and the risk associated with the specific asset. The recoverable amount for the cash-generating unit to which the asset belongs is calculated for any asset that does not generate cash flows and is significantly independent of other assets.

Reversal of write-downs

Write-downs are reversed if a subsequent increase in the recoverable amount can objectively be attributed to an event that occurred after the write-down occurred. Goodwill write-downs are not reversed.

(n) Leasing

For Avanza as a lessee IFRS 16 Leases is applied according to which material leases with a term exceeding 12 months are recognised as assets and liabilities in the balance sheet represented by the right to use the leased asset and the obligation to pay future leasing charges. Depreciation of the lease asset and interest expenses attributable to the lease liability are recognised in the income statement. The leases in question comprise offices and other premises.

Leases are not recognised as right-of-use assets and lease liabilities in cases where the underlying asset has a low value or a term shorter than 12 months.

(o) Insurance operations**Insurance contracts and investment contracts**

IFRS distinguishes between insurance contracts, which are recognised according to IFRS 4, and investment contracts, which are recognised according to IFRS 9. Insurance contracts are contracts where significant insurance risk is transferred from the policyholder to the issuer. Investment contracts are financial instruments which are not defined as insurance contracts, since they do not transfer a significant insurance risk to the issuer. All contracts in Avanza's insurance operations are classified as investment contracts and are recognised according to IFRS 9, see also section (i) Financial instruments. Risk insurance such as premium waiver, life, health, disability, child and health-care insurance is offered in partnership with Euro Accident.

Avanza's policies consist of unit-linked insurance or traditional insurance. For unit-linked policies, the value of the insurance is entirely dependent on the investments that the policyholder makes. It is the policyholders themselves who bear the investment risk for the investments. In traditional insurance, the value of the insurance consists in its entirety of conditional dividends, which means that policy does not have a guaranteed insured

amount. It is the policyholders who bear the investment risk for the investments. The occupational pension and private pension insurance products will, upon pay-out, be converted to unit linked insurance. The endowment pension, can, upon pay-out, be converted to unit-linked insurance. If the policy remains as traditional insurance, a fixed annual amount of 1 per cent of the insurance value will be calculated on the first pay-out date in the first five years and will be paid out over five years. The payment amount is guaranteed in the first five years.

Prepaid acquisition cost insurance operations

Avanza does not capitalise acquisition costs and thus has no prepaid acquisition costs, also known as Deferred Acquisition Costs (DAC), in the balance sheet. Acquisition costs are recognized as they arise.

Assets in insurance operations

Assets in the insurance operations consist of policyholders' investments in securities in endowment insurance, endowment pensions, private pension insurance and occupational pensions. It is the policyholders who bear the investment risk, with the exception of any guaranteed amount in paying traditional insurance. Assets in the insurance operations, excluding cash, are measured at fair value through profit or loss. Amounts received from and paid to the holders are recognised in the balance sheet as deposits or withdrawals.

Technical provisions

The technical provisions are divided into the life insurance provision, unit-linked insurance commitments, provisions for outstanding claims and conditional dividends.

The life insurance provision is comprised of the capital value of the future insurance compensation guaranteed to policyholders. The provision is calculated individually by policy and refers to the guaranteed entitlements to be paid out in five years.

Unit-linked insurance commitments are calculated individually by policy. The provision corresponds to the total market value of the holding in the policyholders' custodial accounts.

The provision for outstanding claims refers to claims for incidents that have occurred but have not been reported. The provision is calculated collectively for the insured portfolio and is a specific percentage of the gross risk premium income for the claim year.

Conditional dividends are calculated individually by policy. It corresponds to the total market value of the holding in the policyholder's custodial account less any provision for guaranteed entitlements.

Commitments for investment contracts

All contracts with Avanza have conditional dividends where the policyholder bears the risk for changes in value, whereby they are classified as investment contracts and the commitment is recognised as a liability. The size of the liability is directly related to the change in value of the underlying securities as well as deposits and withdrawals. The liability is mainly recognised as liabilities measured at fair value through profit or loss. Changes in the value of assets in the insurance operations and the corresponding change in the commitment for investment contracts are offset in the income statement. The substance of the transaction is that the changes in value belong in their entirety to the

policyholders. Netting makes it easier for policyholders and other stakeholders to understand the transactions and assess the company's results and future cash flows.

The liability related to the reserve for unknown claims is calculated on an actuarial basis and recognised as a liability to policyholders.

Commitments for insurance contracts

No contracts are classified as insurance contracts, since there are no significant insurance risks within the insurance operations. Risk insurance such as premium waiver, life, health, disability, child and health-care insurance is offered in partnership with Euro Accident (issuer), which means that Avanza is not exposed to any insurance risk related to these products.

(p) Dividend paid

Dividends are recognised as liabilities once the Annual General Meeting has approved the Board's dividend proposal.

(q) Employee benefits

Pension costs refer to occupational pension premiums and special employer's contribution. Occupational pensions are obtained through defined contribution pension plans equivalent to the ITP 1 plan. Payment obligations for defined contribution plans are expensed in the income statement as they arise. In contrast to defined benefit pensions, where the employee is guaranteed a specific predetermined pension, the value of the pension for the employee depends on the premiums that have been paid in and the returns that the investments have generated.

(r) Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to regulate the obligation and a reliable estimate of the amount can be made.

(s) Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income or directly to shareholders' equity, at which point the associated fiscal effect is recognised in the corresponding manner.

Current tax is the tax payable or which is received in respect of the current year, applying the rates of taxation approved, or approved in practice, as of the closing day. This also includes adjustments of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the recognised and fiscal values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that arose in conjunction with the first reporting of goodwill, the first reporting of assets and liabilities that do not constitute business combinations and which, at the time of the transaction, did not affect either the reported or the fiscal profit/loss. The valuation of deferred tax is based on the way in which the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the rates of taxation and taxation rules approved, or approved in prac-

tice, as of the closing day. Deferred tax receivables in respect of deductible temporary differences and deficit deductions are only recognised to the extent that it is likely it will be possible to utilise them.

Försäkringsaktiebolaget Avanza Pension also pays a yield tax based on an approximation of the return on assets managed on behalf of policyholders. The yield tax is deducted from policyholders' assets.

(t) Pledged assets and contingent liabilities

Pledged assets consist of pledged assets for items other than liabilities in the balance sheet. Pledged assets refer to collateral held by Swedish credit institutions, the stock exchange and the Riksbank.

A contingent liability is recognised when there is a possible obligation that arises from events that have occurred and whose existence is only confirmed by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required or the size of the obligation cannot be calculated with sufficient reliability.

(u) Cash flow statement

The cash flow statements for the Group and the Parent Company are prepared using the indirect method and show the payments received and made by the operating activities, investing activities and financing activities during the financial year.

Cash flows attributable to operating activities derive primarily from the Group's revenue-generating operations. The net of the operating activities' payments received and made are calculated by adjusting the operating profit/loss for the year for items that do not affect the cash flow, for changes in operating assets and operating liabilities during the period and for other items for which the effect on cash flow can be attributed to investing or financing activities. The most important types of incoming and outgoing payments attributable to the investing and financing activities are recognised separately in the cash flow statement. Amounts are reported gross.

Liquid assets

Liquid assets mainly comprise balances held with banks and equivalent institutions that can be reinvested with one day's or a maximum of one month's notice. Balances held with banks and equivalent institutions relating to assets pledged as collateral are excluded from liquid assets.

(v) The Parent Company's accounting principles

The Parent Company has prepared its Annual report in accordance with the provisions of the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for legal entities of the Swedish Financial Reporting Board. Under RFR 2 the Parent Company, in its annual accounts for the legal entity, shall apply all IFRS regulations and statements approved by the EU, as far as possible, within the framework of the Swedish Annual Accounts Act and with regard to the connection between accounting and taxation. The differences between the accounting principles of the Group and the Parent Company are shown below.

The accounting principles for the Parent Company described below have been applied consistently to all periods presented in the Parent Company's financial reports.

Shares and participations in Group companies

Participations in Group companies are recognised by the Parent Company in accordance with the acquisition value method of accounting. Dividends received are recognised as income when the right to receive payment is adjudged to be certain.

Shares and participations in associated companies

Shares and participations in associated companies are recognised at cost of acquisition in the Parent Company's balance sheet, in contrast to the Group, where the value is adjusted for Avanza's share of the associated company's result (net after tax) in accordance with the equity method.

Group contributions

Group contributions are recognised as appropriations, regardless of whether the Group contribution is paid or received.

Anticipated dividend

Anticipated dividends from subsidiaries are booked as financial income in the Parent Company already during the vesting year in connection with the annual accounts. The subsidiaries do not book the dividend until the following year in conjunction with the Annual General Meeting deciding on the allocation of profits.

(w) Notes that have no direct reference to income statements or balance sheets

Note 1	Corporate information
Note 2	Accounting principles
Note 34	Own funds and capital requirements
Note 35	Financial risks
Note 36	Related parties
Note 37	Important estimates and assessments
Note 38	Events after the closing day
Note 39	Proposed allocation of profits

Note 3 Revenue from contracts with customers

SEK m – The Group	2021	2020
Trading in commission-generating securities	2,260	1,586
Fund savings	735	459
Corporate services	89	37
Other commission income	335	229
Total	3,419	2,310
<i>Timing of revenue recognition</i>		
Service or goods transferred to customer at a specific point in time	3,419	2,310
Service or goods transferred to customer over time	–	–
Total	3,419	2,310

Avanza's customers mainly consist of private investors in Sweden, corporate customers and partners in third-party relationships. Revenue from contracts with customers largely comes from securities trading and includes profit from currency-related income of SEK 626 million (SEK 355m) in the lines Trading in commission-generating securities and Fund savings.

No assessments are needed that would materially affect the size or timing of the above-mentioned revenue. Nor has Avanza incurred any expenditures to secure or fulfil the contracts with customers.

No single external customer generates more than 10 per cent of the Group's revenue. Avanza offers a diversified portfolio of

savings and loans in strongly competitive markets. As a result, the Group's dependence on individual customers is limited. The largest single customer in 2021 generated brokerage income of SEK 4.2 million (SEK 2.3m) and interest income of SEK 1.7 million (SEK 1.3m). The largest customer in the business service category generated revenue of SEK 13.6 million (SEK 11.4m). In external fund trades, Avanza receives a commission from the partner and does not charge a fee to the customer. From the fund company that brokered the largest single commission in 2021 Avanza received revenue of SEK 79 million (SEK 44m).

All operations are conducted in Sweden and both income from external customers and fixed assets are attributable to Sweden.

Note 4 Commission income

SEK m – The Group	2021	2020
Brokerage, gross	1,690	1,272
Fund commissions	679	418
Currency-related income	626	355
Other commissions ¹⁾	424	266
Total	3,419	2,310

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

Note 5 Commission expenses

SEK m – The Group	2021	2020
Transaction costs ¹⁾	-234	-170
Payment services commissions	-118	-86
Other commission expenses ²⁾	-88	-57
Total	-439	-312

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 6 Net interest income

SEK m – The Group	2021	2020
Interest income		
<i>Interest income using the effective interest method</i>		
Interest income from loans to credit institutions	0	1
Interest income from loans to the public	391	300
Interest income from interest-bearing securities	37	63
Total interest income using the effective interest method	428	364
<i>Other interest income</i>		
Other interest income	–	–
Total other interest income	–	–
Total interest income	428	364
Interest expenses		
Interest expenses for loans to credit institutions	–9	–4
Interest expenses for liabilities to credit institutions	0	0
Interest expenses for deposits from the public	–53	–40
Interest expenses for interest-bearing securities	0	0
Interest expenses for lease liabilities	–3	–3
Interest expenses for subordinated bond	–	–3
Other interest expenses	–42	–30
Total interest expenses	–106	–80
Net interest income	321	283

The average lending rate to account customers during the year was 1.8 (1.9) per cent and the average deposits rate from accounts with surplus liquidity during the year was 0.0 (0.0) per cent.

Part of lending to the public is covered in its entirety over the course of the year by cash pledged on endowment insurance. This portion of lending does not affect net interest income, since the interest rate on deposits is the same as the loan rate.

Note 7 Net result of financial transactions

SEK m – The Group	2021	2020
Realised profit/loss regarding shares, etc ¹⁾	1	66
Exchange rate fluctuation	–1	1
Change in value of insurance operations assets	40,360	23,883
Change in value of insurance operations liabilities	–40,360	–23,883
Total	0	67
Net profit/net loss per valuation category		
Financial assets valued at fair value via income statement	40,361	23,949
Financial liabilities valued at fair value via income statement	–40,360	–23,883
Financial assets valued at amortised cost	–1	1
Financial assets valued at fair value via other comprehensive income	–3	18
Total	–3	85

¹⁾ Includes SEK 63 million associated with the reduced holding in Stabelo 2020.

Note 8 General administration expenses

SEK m – The Group	2021	2020
Personnel costs	–566	–469
Consultancy services purchased	–58	–38
Market information costs	–61	–47
Other general administration expenses	–68	–87
Total	–753	–640

Note 9 Employees and personnel costs

SEK m – The Group	2021	2020
Salaries and other remuneration	–378	–313
Pension costs	–51	–43
Social insurance charges	–116	–98
Other personnel costs	–20	–15
Total personnel costs	–566	–469

The Group has no employees outside Sweden. At the end of the year there was a total of 603 (510) Group employees. Normal employment terms comprise salary and benefits.

Pension costs refer to occupational pension premiums and special employer's contribution. Occupational pensions, through defined contribution pension plans, are obtained corresponding to the ITP 1-plan for all employees over 25 years.

Salaries, other remuneration and social insurance charges

SEK m	2021		2020	
	Salaries and other remuneration	Social insurance charges (of which pension costs)	Salaries and other remuneration	Social insurance charges (of which pension costs)
The Group	378	168	313	141
		(51)		(43)
of which the Board of Directors and senior executives	31	17	29	17
		(8)		(8)
Parent Company	15	6	13	5
		(3)		(3)
of which the Board and CEO	8	4	7	4
		(1)		(1)

Average no. employees	2021		2020	
	No. employees	Of whom, men	No. employees	Of whom, men
Parent Company	5	2	4	2
Subsidiaries	556	355	474	305
Total	560	357	478	307

2021 SEK thousand – The Group	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	466	–	–	466
Members of the Board	4,151	–	–	4,151
CEO	7,700	–	2,981	10,681
Deputy CEO	3,014	–	841	3,855
Other senior executives	15,331	–	4,038	19,369
Total	30,662	–	7,860	38,522

2020 SEK thousand – The Group	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	460	–	–	460
Members of the Board	3,330	–	–	3,330
CEO	7,378	–	2,855	10,234
Deputy CEO	2,842	–	782	3,624
Other senior executives	15,443	–	4,034	19,477
Total	29,453	–	7,671	37,124

SEK thousand – Parent Company	2021		2020	
Board members	Directors' fees	Other remuneration	Directors' fees	Other remuneration
Sven Hagströmer	466	–	460	–
Magnus Dybeck	401	–	276	–
Jonas Hagströmer	476	–	365	–
Birgitta Klasén	147	–	584	–
Mattias Miksche	514	–	407	–
Hans Toll	587	–	501	–
Leemon Wu	345	–	–	–
Catharina Eklöf	481	–	308	–
Johan Roos	668	–	339	–
Viktor Fritzén	533	–	449	–
Jacqueline Winberg	–	–	100	–
Total	4,617	–	3,789	–

The Board of Avanza Bank Holding AB (publ) has 9 (9) members, 7 (7) of whom are men. Fees have been paid to the Chairman of the Board and Board Members in accordance with the resolutions of the 2021 Annual General Meeting. The Chairman of the Board has not received any remuneration in addition to Director's fees.

Information regarding senior executives

The term, senior executive, refers to the CEO and 8 (8) other persons at the end of the year who hold senior positions. Together, they make up the Group Management. There were 9 (9) senior executives in the Group during the year, 5 (5) of whom were men.

Remuneration to senior executives during the financial year

Remuneration to the CEO and other senior executives has, in accordance with Avanza's guidelines, comprised a base salary. No variable remuneration is paid to the CEO and other senior executives. Deferred variable remuneration attributable to previous years that has not fallen due for payment amounts to SEK – million (SEK 1.7m), of which SEK – million (SEK 0.1m) to a former CEO. The amount has been expensed, however, in the financial year the remuneration refers to. The remuneration to the CEO for the 2021 financial year has been prepared by the boards Remuneration Committee and decided by the Board of Directors.

Other senior executives refer to eight individuals who comprised the Group Management during the year together with the CEO. For more information on Group Management's composition at the end of the financial year, see pages 56–57. The CEO has a 6-month period of notice if he terminates his employment contract himself, and a severance pay corresponding to 12 monthly salaries if the contract is terminated by the company. The period of notice for other senior executives if they themselves terminate their contracts of employment is 6 months, and 6 months if the contracts of employment are terminated by the company. There are no severance pay agreements for other senior executives. The retirement age for the CEO and other senior executives is 65. Avanza has no pension commitments for senior executives.

Members of the Group Management have during the year acquired warrants, on market terms in accordance with the warrant programme approved by the the Annual General Meeting on 30 March 2021. The total remuneration paid to members of the Group Management is on market terms.

Details of the company's remuneration policy are provided on the corporate web investors.avanza.se/en.

Financial instruments, warrants

Subsidiary programme 2019–2022		Warrants		Market value	
SEK thousand	Number	Value ¹⁾	Acquisition	Benefit	31-12-2021
CEO	80,000	345	345	–	18,812
Other senior executives	187,590	808	808	–	44,112
Total	267,590	1,153	1,153	–	62,924

Subsidiary programme 2020–2023		Warrants		Market value	
SEK thousand	Number	Value ¹⁾	Acquisition	Benefit	31-12-2021
CEO	35,490	350	350	–	4,759
Other senior executives	95,110	938	938	–	12,754
Total	130,600	1,288	1,288	–	17,513

Subsidiary programme 2021–2024		Warrants		Market value	
SEK thousand	Number	Value ¹⁾	Acquisition	Benefit	31-12-2021
CEO	19,950	350	350	–	570
Other senior executives	69,240	1,214	1,214	–	1,977
Total	89,190	1,564	1,564	–	2,546

¹⁾ Market value on acquisition date.

Subsidiary programmes were acquired at market price in August 2019, August 2020 and August 2021 respectively. The market value has been calculated in accordance with the Black & Scho-

les valuation model, see Note 29 Equity where terms and exercise prices also appear.

Note 10 Auditors' fees and reimbursement of expenses

SEK thousand – The Group	2021	2020
KPMG		
Audit engagements	-2,663	-2,567
Audit business over and above audit engagements	-408	-393
Tax consultancy	-	-23
Other services	-123	-
Total	-3,194	-2,983
SEK thousand – Parent Company	2021	2020
KPMG		
Audit engagements	-484	-450
Audit business over and above audit engagements	-	-71
Tax consultancy	-	-
Other services	-69	-
Total	-554	-521

The term, audit engagement, refers to the auditing of the Annual report and the bookkeeping and of the administration by the Board of Directors and the CEO, to other duties incumbent upon the company's auditors, and to the provision of advice or other assistance occasioned by observations in conjunction with such audits or the performance of other such duties.

Auditing activities beyond the audit engagement include reviewing interim reports and services provided in conjunction with certifications and opinions. Tax consultancy refers to taxation issues and Other services mainly comprise advice and accounting issues.

Note 11 Leasing agreements

The Group

The Group's leased assets classified as right-of-use assets refer to premises. Leases do not contain any limitations other than the security in the leased assets.

No other right-of-use assets were added and no reassessments of lease terms or changes in interest rate levels were made in 2021. Indexation of leases related to leased premises is taken into account in right-of-use assets and lease liabilities as of 31 December 2021.

Right-of-use-assets

SEK m – The Group	31-12-2021	31-12-2020
Right-of-use assets at the beginning of the year	153	76
New lease contract	-	133
Year's depreciation	-36	-39
Year's write-downs	-	-17
Indexation	3	0
Right of use assets at the end of the year	120	153

Lease liabilities

SEK m – The Group	31-12-2021	31-12-2020
Current liabilities	0	0
Long-term liabilities	122	171
Total	122	171

For an analysis of the remaining term of the lease liabilities, see Note 35 Financial risks, section Liquidity risk.

Amounts in the income statement

SEK m – The Group	2021	2020
Depreciation of right-of-use-assets	-36	-39
Write-down of right-of-use-assets	-	-17
Interest expenses on lease liabilities	-3	-3
Total	-39	-59

Write-down of right-of-use-assets of SEK 17 million in 2020 is a non-recurring cost due to the consolidation of Avanza's offices

again under one roof at the current address on Regeringsgatan 103 in Stockholm in autumn 2020.

Others leases

The Group also leases machinery and IT equipment with terms of one to three years. These are short-term leases and/or leases

of low value. The Group has chosen not to recognise right-of-use assets and lease liabilities for these leases.

Note 12 Other operating expenses

SEK m – The Group	2021	2020
Marketing costs	-24	-22
Other operating expenses	-17	-16
Total	-41	-38

Note 13 Credit losses, net

SEK m – The Group	2021	2020
Year's write-down of confirmed credit losses	5	0
Year's write-down of expected credit losses	-5	-4
Total	0	-4

For more information on Avanaza's management of impairment, see Note 2 Accounting principles, section (i) Financial instruments, Impairment according to IFRS 9, Note 19 Loans to the public and Note 35 Financial risks.

Note 14 Profit/loss on group participations

SEK m – Parent Company	2021	2020
Dividend received from Group companies	370	-
Anticipated dividend received from Group companies	1,380	-
Total	1,750	-

Note 15 Tax on profit/loss for the year

SEK m	The Group		Parent Company	
	2021	2020	2021	2020
<i>Current tax expense (-)/tax income (+)</i>				
Tax expense (-)/tax income (+) for the period	-391	-242	-8	-6
Total current tax	-391	-242	-8	-6
<i>Deferred tax expense (-)/tax income (+)</i>				
Deferred tax in respect of temporary differences	1	0	-	-
Total deferred tax	1	0	-	-
Total reported tax expense	-390	-242	-8	-6
<i>Reconciliation of effective tax</i>				
Profit/loss before tax	2,437	1,576	1,786	75
Tax at current rate of taxation	20.6%	21.4%	20.6%	21.4%
Non-deductible costs	0.1%	0.1%	0.0%	0.2%
Non-taxable income	0.0%	-0.7%	-20.2%	-13.9%
Other tax base in insurance operations	-4.7%	-5.5%	-	-
Other	0.0%	0.0%	-	-
Effective tax	16.0%	15.3%	0.4%	7.7%

Deferred tax in temporary differences

SEK m – The Group	31-12-2021	31-12-2020
Deferred tax receivable	1	0
Deferred tax liability	0	0
Net	1	0

The temporary differences refer to depreciation of computers, which are depreciated for accounting purposes over three years and for tax purposes over five years as well as the tax reduction

for investments in equipment in 2021. There are no loss carry forwards in the Group.

Note 16 Earnings per share

The Group	2021	2020
Earnings per share before dilution, SEK	13.19	8.66
Earnings per share after dilution, SEK	13.00	8.58
Average no. shares before dilution	155,150,335	154,150,028
Average no. shares after dilution	157,456,453	155,581,077
Outstanding no. shares before dilution	155,571,758	154,954,010
Outstanding no. shares after dilution	158,115,098	157,940,330
No. shares on full dilution	161,271,758	161,704,010

Avanza's outstanding warrant programmes comprise a total of 5,700,000 shares, which if fully exercised represent a maximum dilution of 3.7 per cent. Of these warrants, 2,262,450 were transferred to employees, however, which represents a dilution of 1.5 per cent.

The warrant programme is divided into three sub-programmes.

Each programme runs for three years: 2019-2022 the exercise price of which is SEK 94.80 per share, 2020-2023 the exercise price of which is SEK 194.09 per share, and 2021-2024 the exercise price of which is SEK 380.47 per share. The market price, as of 31 December 2021 was SEK 332.20. For more information, see Note 29 Equity.

Note 17 Client funds

The Group

Client fund receivables, attributable to banking business, amounted as of 31 December 2021 to SEK 1,540 million (SEK 1,630m), of which client funds at the Riksbank SEK – million (SEK –m), which are reported net against client fund payables of SEK 1,540 million (SEK 1,630m).

Note 18 Treasury bills eligible for refinancing

SEK m – The Group	31-12-2021	31-12-2020
Eligible government securities	2,523	245
Total	2,523	245

Note 19 Loans to the public

SEK m – The Group	31-12-2021	31-12-2020
Margin lending	10,076	6,970
Mortgage lending	10,224	9,317
of which with collateral in the form of houses	6,944	6,187
of which with collateral in the form of tenant-owned apartments	3,280	3,130
Total	20,300	16,287

Loans to the public is secured through securities and real estate. SEK 11,476 million (SEK 10,129m) in mortgage lending had been granted as of 31-12-2021, of which SEK 1,247 million (SEK 804m) was commitment for granted, undisbursed mortgage loans.

Loans to the public are recognised after deducting confirmed and expected credit losses. As of 31 December 2021, the provision for expected credit losses amounted to SEK 9 million (SEK 14m), or only 0.05 (0.09) per cent of lending. The change

in the cumulative provision for expected losses of SEK 5 million is mainly because previously expected credit losses of SEK 5 million were confirmed during the year. Consequently, net confirmed credit losses were not affected by net income for the year. Expected credit losses are calculated according to the methodology in IFRS 9. See also Note 35 Financial risks, section IFRS 9 and expected credit losses, and Note 2 Accounting principles, section (i) Financial instruments, Impairment lending to the public.

Provisions for expected credit losses

SEK m – The Group	31-12-2021	31-12-2020
Reserve at beginning of year	-14	-10
Provision for expected losses	5	-4
Provisions at end of year	-9	-14
Provision ratio at year-end	0.05%	0.09%

SEK m – The Group	Mortgages 31-12-2021		Margin lending 31-12-2021		Mortgages 31-12-2020		Margin lending 31-12-2020	
	Lending ¹⁾	Reserve	Lending ¹⁾	Reserve	Lending ¹⁾	Reserve	Lending ¹⁾	Reserve
Category 1	9,770	-2	10,076	-2	8,792	-2	6,965	0
Category 2	457	-3	0	0	528	-5	4	0
Category 3	2	0	5	-2	3	0	8	-7
Total	10,229	-5	10,081	-5	9,324	-7	6,977	-7
Provision ratio		0.05%		0.05%		0.07%		0.10%

¹⁾ Excluding expected credit losses.

Note 20 Bonds

SEK m – The Group	31-12-2021	31-12-2020
Issued by public authorities	1,167	857
Issued by other borrowers	24,687	24,715
Total	25,854	25,572

SEK m – The Group	31-12-2021	31-12-2020
Bonds, quoted	25,854	25,572
Bonds, unquoted	-	-
Total	25,854	25,572

As of 31 December 2021, 75.0 (73.9) percent of the total nominal value was measured at amortised cost and 25.0 (26.1) per cent at fair value through other comprehensive income.

As of 31 December 2021, SEK 1,820 million (SEK 2,510m) in bonds was pledged as collateral. All bonds can be pledged to the Riksbank and are OTC traded, where indicative prices are published on Bloomberg. All covered bonds issued by Swedish banks have the highest bond rating with Standard & Poor's

(AAA) or Moody's (Aaa). Avanza does not allocate any provisions for expected credit losses, since the portfolio qualifies for the exemption for low credit risk holdings in accordance with IFRS 9. See also Note 2 Accounting principles section (i) Financial instruments, section Impairment lending liquidity portfolio.

Note 21 Shares and participations

SEK m – The Group	31-12-2021	31-12-2020
Shares and participations, quoted	0	7
Shares and participations, unquoted	237	237
Total	237	244

Unquoted holdings as of 31 December 2021 refers to Stabelo Group AB.

Note 22 Assets and liabilities in insurance operations

SEK m – The Group	31-12-2021	31-12-2020
<i>Financial assets in insurance operations</i>		
Shares and participations	201,410	141,270
Interest-bearing securities	4,715	3,415
Liquid assets	12,865	11,246
Total	218,990	155,931
<i>Financial liabilities in insurance operations</i>		
Life insurance provisions	7	5
Provision for outstanding claims	2	1
Unit-linked insurance commitments	3,805	3,271
Conditional bonus	215,179	152,656
Total	218,992	155,933

All assets in insurance operations refer to assets for which the policyholders carry direct investment risk. Corresponding liabilities in insurance operations refer to conditional bonuses for which the policyholders bear the direct risk. This means that the policyholders receive yields but also cover the risk entailed by the insurance operations assets and liabilities.

The Group has no entitlement to the cash flow attributable to invested funds. Both assets and liabilities (conditional dividends) are valued at fair value via the Income Statement. The net effect on profit/loss of unrealised changes in value, realised changes in value, interest and dividends received and premiums paid and changes in value of the liability is zero.

Note 23 Intangible fixed assets

SEK m – The Group	31-12-2021	31-12-2020
Goodwill		
<i>Acquisition values</i>		
At beginning of year	26	26
At end of year	26	26
<i>Write-downs</i>		
At beginning of year	-3	-3
At end of year	-3	-3
Carrying amount at end of year	23	23
Other intangible assets		
<i>Acquisition values</i>		
At beginning of year	114	100
Year's investments	77	14
Year's disposals	-43	-
At end of year	148	114
<i>Depreciation</i>		
At beginning of year	-55	-47
Year's depreciation	-8	-8
Year's disposals	-	-
At end of year	-63	-55
Carrying amount at end of year	85	59
Total intangible fixed assets	107	82

Goodwill in the Group derives from the acquisitions in 2001 of parts of the operations now conducted within the Group and totalling SEK 23 million. No write-down requirement has been identified in the annual impairment testing. The banking operations' profit/loss exceeds the goodwill value on an annual basis.

Other intangible assets consist of software licenses and customer relationships from the acquisition of Placera Media Stockholm AB, which are fully amortised, as well as capitalised development of SEK 72 million for a new trading system, which was utilised in 2014–2018. Depreciation of the trading system began at the end of 2017 and the depreciation schedule is 10 years. In 2020, work began on the implementation of a new backoffice

system, where the related costs were capitalised in other intangible assets. In the fourth quarter 2021, Avanza responded to the IFRS IC's new decision on costs to configure and adapt to SaaS services. As a result, certain costs related to the project to replace the backoffice system no longer meet the criteria for capitalisation, because of which they are expensed as they arise or accrued over the system's contract term. This explains obsolescence for the year of SEK 43 million, on which SEK 32 million is accrued over the system's contract term and SEK 11 million was expensed in 2021. The carrying amount as of 31 December 2021 of the costs that meet the capitalisation criteria amounts to SEK 48 million.

Note 24 Tangible fixed assets

SEK m – The Group	31-12-2021	31-12-2020
<i>Acquisition value</i>		
At beginning of year	164	115
Year's investments	22	49
Year's disposals	0	0
At end of year	186	164
<i>Write-downs</i>		
At beginning of year	-100	-80
Year's depreciation	-25	-20
Year's disposals	0	0
At end of year	-125	-100
Carrying amount at end of year	61	64

Note 25 Other assets

SEK m – The Group	31-12-2021	31-12-2020
Securities trading receivables	314	288
Current tax assets	4,355	1,623
Deferred tax assets	1	0
Other	282	241
Total	4,952	2,153

Securities trading receivables and securities trading liabilities are presented net in Other assets and Other liabilities respectively. For securities trading receivables and securities trading liabilities, there is a legal right to set off the recognised amounts against the same counterparty. Other financial assets and liabi-

lities are recognised gross in the balance sheet. The following table describes the balance sheet items that are used as a basis for netting.

31-12-2021

SEK m – The Group	Gross amount	Amount set off	Net amount
Securities trading receivables	1,671	-1,357	314
Securities trading liabilities	1,853	-1,357	496

31-12-2020

SEK m – The Group	Gross amount	Amount set off	Net amount
Securities trading receivables	1,852	-1,564	288
Securities trading liabilities	2,475	-1,564	911

Note 26 Prepaid expenses and accrued income

SEK m – The Group	31-12-2021	31-12-2020
Prepaid expenses	38	37
Accrued income	453	308
Total	491	344

Note 27 Other liabilities

SEK m – The Group	31-12-2021	31-12-2020
Tax deduction	6	4
Securities trading liabilities	496	911
Accounts payable	32	29
Current tax liabilities	640	169
Deferred tax liability	3	4
Other	264	262
Total	1,442	1,380

Securities trading liabilities amounts to gross SEK 1,853 million (SEK 2,475m) see note 25 Other assets.

Note 28 Accrued expenses and deferred income

SEK m – The Group	31-12-2021	31-12-2020
Personnel-related liabilities	82	61
Other	85	71
Total	167	133

Note 29 Equity

As of 31 December 2021, the registered share capital comprised 155,571,758 (154,954,010) ordinary shares with a quotient value of SEK 0.50 (SEK 0.50) per share. In 2021, Avanza did not acquire any of its own shares and did not hold any of its own shares as of 31 December 2021. Other capital contributed consists of funds in excess of the quota value that arise in connection with new share issues due to the exercise of warrants and liquidity received in connection with warrant issuance. The fair value reserve comprises the unrealised change in value of the part of the bond portfolio recognised at fair value via other comprehensive income as well as the Parent Company's revaluation of the shareholding in Stabelo Group AB. Retained profit, including net profit/loss for the year, includes profits earned in the Parent Company and its subsidiaries. Retained profit, including net profit/loss for the year and the fair value reserve comprises unrestricted shareholders' equity, i.e. the amount available for dividends to shareholders.

Incentive programmes

Avanza's outstanding warrant programmes for all Group employees comprise warrants granting entitlement to subscribe for 5,700,000 shares, representing a maximum dilution of 3.7 per cent if fully exercised. Of these warrants, 2,262,450 were transferred to employees, which would represent a dilution of 1.5 per cent. The warrant programme is divided into three sub-programmes during the period August 2019 to November 2024.

- Outstanding warrants 2019–2022 grant entitlement to subscribe for a total of 2,250,000 shares at an exercise price of SEK 94.80 per share. The warrants may be exercised from 26 August 2022 to 1 September 2022.

- Outstanding warrants 2020–2023 grant entitlement to subscribe for a total of 2,250,000 shares at an exercise price of SEK 194.09 per share. The warrants may be exercised on 31 August 2023, 26 October 2023 or 23 November 2023.
- Outstanding warrants 2021–2024 grant entitlement to subscribe for a total of 1,200,000 shares at an exercise price of SEK 380.47 per share. The warrants may be exercised on 29 August 2024, 31 October 2024 or 28 November 2024.

The Annual General Meeting 2021 also decided on incentive programmes for the periods 2022–2025 and 2023-2026. The incentive programmes expire in three years and comprise not more than 1,200,000 warrants each granting entitlement to subscribe an equal number of shares. If all the warrants are exercised, each incentive programme would result in a maximum dilution of 0.77 per cent.

The previous warrant programme 2018–2021 had an exercise period from 27 August 2021 to 2 September 2021. After recalculation of the warrant programme according to the terms (taking into account actual dividends and a 5-to-1 share split decided by the Annual General Meeting on 19 March 2019), the exercise price was SEK 101.40 per share and a total of 617,821 shares were available for subscription. 617,748 shares were subscribed and have been issued.

The warrants are issued on market terms and the valuation is done by an independent agency. The Black & Scholes model is used to determine the value. For the complete warrant terms, see avanza.se/ir.

Parent Company	No. outstanding shares
31-12-2020	154,954,010
Warrants issue due to exercise of share warrants	617,748
31-12-2021	155,571,758

Note 30 Shares and participations in Group companies

SEK m – Parent Company	31-12-2021	31-12-2020
<i>Acquisition value</i>		
At beginning of year	426	423
Shareholder contribution paid (Avanza Fonder AB)	6	3
At end of year	432	426
<i>Accumulated write-downs</i>		
At beginning of year	-7	-7
At end of year	-7	-7
Carrying amount at end of year	426	420

31-12-2021 Subsidiary ¹⁾	Corporate ID no	Registered office	No. shares	% of shares	Book value, SEK m
Avanza Bank AB (publ) ²⁾	556573-5668	Stockholm	550,000	100	366
Avanza Fonder AB	556664-3531	Stockholm	31,000	100	21
Försäkringsaktiefbolaget Avanza Pension	516401-6775	Stockholm	350,000	100	39
Placera Media Stockholm AB	556642-9592	Stockholm	1,000	100	0
Avanza Förvaltning AB	556840-0286	Stockholm	50,000	100	0
Total					426

¹⁾ Unquoted securities.

²⁾ Holdings in credit institutions.

Note 31 Terms for assets and liabilities

Remaining term (undiscounted cash flows)							
31-12-2021 SEK m – The Group	Upon request	<3 months	3–12 months	1–5 years	>5 years	Perpetual	Total
Assets							
Cash and balances with central banks	2,939	–	–	–	–	–	2,939
Treasury bills eligible for refinancing	–	2,523	–	–	–	–	2,523
Loans to credit institutions	2,508	–	–	–	–	–	2,508
Loans to the public	–	10,081	–	–	10,229	–	20,310
Bonds	–	1,200	3,502	20,648	–	–	25,350
Shares and participations	–	–	–	–	–	237	237
Assets in insurance operations ¹⁾	–	96,086	736	13,449	108,719	–	218,990
Intangible assets	–	–	–	–	–	107	107
Right-of-use assets	–	–	–	–	–	120	120
Tangible fixed assets	–	–	–	–	–	61	61
Other assets	–	4,952	–	–	–	–	4,952
Prepaid expenses and accrued income	–	491	–	–	–	–	491
Total assets	5,447	115,333	4,238	34,097	118,948	525	278,587
Liabilities							
Deposits and borrowing from the public	53,659	–	–	–	–	–	53,659
Liabilities in insurance operations ¹⁾²⁾	–	96,086	736	13,449	108,719	2	218,992
Lease liabilities	–	0	–	122	–	–	122
Other liabilities	–	1,442	–	–	–	–	1,442
Accrued expenses and deferred income	–	167	–	–	–	–	167
Total liabilities	53,659	97,695	736	13,571	108,719	2	274,382

¹⁾ 100 per cent of the distribution of endowment insurance terms are within <3 months. 0.8 per cent of the terms for endowment pensions is within <3 months, 2.5 per cent between 3–12 months, 76.4 per cent 1–5 years and 20.3 per cent >5 years. 0.5 per cent of private pension insurance terms is within <3 months, 1.4 per cent 3–12 months, 15.8 per cent 1–5 years and 82.4 per cent >5 years. 0.2 per cent of the terms for occupational pensions is within <3 months, 0.5 per cent 3–12 months, 8.5 per cent 1–5 years and 90.8 per cent is >5 years.

²⁾ See also the section on Liquidity risks in Note 35 Financial risks.

31-12-2020 SEK m – The Group	Upon request	<3 months	3–12 months	1–5 years	>5 years	Perpetual	Total
Assets							
Cash and balances with central banks	1,428	–	–	–	–	–	1,428
Treasury bills eligible for refinancing	–	245	–	–	–	–	245
Loans to credit institutions	2,272	–	–	–	–	–	2,272
Loans to the public	–	6,977	–	–	9,324	–	16,301
Bonds	–	1,100	5,322	18,714	–	–	25,136
Shares and participations	–	–	–	–	–	244	244
Assets in insurance operations ¹⁾	–	73,272	479	9,381	72,800	–	155,931
Intangible assets	–	–	–	–	–	82	82
Right-of-use assets	–	–	–	–	–	153	153
Tangible fixed assets	–	–	–	–	–	64	64
Other assets	–	2,153	–	–	–	–	2,153
Prepaid expenses and accrued income	–	344	–	–	–	–	344
Total assets	3,700	84,091	5,801	28,095	82,124	543	204,354
Liabilities							
Deposits and borrowing from the public	43,987	–	–	–	–	–	43,987
Liabilities in insurance operations ¹⁾²⁾	–	73,272	479	9,381	72,800	1	155,933
Lease liabilities	–	11	35	125	–	–	171
Other liabilities	–	1,380	–	–	–	–	1,380
Accrued expenses and deferred income	–	133	–	–	–	–	133
Total liabilities	43,987	74,796	514	9,506	72,800	1	201,604

¹⁾ 100 per cent of the distribution of endowment insurance terms is within <3 months. 1.8 per cent of the terms for endowment pensions is within <3 months, 5.3 per cent between 3–12 months, 73.7 per cent 1–5 years and 19.2 per cent >5 years. 0.4 per cent of private pension insurance terms is within <3 months, 1.2 per cent 3–12 months, 15.8 per cent 1–5 years and 82.6 per cent >5 years. 0.1 per cent of the terms for occupational pensions is within <3 months, 0.4 per cent 3–12 months, 8.6 per cent 1–5 years and 90.9 per cent are >5 years.

²⁾ See also the section on Liquidity risks in Note 35 Financial risks.

Note 32 Financial instruments

Classification of financial information

31-12-2021 SEK m – The Group	Fair value via Income Statement	Amortised cost	Fair value via Other com- prehensive income	Non financial instruments	Total
<i>Assets</i>					
Cash and balances with central banks	–	2,939	–	–	2,939
Treasury bills eligible for refinancing	–	2,523	–	–	2,523
Loans to credit institutions	–	2,508	–	–	2,508
Loans to the public	–	20,300	–	–	20,300
Bond	–	19,320	6,534	–	25,854
Shares and participations	0	–	237	–	237
Assets in insurance operations	206,125	12,865	–	–	218,990
Intangible assets	–	–	–	107	107
Right-of-use assets	–	–	–	120	120
Tangible fixed assets	–	–	–	61	61
Other assets	–	4,952	–	–	4,952
Prepaid expenses and accrued income	–	453	–	38	491
Total assets	206,125	65,861	6,771	326	279,082
<i>Liabilities</i>					
Deposits and borrowing from the public	–	53,659	–	–	53,659
Liabilities in insurance operations	218,990	–	–	2	218,992
Lease liabilities	–	–	–	122	122
Other liabilities	–	792	–	650	1,442
Accrued expenses and deferred income	–	91	–	76	167
Subordinated liabilities	–	0	–	–	0
Total liabilities	218,990	54,543	–	850	274,382

Financial instruments valued at fair value in balance sheet

31-12-2021 SEK m – The Group	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	123,463	0	237	123,700
Fund units	77,946	0	–	77,946
Bonds and other interest-bearing securities	7,812	550	–	8,362
Other securities	2,225	663	–	2,887
Total assets	211,446	1,213	237	212,896
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	218,990	–	218,990
Total liabilities	–	218,990	–	218,990

SEK m – The Group

31-12-2020	Level 3
Change in value	237
Reclassification	–
Sale	–
31-12-2021	237

Financial instruments valued at amortised cost in balance sheet where fair value is given for information purposes

31-12-2021 SEK m – The Group	Carrying amount	Level 1	Level 2	Level 3	Total
<i>Assets</i>					
Cash and balances with central banks	2,939	2,939	–	–	2,939
Treasury bills eligible for refinancing	2,523	2,523	–	–	2,523
Loans to credit institutions	2,508	–	2,508	–	2,508
Loans to the public	20,300	–	20,300	–	20,300
Bonds	19,320	19,374	–	–	19,374
Assets in insurance operations	12,865	–	12,865	–	12,865
Other assets	4,952	4,952	–	–	4,952
Prepaid expenses and accrued income	453	453	–	–	453
Total assets	65,861	30,242	35,673	–	65,916
<i>Liabilities</i>					
Deposits and borrowing from the public	53,659	–	53,659	–	53,659
Other liabilities	792	792	–	–	792
Accrued expenses and deferred income	91	91	–	–	91
Total liabilities	54,543	883	53,659	–	54,543

Classification of financial information

31-12-2020 SEK m – The Group	Fair value via Income Statement	Amortised cost	Fair value via Other com- prehensive income	Non financial instruments	Total
<i>Assets</i>					
Cash and balances with central banks	–	1,428	–	–	1,428
Treasury bills eligible for refinancing	–	245	–	–	245
Loans to credit institutions	–	2,272	–	–	2,272
Loans to the public	–	16,287	–	–	16,287
Bonds ¹⁾	–	18,828	6,744	–	25,572
Shares and participations	7	–	237	–	244
Assets in insurance operations	144,685	11,247	–	–	155,931
Intangible assets	–	–	–	82	82
Right-of-use assets	–	–	–	153	153
Tangible fixed assets	–	–	–	64	64
Other assets	–	2,153	–	0	2,153
Prepaid expenses and accrued income	–	308	–	37	344
Total assets	144,692	52,768	6,981	335	204,755
<i>Liabilities</i>					
Deposits and borrowing from the public	–	43,987	–	–	43,987
Liabilities in insurance operations	155,931	–	–	1	155,933
Lease liabilities	–	–	–	171	171
Other liabilities	–	1,202	–	178	1,380
Accrued expenses and deferred income	–	78	–	54	133
Subordinated liabilities	–	0	–	–	0
Total liabilities	155,931	45,267	–	404	201,603

Financial instruments valued at fair value in balance sheet

31-12-2020 SEK m – The Group	Level 1	Level 2	Level 3	Total
Assets				
Equities	86,181	0	237	86,418
Fund units	55,096	0	–	55,096
Bonds and other interest-bearing securities	8,444	466	–	8,910
Other securities	1,078	170	–	1,248
Total assets	150,799	637	237	151,673
Liabilities				
Liabilities in insurance operations (investment agreements)	–	155,931	–	155,931
Total liabilities	–	155,931	–	155,931
SEK m – The Group				Level 3
31-12-2019				0
Change in value				–
Reclassification				237
Sale				–
31-12-2020				237

Financial instruments valued at amortized cost in balance sheet where fair value is given for information purposes

31-12-2020 SEK m – The Group	Carrying amount	Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with central banks	1,428	1,428	–	–	1,428
Treasury bills eligible for refinancing	245	245	–	–	245
Loans to credit institutions	2,272	–	2,272	–	2,272
Loans to the public	16,287	–	16,287	–	16,287
Bonds	18,828	18,884	–	–	18,884
Assets in insurance operations	11,247	–	11,247	–	11,247
Other assets	2,153	2,153	–	–	2,153
Prepaid expenses and accrued income	308	308	–	–	308
Total assets	52,768	23,018	29,805	–	52,824
Liabilities					
Deposits and borrowing from the public	43,987	–	43,987	–	43,987
Other liabilities	1,380	1,380	–	–	1,380
Accrued expenses and deferred income	133	133	–	–	133
Total liabilities	45,499	1,512	43,987	–	45,499

Fair value

In the case of financial instruments reported at accrued acquisition cost, incurring variable interest, or with short maturities, the carrying amount and fair value are equal. Fair value of lending to the public with financial instruments or housing as collateral is estimated to be the same as book value.

Hierarchy for fair value via income statement

Financial assets measured at fair value via income statement 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 three levels:

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. Fair value is determined by using the official bid rate on the closing date. The majority of equities and funds pertaining to the insurance operations as well as bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility (MTF), investment funds or securities on unlisted securities markets managed electronically by Avanza.
- Level 2 – The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties. Bonds that are less liquid can be found at this level and are measured on the yield curve. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

The level of the hierarchy for fair value to which a financial instrument is classified is determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. During the year, no transfers between the levels have taken place.

Note 33 Pledged assets and contingent liabilities

SEK m – The Group	31-12-2021	31-12-2020
<i>Pledges and comparable collateral for own liabilities and for provisions for recognised contingent liabilities</i>	–	–
<i>Other pledged collateral and comparable collateral</i>		
Liquid assets and interest-bearing securities	2,238	2,536
of which with credit institutions	1,349	1,358
of which with the Riksbank	503	557
of which with clearing institutions	386	621
Total pledged assets	2,238	2,536
Contingent liabilities		
<i>Contingency</i>	None	None
<i>Commitment</i>		
Granted, undisbursed mortgage loans	1,247	804

Pledged assets

Pledged assets total SEK 2,238 million (SEK 2,536m) and refer mainly to credit institutions, marketplaces and the Riksbank. The pledged assets are comprised of cash and cash equivalents of SEK 417 million (SEK 25m) and bonds of SEK 1,820 million (SEK 2,510m).

Avanza has no pledged assets for own liabilities as of 31 December 2021.

Pledged assets for other liabilities primarily refer to liquid assets and bonds pledged as collateral for securities settlement with parties on various markets. These funds are held on account in Swedish banks and arise due to the collateral requirement calculated for participants in the settlement of trades via a central clearing counterpart. Avanza also pledges collateral with Swedish banks to cover the requirement for CCP terminated transactions (EMCF). Riksbank clearing refers to pledged assets for settlement of Avanza's deposits and withdrawals via Dataclearing. If Avanza does not meet its obligations or abide by its commitments in its capacity as a borrower, counterparties are entitled to claim the collateral according to collateral agreements.

For customers' stock lending, Avanza pledges collateral with the Swedish banks that offer Avanza's customers stock lending (GMSLA). Ownership of the collateral is transferred and can be realised if Avanza does not pledge enough collateral. To cover the stock exchange's security requirements for customers' derivative positions, Avanza pledges collateral with Nasdaq Stockholm. Avanza in turn places corresponding collateral requirements on its customers.

In the insurance business, registered assets pledged as collateral to cover technical provisions amounted to SEK 218,990 million (SEK 155,931m) as of 31 December 2021. The assets are pledged on behalf of the policyholders in the event of liquidation.

Contingent liabilities

Contingent liabilities total SEK 1,247 million (SEK 804m) as of 31 December 2021 and refer to granted, undisbursed mortgage loans.

SEK m – Parent Company	31-12-2021	31-12-2020
Pledged assets	None	None
Contingent liabilities	None	None

Note 34 Own funds and capital requirements

Information on capital adequacy regarding the conglomerate, the consolidated situation and Avanza Bank AB (publ)

Information in this note is provided in accordance with Regulation (EU) No 575/2013 (CRR) of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR, Capital Requirements Regulation) as well as amending regulations, the Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines (FFFS 2008:25) regarding annual reports in credit institutions and securities companies, and regulations on prudential requirements and capital buffers (FFFS 2014:12). The information relates to both the risk-based capital requirement and the leverage ratio requirement. Other mandatory information is provided in Avanza's "Pillar 3 Report on capital adequacy and risk management 2021", which is available on Avanza's website <https://investors.avanza.se/en/ir/reports/capital-adequacy/> (only in Swedish).

The conglomerate's own funds and capital requirements

The financial conglomerate is comprised of Avanza Bank Holding AB (publ) and all its subsidiary companies.

The conglomerate's own funds shall cover the prescribed minimum capital requirements as regulated in CRR and the solvency requirements regulated in the Swedish Insurance Business Act (2010:2043). The regulations help boost the Group's resilience to

unforeseen financial losses and thereby protect customers. The Special Supervision of Financial Conglomerates Act (2006:531) and the regulations and general guidelines of the SFSA (FFFS 2011:26) concerning special supervision of financial conglomerates apply when determining the statutory capital requirement of the financial conglomerate. The financial conglomerate's own funds and capital requirement have been calculated using the consolidation method (fully consolidated). The conglomerate's own funds comply with financial conglomerate's capital requirements. At present, there are no material obstacles to a rapid transfer of funds from own funds or repayment of liabilities between the Parent Company and its subsidiaries.

The conglomerate's largest sector is in the insurance sector. 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. Solvency capital included as a separate item in own funds largely consists of share capital, retained profit and revaluations of technical provisions. The capital requirement for the insurance sector refers to the estimated Solvency Capital Requirement, mainly based on the policyholders' assets. The bank's capital requirement is calculated according to CRR's standardised approaches, while the fund company uses the Investment Fund Act (2004:46) and the Act on Alternative Investment Fund Managers (2013:561) as a basis for the calculation.

Financial conglomerate SEK m	31-12-2021	31-12-2020
Own funds per sector		
Own funds for regulated units in the insurance sector ¹⁾	3,055	2,598
Own funds for regulated units within the banking and investment services sector	2,712	2,147
Total own funds	5,767	4,745
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹⁾	2,229	1,500
Capital requirement for regulated units within the banking and investment services sector	1,435	1,209
Total capital requirement	3,664	2,709
Capital surplus	2,103	2,036
Own funds/Capital requirement	1,57	1,75

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.

Own funds and capital requirements for the consolidated situation and Avanza Bank AB (publ)

The consolidated situation is comprised of Avanza Bank Holding AB (publ) and the subsidiary companies Avanza Bank AB (publ) and Avanza Fonder AB. The difference between the financial conglomerate and the consolidated situation is that the insurance business is also consolidated in the financial conglomerate.

The following applies to determine the statutory capital requirements for the consolidated situation and the institution Avanza Bank: CRR, the Credit Institutions and Securities Companies (Special Supervision) Act (2014:968), the Capital Buffers Act (2014:966), and the regulations and general advice of the SFSA on prudential requirements and capital buffers (FFFS 2014:12).

These rules seek to ensure that companies manage their risks and protect customers' deposits. Own funds shall cover the minimum capital requirement (capital requirements for credit risk, market risk, settlement risk, credit valuation adjustment risk and operational risk), buffer requirements (capital conservation buffer and countercyclical buffer), additional own funds requirement in Pillar 2 and Pillar 2 guidance. As of 28 June 2021, Avanza has to comply with a leverage requirement of 3 per cent. In connection with Avanza's next Supervisory Review and Evaluation Process (SREP), the SFSA will make an assessment of and decide additional own funds requirement in Pillar 2 and announce Pillar 2 guidance for both the risk-based capital requirement and the leverage ratio.

Common Equity Tier 1 (CET1) capital consists of shareholders' equity less items that may not be included in own funds such as unverified profits, foreseeable dividends and charges, additional value adjustments, intangible assets, and significant holdings in the financial sector. Profits are included if external auditors have audited the results and approval has been received from the SFSA. Deductions for foreseeable charges and any dividends are made according to Commission Delegated Regulation (EU) 241/2014. Additional value adjustments are calculated according to Commission Delegated Regulation (EU) 2016/101 and relate to prudent measurement of financial instruments at fair value. Intangible assets largely consist of goodwill and IT development. Deductions for significant holdings in the financial sector relate to the subsidiary Försäkringsaktiebolaget Avanza Pension and the holding in Stabelo Group AB.

Avanza calculates capital requirements according to the supervisory regulation's standardised approaches. Avanza's capital requirements derive essentially from credit risk and operational risk. In the category of credit risk, it is mainly Avanza's mortgage lending and the portfolio of covered bonds that require capital.

Capital adequacy analyses for the consolidated situation and Avanza Bank AB (publ) can be found on the following pages. The total capital ratio for the consolidated situation was 24.0 per cent as of 31 December 2021 and 24.9 per cent for Avanza Bank, which compares to a total risk-based capital requirement of 12.6 per cent for the consolidated situation and 12.9 per cent for Avanza Bank. The leverage ratio was 4.8 per cent for the consolidated situation and 4.4 per cent for Avanza Bank as of 31 December 2021, which compares to the leverage ratio requirement of 3 per cent. Capital ratios historically have always been above the regulatory requirements.

At present, there are no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the Parent Company and its subsidiaries.

Upcoming changes in the capital adequacy rules

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. Other changes are expected to have less impact. Avanza is sufficiently capitalised to handle future requirements.

Impact of Covid-19 on capital adequacy

While Covid-19 had a limited negative impact on Avanza's capital requirements in 2021, own funds increased after a higher result in 2021.

Internal capital adequacy assessment process (ICAAP)

According to article 73 of the EU's capital adequacy directive 2013/36/EU and FFFS 2014:12, chap. 10, companies must describe in a separate document their assessment of the total capital need. This document is called the company's internal capital adequacy assessment (ICAAP). The ICAAP is conducted annually, and in the document the company makes an internal assessment of the capital requirement for each type of risk. The internal capital requirement is compared to the company's regulatory capital requirement. The purpose of the ICAAP is for companies to make an independent analysis of their capital needs, not mechanically use prescribed practices.

In conjunction with the annual ICAAP, a detailed stress test is performed of Avanza's exposures to evaluate all risks and ensure that Avanza's business model is sustainable. A capital requirement is estimated for each risk, which is then compared to the prescribed minimum requirement and buffer requirement. Included in the forward-looking analysis are several highly stressed scenarios, as well as the effect on own funds, to ensure that Avanza does not subject depositors' funds to risk.

The result of the ICAAP is approved by Avanza's Board of Directors and submitted to the SFSA upon request. The ICAAP is used as the basis for decisions regarding the capital structure, e.g. in conjunction with decisions to exercise the authorisation granted by the Annual General Meeting to repurchase the company's own shares and decisions on dividend payments.

Work is currently underway to prepare an ICAAP as of 31 December 2021. It is expected to be completed by the end of the first quarter 2022. Avanza's latest completed ICAAP was prepared as of 31 December 2020. An assessment was made at the time that the total capital requirement to cover unexpected losses including an internal capital planning buffer amounted to SEK 169 million for the consolidated situation and SEK 127 million for Avanza Bank. At the same time, the total capital requirement for the consolidated situation was SEK 1,305 million and for Avanza Bank SEK 1,196 million, while Avanza's actual own funds amounted to SEK 2,427 million and SEK 2,132 million, respectively. The ICAAP stated that Avanza was sufficiently capitalised and did not subject depositors' funds to risk.

Consolidated situation Own funds, SEK m	31-12-2021	31-12-2020
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	685	642
of which: Instruments type 1	78	77
of which: Instruments type 2	607	564
Retained earnings	1,465	961
Accumulated other comprehensive income (and other reserves)	-3	149
Independently reviewed interim profits net of any foreseeable charge or dividend	935	795
Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,083	2,546
Additional value adjustments	-9	-7
Intangible assets (net of related tax liability)	-107	-82
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)	-	-30
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-117	-119
Common Equity Tier 1 (CET1) capital	2,966	2,427
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	2,966	2,427
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	2,966	2,427
Total risk weighted assets	12,336	9,957
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount), %	24.0%	24.4%
Tier 1 (as a percentage of total risk exposure amount), %	24.0%	24.4%
Total capital (as a percentage of total risk exposure amount), %	24.0%	24.4%
Combined buffer requirement, %	2.5%	2.5%
of which: capital conservation buffer requirement, %	2.5%	2.5%
of which: countercyclical buffer requirement, %	0.0%	0.0%
of which: system risk buffer requirement, %	0.0%	0.0%
of which: global systemically important institution or other systemically important institution buffer, %	0.0%	0.0%

Consolidated situation Risk exposure amount, SEK m	31-12-2021		31-12-2020	
Risk exposure amount				
Credit risk according to the standardised approach	9,492		7,970	
of which exposures to institutions	493		450	
of which exposures to corporates	123		94	
of which retail exposures	623		306	
of which exposures secured by mortgages on immovable property	3,606		3,272	
of which exposures in default	5		6	
of which exposures to covered bonds	2,480		2,475	
of which exposures to equity	689		614	
of which exposures to other items	1,474		754	
Market risk (position risk)	0		14	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		0	
Operational risk according to the standardised approach	2,844		1,973	
Total risk exposure amount	12,336		9,957	
Capital requirement				
Credit risk according to the standardised approach	759	6.2%	638	6.4%
of which exposures to institutions	39	0.3%	36	0.4%
of which exposures to corporates	10	0.1%	8	0.1%
of which retail exposures	50	0.4%	24	0.2%
of which exposures secured by mortgages on immovable property	288	2.3%	262	2.6%
of which exposures in default	0	0.0%	0	0.0%
of which exposures to covered bonds	198	1.6%	198	2.0%
of which exposures to equity	55	0.4%	49	0.5%
of which exposures to other items	118	1.0%	60	0.6%
Market risk (position risk)	0	0.0%	1	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	0	0.0%
Operational risk according to the standardised approach	227	1.8%	158	1.6%
Capital requirement	987	8.0%	797	8.0%
Total own funds	2,966	24.0%	2,427	24.4%
Minimum own funds requirement (Pillar 1)	–987	–8.0%	–797	–8.0%
Combined buffer requirement	–308	–2.5%	–249	–2.5%
Additional own funds requirement (Pillar 2) ^{1) 2)}	–260	–2.1%	–260	–2.6%
Pillar 2 guidance ²⁾	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	–1,555	–12.6%	–1,305	–13.1%
Capital surplus after risk-based capital requirement	1,411	11.4%	1,122	11.3%
Leverage ratio				
Leverage ratio total exposure measure	62,317		50,032	
Leverage ratio, %	4.8%		4.9%	
Tier 1 capital	2,966	4.8%	2,427	4.9%
Minimum own funds requirement (Pillar 1)	1,870	3.0%	–	–
Additional own funds requirement (Pillar 2) ²⁾	–	–	–	–
Leverage ratio guidance ²⁾	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	1,870	3.0%	–	–
Capital surplus after leverage ratio requirement	1,096	1.8%	2,427	4.9%

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

²⁾ For both the risk-based capital requirement and the leverage ratio the SFSA will in connection with the next SREP make an assessment and determine an additional own funds requirement in Pillar 2 and a Pillar 2 guidance. The next SREP is expected to be completed in 2022.

Consolidated situation		31-12-2021	30-09-2021	30-06-2021	31-03-2021	31-12-2020
Key metrics, SEK m						
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,966	2,799	2,647	2,410	2,427
2	Tier 1 capital	2,966	2,799	2,647	2,410	2,427
3	Total capital	2,966	2,799	2,647	2,410	2,427
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	12,336	10,703	10,598	10,096	9,957
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
6	Tier 1 ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
7	Total capital ratio (%)	24.0%	26.2%	25.0%	23.9%	24.4%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.4%	2.5%	2.6%	2.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.2%	1.4%	1.4%	1.4%	1.5%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.8%	1.8%	1.9%	2.0%
EU 7d	Total SREP own funds requirements (%)	10.1%	10.4%	10.5%	10.6%	10.6%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	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 (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	12.6%	12.9%	13.0%	13.1%	13.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.9%	15.7%	14.5%	13.3%	13.8%
Leverage ratio						
13	Leverage ratio total exposure measure	62,317	62,364	56,075	55,740	50,032
14	Leverage ratio (%)	4.8%	4.5%	4.7%	4.3%	4.9%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%		
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%		
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%		
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%		
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%		
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	16,236	15,133	14,511	14,606	14,344
EU 16a	Cash outflows – Total weighted value	5,665	5,442	5,251	5,171	5,096
EU 16b	Cash inflows – Total weighted value	6,030	5,213	4,515	4,129	3,956
16	Total net cash outflows (adjusted value)	1,436	1,406	1,366	1,346	1,412
17	Liquidity coverage ratio (%)	1,035%	921%	844%	838%	780%
Net Stable Funding Ratio						
18	Total available stable funding	50,814	49,930	44,829		
19	Total required stable funding	27,590	28,546	27,314		
20	NSFR ratio (%)	184%	175%	164%		

Avanza Bank AB Own funds, SEK m	31-12-2021	31-12-2020
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	146	79
of which: Instruments type 1	55	55
of which: Instruments type 2	91	24
Retained earnings	2,052	1,251
Accumulated other comprehensive income (and other reserves)	-3	14
Independently reviewed interim profits net of any foreseeable charge or dividend	589	853
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,785	2,198
Additional value adjustments		
Additional value adjustments	-9	-7
Intangible assets (net of related tax liability)	-85	-59
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-94	-66
Common Equity Tier 1 (CET1) capital	2,691	2,132
Additional Tier 1 (AT1) capital		
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	2,691	2,132
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	2,691	2,132
Total risk weighted assets	10,830	8,915
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount), %	24.9%	23.9%
Tier 1 (as a percentage of total risk exposure amount), %	24.9%	23.9%
Total capital (as a percentage of total risk exposure amount), %	24.9%	23.9%
Combined buffer requirement, %	2.5%	2.5%
of which: capital conservation buffer requirement, %	2.5%	2.5%
of which: countercyclical buffer requirement, %	0.0%	0.0%
of which: system risk buffer requirement, %	0.0%	0.0%
of which: global systemically important institution or other systemically important Institution buffer, %	0.0%	0.0%

Avanza Bank AB Risk exposure amount, SEK m	31-12-2021		31-12-2020	
Risk exposure amount				
Credit risk according to the standardised approach	8,155		7,182	
of which exposures to institutions	491		437	
of which exposures to corporates	123		94	
of which retail exposures	623		306	
of which exposures secured by mortgages on immovable property	3,606		3,272	
of which exposures in default	5		6	
of which exposures to covered bonds	2,480		2,475	
of which exposures to equity	–		0	
of which exposures to other items	827		592	
Market risk (position risk)	0		14	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		0	
Operational risk according to the standardised approach	2,675		1,719	
Total risk exposure amount	10,830		8,915	
Capital requirement				
Credit risk according to the standardised approach	652	6.0%	575	6.4%
of which exposures to institutions	39	0.4%	35	0.4%
of which exposures to corporates	10	0.1%	8	0.1%
of which retail exposures	50	0.5%	24	0.3%
of which exposures secured by mortgages on immovable property	288	2.7%	262	2.9%
of which exposures in default	0	0.0%	0	0.0%
of which exposures to covered bonds	198	1.8%	198	2.2%
of which exposures to equity	–	0.0%	0	0.0%
of which exposures to other items	66	0.6%	47	0.5%
Market risk (position risk)	0	0.0%	1	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	0	0.0%
Operational risk according to the standardised approach	214	2.0%	137	1.5%
Capital requirement	866	8.0%	713	8.0%
Total own funds	2,691	24.9%	2,132	23.9%
Minimum own funds requirement (Pillar 1)	–866	–8.0%	–713	–8.0%
Combined buffer requirement	–271	–2.5%	–223	–2.5%
Additional own funds requirement (Pillar 2) ^{1) 2)}	–260	–2.4%	–260	–2.9%
Pillar 2 guidance ²⁾	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	–1,397	–12.9%	–1,196	–13.4%
Capital surplus after risk-based capital requirement	1,294	11.9%	936	10.5%
Leverage ratio				
Leverage ratio total exposure measure	61,383		49,558	
Leverage ratio, %	4.4%		4.3%	
Tier 1 capital	2,691	4.4%	2,132	4.3%
Minimum own funds requirement (Pillar 1)	1,841	3.0%	–	–
Additional own funds requirement (Pillar 2) ²⁾	–	–	–	–
Leverage ratio guidance ²⁾	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	1,841	3.0%	–	–
Capital surplus after leverage ratio requirement	849	1.4%	2,132	4.3%

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

²⁾ For both the risk-based capital requirement and the leverage ratio the SFSA will in connection with the next SREP make an assessment and determine an additional own funds requirement in Pillar 2 and a Pillar 2 guidance. The next SREP is expected to be completed in 2022.

Avanza Bank AB Key metrics, SEK m		31-12-2021	30-09-2021	30-06-2021	31-03-2021	31-12-2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,691	2,585	2,333	2,116	2,132
2	Tier 1 capital	2,691	2,585	2,333	2,116	2,132
3	Total capital	2,691	2,585	2,333	2,116	2,132
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	10,830	9,621	9,532	9,050	8,915
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	24.9%	26.9%	24.5%	23.4%	23.9%
6	Tier 1 ratio (%)	24.9%	26.9%	24.5%	23.4%	23.9%
7	Total capital ratio (%)	24.9%	26.9%	24.5%	23.4%	23.9%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.4%	2.7%	2.7%	2.9%	2.9%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.4%	1.5%	1.5%	1.6%	1.6%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.8%	2.0%	2.0%	2.2%	2.2%
EU 7d	Total SREP own funds requirements (%)	10.4%	10.7%	10.7%	10.9%	10.9%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	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 (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	12.9%	13.2%	13.2%	13.4%	13.4%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.4%	16.2%	13.8%	12.5%	13.0%
Leverage ratio						
13	Leverage ratio total exposure measure	61,383	61,940	55,647	55,197	49,558
14	Leverage ratio (%)	4.4%	4.2%	4.2%	3.8%	4.3%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%		
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%		
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%		
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%		
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%		
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	16,236	15,133	14,511	14,606	14,344
EU 16a	Cash outflows – Total weighted value	5,616	5,431	5,240	5,160	5,067
EU 16b	Cash inflows – Total weighted value	6,027	5,210	4,512	4,127	3,954
16	Total net cash outflows (adjusted value)	1,416	1,396	1,356	1,336	1,383
17	Liquidity coverage ratio (%)	1,050%	929%	852%	846%	800%
Net Stable Funding Ratio						
18	Total available stable funding	50,539	49,716	44,515		
19	Total required stable funding	26,639	28,106	26,862		
20	NSFR ratio (%)	190%	177%	166%		

Consolidated situation		
Internal capital requirement in Pillar 2, SEK m	31-12-2021	31-12-2020
Credit-related concentration risk		
Industry concentration	49	42
Geographical concentration	61	51
Name concentration	7	8
Total credit-related concentration risk	118	102
Interest rate risks and other market risks in ancillary activities – credit spread	77	85
Interest rate risks and other market risks in ancillary activities – interest rate risk in the banking book (IRRBB)	140	108
Pension risk	-	-
Total internal capital requirement in Pillar 2	335	295

Avanza Bank AB		
Internal capital requirement in Pillar 2, SEK m	31-12-2021	31-12-2020
Credit-related concentration risk		
Industry concentration	43	39
Geographical concentration	52	46
Name concentration	6	8
Total credit-related concentration risk	102	93
Interest rate risks and other market risks in ancillary activities – credit spread	77	85
Interest rate risks and other market risks in ancillary activities – interest rate risk in the banking book (IRRBB)	140	108
Pension risk	-	-
Total internal capital requirement in Pillar 2	319	286

Note 35 Financial risks

The Group's exposure to financial risks

Various types of risk arise in the ordinary course of business, Avanza is mainly exposed to credit risks and operational risks, but also has some exposure to market risks, liquidity risks and underwriting risks.

In 2021, Avanza's customer base grew, which led to increased deposits and a larger liquidity portfolio. Lending has continued to grow as well. No major operational changes affected Avanza's exposure or risk profile in 2021. Risks and risk management are also described on pages 40–43 and the Corporate governance report on pages 52–53.

Credit risks

Avanza's lending and management of surplus liquidity expose the business to credit risk, i.e. the risk that borrowers will not fulfil their financial commitments to Avanza and that securities will not cover the claim. Avanza also faces a counterparty risk, which arises as a result of customers' security trading and its settlement procedure. The counterparty risk is considered low, since the counterparties have high credit ratings. No significant concentrations of risks arise with any individual financial security, counterparty, sector or region. The limited concentration risk that does exist is with credit institutions, interest-bearing investments and the Riksbank related to surplus liquidity management. See also the section Liquidity management.

Avanza's lending is in the form of margin lending and mortgages. The majority of all exposures are to customers residing in Sweden. Loans are only made to Swedes domiciled outside the Nordic countries in exceptional circumstances. On the closing day, lending to the public amounted to SEK 20,300 million (SEK 16,287m). Average lending in 2021 was SEK 18,294 million (SEK 14,696m). Lending to the public is recognised after deducting expected credit losses in accordance with IFRS 9.

IFRS 9 and expected credit losses

Avanza has a low risk appetite in its lending. A bank with a larger risk appetite allows e.g. margin lending with any financial security as collateral, while Avanza limits the securities that may be mortgaged in various ways. The majority of the collateral consists of highly liquid, listed shares and Avanza avoids any concentration of pledged securities. Similarly, Avanza has limited mortgage lending to Private Banking customers and employees. This, coupled with the requirement that Avanza be the only mortgagee of the property, creates a low risk profile. Restrictive

lending and proactive credit risk management have historically helped Avanza to maintain very limited credit losses.

The low credit risk mentioned above is reflected in the small expected credit losses (ECL) as of 31 December 2021 amounted to SEK 9 million (SEK 14m). To calculate expected credit losses, Avanza has developed a forward-looking model adapted to the loan products it offers: margin lending and mortgages. The assets are divided into three categories depending on the degree of credit impairment according to IFRS 9. A significant increase in credit risk occurs when a customer is delinquent on payment of interest (mortgage) or in breach of terms (margin lending) for longer than 10 calendar days. The table below shows how expected credit losses changed during the year.

Avanza's macro scenario work is based on three different scenarios to assess any impact on probability of default (PD), loss given default (LGD) and exposure at default (EAD); a base scenario, a negative scenario and a positive scenario. The weights of these scenarios are divided with 70 per cent weight for the baseline scenario, 15 per cent weight for the positive scenario and 15 per cent weight for the negative scenario.

The IFRS 9 model also uses forward-looking macroeconomic factors Avanza that are revised continuously and a reasonability and sensitivity assessment of their impact on ECL. The macro variables that affect the ECL calculation for margin lending are probability of a significant drop in stock prices, probability of significant price drop in individual securities and unemployment. The macro variables that affect the ECL calculation for mortgage lending are the repo rate, unemployment and house price index.

Probability of a significant drop in stock prices

The model tests how mortgage lending is impacted by a broad-based decline in stock prices. The risk in the product consists to a large extent of a substantial price drop, where a well-diversified portfolio with low concentration risk does not help if the markets lose value, because of which customers' exposures and loan to value ratios are pivotal to how well they handle the stress test.

Probability of a significant price drop in individual securities

The second dimension that can impact the risk in margin lending is the customers' diversification of collateral in the portfolios. If a customer's entire collateral for the loan consists of a single security, the risk is higher than if the customer had diversified

Changes in expected credit losses, SEK thousands

	31-12-2021	31-12-2020	Change, %
Mortgage lending			
Category 1	-1,810	-2,226	-19
Category 2	-2,877	-4,615	-38
Category 3	-25	-1	3,969
Total	-4,711	-6,841	-31
Margin lending			
Category 1	-2,371	-267	789
Category 2	-1	-8	-93
Category 3	-2,361	-6,949	-66
Total	-4,732	-7,223	-34
Total ECL	-9,443	-14,065	-33

exposures. The portfolios are therefore stress tested based on these concentration risks as well, where declines of 100 per cent in individual collateral are simulated.

Unemployment

Unemployment in Sweden also impacts the margin lending risk, since Avanza's ability to collect receivables depends on the customers' repayment capacity, consisting of either external assets or incomes, which are presumably impacted by unemployment. Unemployment is stressed with various outcomes from a forward-looking perspective.

Unemployment in Sweden presumably also impacts mortgage customers to some extent. Mortgage customers are generally in a good financial position, since Avanza only grants mortgages with loan to value ratios of 50 per cent or lower at the time of approval to external customers. Additionally, Avanza requires that they have at least SEK 3 million in savings with Avanza at the time of approval. It is safe to assume that the majority of Avanza's mortgage customers have very good incomes compared with average in Sweden, given the customer group targeted by the product. The mortgage portfolio's resilience with respect to unemployment is therefore considered very good and a small increase in unemployment therefore does not have to directly mean a higher risk in the mortgage portfolio. Avanza assumes, however, that there is a theoretical pain threshold when a problem with interest payments arises due to deteriorating economic conditions, because of which forward-looking unemployment is used as a stress test for mortgages as well.

Repo rate

The model also assumes that the risk in the mortgage portfolio risk increases with a higher repo rate, since it directly affects the rates on the mortgages Avanza brokers. The finances of the borrowers have been stress tested with a mortgage rate corresponding to at least 5 percentage points above the actual rate they were offered after a credit check. In theory, a clear majority of borrowers should be able to manage such a rate if their financial situation has not significantly deteriorated since the loan was granted, but at higher interest rates Avanza also assumes that problem with interest payments could arise as a result of the higher costs.

House price index

The House Price Index has a direct impact on the risks in Avanza's mortgages because of its impact on the value of the collateral in the mortgage portfolio. Avanza thereby uses forward-looking expected house prices as a basis for stress tests of the collateral in the mortgage portfolio. For a forward-looking perspective on house prices, Avanza uses other lenders' price projections as well as the Nasdaq OMX Valueguard KTH Housing Index (HOX).

See also Note 2 Accounting principles (i) Financial instruments, section Impairment according to IFRS 9 and Note 19 Loans to the public for more information on IFRS 9.

In addition to IFRS 9 categorisation of credit customers, Avanza regularly reassesses credit customers with elevated risk and works continuously with non-performing credit customers and default credits.

Margin lending

All margin lending is secured against listed securities. As of year end, margin lending after deducting expected credit losses totalled SEK 10,076 million (SEK 6,970m). The market value of pledged securities was SEK 82,476 million (SEK 57,613m). The financial effects of securities held are calculated on a customer by customer basis, meaning that any surplus value in a security for one customer cannot be offset against that of another customer. The majority of the securities are Swedish listed equities with good liquidity that are measured at the fair value on the particular market. An assessment is made of the appropriate loan to value ratio based on liquidity, volatility and company-specific aspects, among other things. In addition, a substantial risk margin is set to protect Avanza and customers against credit losses. All margin lending to customers is subject to a month's notice and can therefore be given notice to terminate, should exposure need to be rapidly reduced.

The repayment capacity of each borrower is evaluated and a credit limit set. In the lending process, a joint limit is set for all borrowers belonging to the same sphere. The spread in Avanza's lending is good. There is no significant concentration of pledged securities within margin lending. As of 31 December 2021, 83 (57) margin loans exceeded SEK 10 million. The combined total of these loans was SEK 1,996 million (SEK 1,281m) and the highest individual exposure was SEK 126 million (SEK 111m).

Pledged financial assets for margin lending

31-12-2021	Market value, SEK m	Credit exposure, SEK m	Share of balanced exposure, %
Shares	70,541	8,399	83
Funds	9,784	1,539	15
Other	2,151	138	1
Total	82,476	10,076	100

Currency for pledged financial assets for margin lending

31-12-2021	Market value, SEK m	Credit exposure, SEK m	Share of balanced exposure, %
SEK	70,790	8,660	86
USD	7,533	944	9
EUR	1,909	195	2
DKK	792	90	1
NOK	808	73	1
Other	644	114	1
Total	82,476	10,076	100

Lending is monitored on a daily basis. At excess leverage, that is to say where debt is covered by pledged securities but the loan exceeds the value of the security and the security margin is no longer covered, the customer is contacted directly. The customer can either rectify the excess leverage by depositing money or securities in the account or settling securities. If no action is taken, Avanza has the right to sell enough of the securities pledged as collateral as required to rectify the excess leverage.

In the event of volatile markets or other extreme events, excess leverage is actioned through the sale of securities more urgently to counteract credit losses. As of 31 December 2021, excess leverage amounted to SEK 2.7 million (SEK 1.3m) or 0.03 (0.02) per cent of security-backed lending. Average excess leverage during the year amounted to SEK 3.8 million (SEK 3.9m) or 0.04 (0.07) per cent of margin lending.

Margin loans are tested for impairment by classifying the loans in categories 1–3 according to Note 2 Accounting principles, section (i) Impairment according to IFRS 9. On the closing day, provisions for expected credit losses on margin lending in accordance with IFRS 9 amounted to SEK 5 million (SEK 7m). Avanza had confirmed credit losses on margin lending of SEK 5 million (SEK 0m) during the year, where almost the entire amount consists of a write-off of a previously expected credit loss from 2011. As of 31 December 2021, there were no past due loans that had not been written down where collateral had not yet been utilised and seized collateral that had not yet been sold. Exchange rate gains/losses or other revaluations do not arise. See also Note 13 Credit losses, net and Note 19 Loans to the public.

The margin lending portfolios are regularly stress tested in several dimensions, including for margin losses and losses arising due to a lack of diversification (concentration risk).

If a customer has signed a standardised option and derivative agreement and has an approved margin loan with Avanza, they have the opportunity to trade in standardised equity / index derivatives. Derivative positions do not automatically mean that the customer uses any credit, but depending on their exposure, a credit utilisation may be relevant in the redemption procedure. To take into account the customer's exposure, a collateral requirement is calculated that limits the derivative customer's available funds. At the end of the year, the number of accounts with derivative positions amounted to 702 (704) and the collateral requirement among them amounted to SEK 605 million (SEK 564m)

Mortgage lending

Avanza's mortgage offer targets Avanza's high net worth Private Banking customers with at least SEK 3 million in overall savings with Avanza and a low loan to value ratio of a maximum 50 per cent at the time the loan is granted. Employees can also take advantage of the offer, where the maximum loan to value ratio is 85 per cent at the time the loan is granted. Avanza does not offer loan commitments. As of 31 December 2021, lending after deductions for expected credit losses amounted to SEK 10,224 million (SEK 9,317m)

Avanza had confirmed credit losses during the year on mortgage lending of SEK – million (SEK –m). Provisions for expected credit losses on the mortgage amounted to SEK 5 million (SEK 7m), a decrease mainly due to updated macro variables. All mortgages are secured with pledges on houses and tenant-owned apartments in Sweden. The average loan to value ratio was 41 (37) per cent at the end of the year, an increase from the previous year because volume-weighted loan to value ratios are now presented. Pledged properties are reassessed at least once a year through a statistical evaluation, which is purchased from external parties. The last reassessment occurred in November 2021.

Avanza is required to act as the only pledgee for the security. Normal credit assessment occurs, in which a remain-to-live-calculation (RTLCL) is performed to see whether the borrower satisfies a scenario with the current interest rate plus at least 5 per cent, given the amount applied for. Repayment is usually introduced if the borrower's loan to value ratio exceeds 75 per cent. If the loan to value ratio exceeds 50 per cent, interest premiums accrue according to a fixed interest rate tier. In addition to this, authority requirements regarding amortisation are added.

In addition to mortgages, Avanza distributes two external mortgages, which do not burden Avanza's balance sheet and therefore do not imply a credit risk for Avanza.

Pledged assets for mortgage lending

31-12-2021	Credit limit, SEK m	Lending, SEK m	Loan to value ratio (credit limit), %	Loan to value ratio (lending), %
Houses	7,393	6,944	42	41
Tenant-owned apartments	3,530	3,280	44	43
Total	10,923	10,224	43	41

Liquidity management

Treasury is responsible for Avanza's liquidity management. In addition to investments, this includes regulatory compliance, measuring and reporting relevant risk and return measures and the portfolio's composition.

Avanza has a surplus of liquidity due to significantly larger deposits from than lending to the public. The surplus liquidity is mainly invested in covered bonds, Riksbank certificates and as deposits with the Riksbank and systemically important Nordic banks, plus to a lesser extent in interest-bearing securities issued by the Swedish government, municipalities and county councils.

Holdings of interest-bearing securities including pledged assets at the closing day amounted to SEK 28,377 million (SEK 25,817m), of which securities issued by Swedish municipalities and county councils amounted to SEK 1,167 million (SEK 857m) and issued by the Riksbank amounted to SEK 2,523 (SEK 245m) million. Other liquidity at systemically important Nordic credit institutions and the Riksbank amounted to SEK 5,447 million (SEK 3,700m) at year end.

Avanza has a diversified portfolio of interest-bearing securities with limited concentration risk vis-a-vis individual issuers. Liquidity is invested in accordance with the company's internal regulations, which regulate eligible interest-bearing securities issuers, set a maximum average interest duration of three months and require that the bonds as a basic rule be allowed as security at the Riksbank. Regulation also safeguards the quality of coun-

terparties and pledged securities. All covered bonds are listed and have the highest bond rating with Standard & Poor's (AAA) or Moody's (Aaa). Avanza does not allocate any provisions to the reserve for expected credit losses for bonds as the portfolio as a whole has a high rating and is assessed according to the exception for holdings with low credit risk as per IFRS 9. Assessment of the need to report a loan loss reserve is carried out regularly and may change if the structure of the portfolio changes.

Counterparty risk within security trading on customers' behalf

Avanza has a limited exposure to counterparty risk within securities trading. Avanza is a member of the Stockholm, Copenhagen and Helsinki stock exchanges. The counterparty risks primarily arise as a consequence of transaction volumes in these markets. Avanza only trades on customers' behalf in standardised derivatives, settled over Nasdaq. There are no significant OTC dealings. The risks are limited by Avanza's use of recognised clearing houses, e.g. Euroclear and Nasdaq in Sweden, to settle executed transactions.

The counterparty risk that arises in connection with margin lending, which Avanza Pension offers is managed by having the counterparty provide collateral. Avanza Pension will only accept collateral in the form of government bonds issued by certain specific countries. Pledged collateral shall amount to 105 per cent of the market value of loaned shares.

Liquidity management

31-12-2021	Book value, SEK m	Share, %
Cash and balances with central banks	2,939	9
Loans to credit institutions, including pledged assets	2,508	7
Interest-bearing securities, including pledged assets ¹⁾	28,377	84
of which Swedish government, municipalities and county councils (including the Riksbank)	3,690	13
of which covered bonds	24,687	87

¹⁾ Average duration of bondholdings is 0.20.

Operational risks

Operational risk is defined as the risk of loss as a result of inappropriate or inadequate internal processes or routines, human error, faulty systems or external events. The definition of operational risk includes information, communication and security (ICT) risks, legal risk and compliance risk, and can impact the company's assets (financial impact), reputation, availability, and/or result in sanctions (regulatory impact).

Operational risks arise in all businesses. It is neither possible nor cost effective to try to eliminate all operational risks. Avanza strives to minimise operational risks by creating the most efficient and automated processes possible, which also contributes to cost effectiveness. Avanza does not have any electronic payment services, unsecured credits or debit cards, which reduces threats and the risk of fraud. The work involved in managing operational risks is structured and follows methods and guidelines for identifying and managing risks. Ultimate responsibility for Avanza's operational risks rests with the Board of Directors, while the CEO is responsible for day-to-day administration. Since each unit manager has operational responsibility commensurate with their managerial responsibility, responsibility for the risks has essentially been delegated to unit managers,

and consequently to operations. This approach enables adequate management of risks considered to be serious within the established limit structure. Avanza works towards preventative operational risk management.

Risks are valued according to a model measuring probability and consequence. The consequences are assessed in four areas: financial impact, reputational impact, availability impact and regulatory impact. Within operational risk, qualitative and quantitative measures are both grounds for the Board's determination of the risk appetite. In addition, the CEO sets tolerance limits.

Business consequence analyses are undertaken on Avanza's critical processes. By establishing tolerable disruption times in these activities, the requirements in terms of resources such as infrastructure, systems, employees and premises are clarified.

Avanza's employees regularly receive training in risk management, security, internal control and governance in order to raise understanding of and competence in these fields. All employees whose work duties require so are licensed according to the SwedSec AB's requirements.

Incident reporting in the operations sharpens the focus on the prevailing situation and the actual outcome of the risks to which Avanza is exposed. Incidents are measured, analysed and reported to those responsible for managing the risks in order to facilitate improvements but also to inform the valuation of risks in the operations.

Changes in the operations follow an approval process whereby the relevant considerations are given the appropriate significance. Commercial, technical, legal, regulatory related, risk and security considerations are made before any decision is taken as to implementation.

IT risks and information security, i.e. processes and procedures to ensure the availability, accuracy and confidentiality of information, is of major significance for Avanza. Information is one of Avanza's most important assets, and digitisation is increasing the amount of information at the same time that managing the information is becoming more complex. Information security and cybersecurity are to a large extent a management and board issue. To ensure an effective and structured way that it has the right protection for its information and can adapt the protection to future needs, Avanza uses an information security management system based on the international standards in the ISO 27000 series.

Market risks

Market risk is the risk of a decrease in Avanza's result, equity or value of assets due to changes in risk factors in the financial market. Market risk includes stock price risk, interest rate risk and currency risk.

Stock price risk

Stock price risk is the risk that the fair value of, or future cash flow from a share will vary due to changes in market prices. Avanza does not conduct trading in securities on its own accounts. The company only performs trading on behalf of customers. Avanza does not take any positions on its own accounts. The stock price risk Avanza is exposed to arises as a consequence of faulty trades.

Interest rate risk

Interest rate risk can arise through an imbalance in the terms of Avanza's assets and liabilities as changes in interest rates can affect the market value of assets and liabilities. Management of Avanza's surplus liquidity entails market risk in held interest-bearing securities with fixed and floating rate notes (FRN) through changes in credit spreads and interest rates. Avanza allocates capital under Pillar 2 for credit spread risk; see Note 34 Own funds and capital requirements.

Changes in interest rates can also affect net interest income. All else being equal, without taking changes in customer behaviour into account, a 1 per cent rate change from the repo rate with today's volumes would affect full-year net interest income by over SEK 450 million. A sensitivity analysis of the balance sheet is conducted at the end of each quarter in connection with an interest rate report to the Swedish FSA. Avanza allocates capital under Pillar 2 for interest rate risk in the banking book (IRRBB), see Note 34 Own funds and capital requirements.

Avanza has no fixed interest agreements with customers. Avanza lends at a variable interest rate and adjusts in normal market conditions in the event of interest rate changes by the Riksbank. Lending is financed by deposits.

Avanza's surplus deposits are invested in accordance with the internal risk appetite and limit framework. To effectively manage the liquidity, the Board has established an interest rate risk appetite. The investment of the bank's surplus liquidity is normally made for a maximum average fixed interest rate duration of 0.25, i.e. three months. Furthermore, the interest rate risk, based on average fixed interest rate duration and measured as a parallel displacement of 0.5 percentage units of the interest curve, may not exceed 3 per cent of Avanza's own funds. Investable liquidity excluding pledged assets amounted to SEK 31,586 million (SEK 26,981m) at year end. Interest sensitivity in the portfolio is measured and reported internally on a weekly basis. Interest rate risk is limited as Avanza intends, and has the capacity, to hold all reported bondholdings to maturity. Consequently, the risk of having to sell bondholdings in advance at a modified market value is limited. This reduces the risk that negative price movements, due to changes in credit spreads or interest rates, will lead to realised losses. Of all the bonds, about 97 per cent have variable coupons (FRN – Floating Rate Notes) with quarterly interest revaluations. The average interest term on fixed rate bonds is approximately 2.5 years.

Currency rate risk

Avanza has very limited foreign currency exposure. Avanza does not conduct any proprietary currency trading and trades only to facilitate customers' securities trading. Assets and liabilities in the balance sheet are measured primarily in SEK. Customers may hold foreign currency in their account and to settle transactions in a foreign currency. Such currency balances are matched in full by the equivalent balance in Avanza's bank accounts. No significant currency exposure exists outside the balance sheet.

Liquidity risks

Liquidity risk is defined as the risk that Avanza cannot meet its payment obligations at maturity without the cost of obtaining means of payment rising significantly. Avanza's Treasury bears operational responsibility to manage Avanza's liquidity risk and reports to the CFO.

Avanza is financed via equity and customer deposits. Avanza's operations are conducted without the need for market funding. Deposits from the public are considered one of the most secure sources of financing. The liquidity risk is reduced because the financing being spread across a very large number of households and small corporate customers. Historically, deposits from the public have exhibited little movement, a relatively high degree of so-called stickiness. Avanza's current financing structure exceeds liquidity requirements many times over, giving Avanza substantial surplus liquidity. Overall, the conclusion is that the exposure to liquidity risks is limited.

Payment readiness requires that the asset side of the balance sheet is liquid. To have sufficient funds at all times to meet its payments and ensure customer withdrawals, Avanza makes continuous forecasts and performs stress tests to assess its need for means of payment. The stress tests build on historical data and are based on a number of scenarios specific to Avanza. Liquidity risks are estimated and monitored with the help of various risk measures according to Avanza's risk appetite and limit frameworks. The risk appetite for liquidity risk is conservative, which is ensured by adding an extra liquidity buffer to the regulatory requirement in effect at any given time. Treasury regularly calculates the liquidity coverage ratio (LCR) and a stable funding ratio (NSFR) and reports the results to the Board of Directors and management.

Forecasts are performed daily to manage short-term liquidity risks. A special contingency funding plan is established to be prepared to manage serious disruptions to the liquidity situation. The purpose of contingency plans is to be able to effectively and efficiently take measures to restore the liquidity situation. In order to cope with short-term fluctuations in deposits and lending from/to the general public, a significant part of the assets is held in on account, available on the day or on deposit the following business day. Furthermore, Avanza is a monetary counterparty to the Riksbank and can thus use the Riksbank's standing credit facility in the event of a short-term liquidity requirement.

SEK 417 million (SEK 25m) of lending to credit institutions has been pledged as security. Lending to credit institutions, excluding pledged securities, of SEK 2,091 million (SEK 2,246m) and balances at the Riksbank of SEK 2,939 million (SEK 1,428m) are available by the next banking day at the latest. Asides from mortgage lending with a usual term of 30 years, Avanza's other larger balance sheet items have a short term. For margin lending, the term is indefinite, but the notice period is one month. Covered mortgage bonds and interest-bearing securities issued by the Swedish government, municipalities and county councils are managed daily and can normally be converted to cash within a few days. Avanza's bond portfolio has an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza has

no individual large deposit customers of significance for liquidity. Instead, deposits are spread among many customers and payment readiness is considered very good. See also Note 31 Terms for assets and liabilities.

Liabilities in the insurance business do not affect the liquidity risk. The reason for this is that there are equivalent assets and that it is policyholders' own funds, and thus the customers themselves, that are responsible for the risk. Nor are there any contractual due dates.

Underwriting risks

The underwriting risks in the insurance business operations are small. Mortalities, survivors' pensions, waivers of premium and sickness insurance are relayed by an external party and the risks are not borne by Avanza. Avanza Pension is exposed to mortality risk linked to endowment insurance contracts, where payment to the insured's survivor amounts to 101 per cent of the sum assured upon death. The risk premium so far has more than covered the risk cost associated with mortalities arising from the endowment insurance policies.

The insurance risk is managed by basing risk premiums on statistical assumptions and through monitoring according to actuarial guidelines. To avoid large fluctuations in earnings, Avanza reinsures risk costs in excess of SEK 250 thousand.

Remaining term (undiscounted cash flows)

SEK m 31-12-2021	Upon request	<3 months	3-12 months	1-5 years	>5 years	Perpetual	Total
Deposits and borrowing from the public	53,659	-	-	-	-	-	53,659
Lease liabilities	-	0	-	122	-	-	122
Other liabilities	-	1,442	-	-	-	-	1,442
Accrued expenses and deferred income	-	167	-	-	-	-	167
Total liabilities¹⁾	53,659	1,609	-	122	-	-	55,390

¹⁾ Total liabilities excluding liabilities in insurance operations for which policyholders are exposed to the risk of changes in value. These liabilities do not affect the liquidity risk.

Liquidity and financing, SEK m	31-12-2021	Term
Cash and balances with central banks	2,939	1 day
Loans to credit institutions, excluding client funds	2,508	1 day
Loans to the public – margin lending	10,076	1 month
Loans to the public – mortgage lending	10,224	At least 30 years
Interest-bearing securities	28,377	28 months
Deposits and borrowing from the public, excluding client funds	53,659	On spot basis

Note 36 Related parties

Transactions with related parties are priced on market terms.

Transactions with key individuals in senior positions and other related parties

No transactions over and above normal account management have been undertaken by Group Management, Board of Directors, close family members of the same, or companies over which any of these individuals exercise a controlling influence.

Nor have any provisions or costs for bad debts associated with related parties been reported during the financial year.

Lending to key individuals in senior positions and to other related parties is a part of Avanza's normal operations.

Senior executives participate in the Group's warrant programme on market terms, see Note 9 Employees and personnel costs.

The Group	31-12-2021	31-12-2020
Transactions with key individuals in senior positions and other related parties		
Lending, SEK m	44	41
Deposits, SEK m	277	372
	2021	2020
Brokerage, SEK thousand	962	1,749
Interest income, SEK thousand	328	327
Interest expenses, SEK thousand	58	29
Invoicing from related parties' limited companies, SEK m	2	3
The Parent Company		
Transactions with subsidiaries		
Parent Company receivables from Group companies, SEK m	1,428	121
Parent Company liabilities to Group companies, SEK m	-	-
	2021	2020
Parent Company interest income from Group companies, SEK m	-	-
Parent Company interest expenses to Group companies, SEK m	-	-

Note 37 Important estimates and assessments

The estimations and assessments are reviewed regularly. Changes in assessments are reported in the period in which the change is made if such change has had an effect only during that period, or in the period in which the change is made and also in future periods if the change affects both the period in question and future periods. According to management, critical assessments regarding the accounting principles applied and the source of uncertainty in estimations primarily refer to credit assessments.

Credit assessment

Credit losses are written down using a model where credits are divided into three categories based on assessments of when material increases in credit risk will arise. Additional assessments factor macroeconomic scenarios into the calculation of the impairment need. See Note 2 Accounting principles, section (i) Financial instruments.

Note 38 Events after the closing day

Peter Westling, Chief Marketing Officer and member of Group Management, announced his resignation in February after ten years at Avanza. The CEO has assumed operational responsibility for the unit until further notice. Peter will remain an advisor during his six-month notice period.

Note 39 Proposed allocation of profits

Dividend policy

Avanza Bank Holding AB (publ) has as a policy to distribute 70 per cent of profit for the year to the shareholders. Dividends will only be paid to an extent that is defensible given the requirements that the nature, scope and risk of the activities place on the size of equity and the company's consolidation requirement, liquidity and position in general. The dividend may be combined with other measures, such as redemption or repurchase of own shares.

The Board of Directors' proposal for allocation of the company's profits

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting on 31 March 2022 agree to a dividend of SEK 9.20 per share for 2021. Monday, 4 April 2022 is proposed as the record day for the dividend. If the Annual General Meeting agrees to the proposal, the dividend is expected to be paid by Euroclear Sweden AB on Thursday, 7 April 2022.

The Board of Directors' statement on the proposed allocation of profits

The Parent Company's and Group's profit and position are good, which is evident from the most recent profit and loss statement and balance sheet. It is the opinion of the Board of Directors that the proposed dividend is covered by equity, and is within the remit of the company's dividend policy. The capital ratio and liquidity, following the proposed dividend, will be satisfactory in relation to the Group's activities. The Board of Directors thereby considers that the proposed dividend is justified with regards to:

1. the requirements, that the nature, scope and risks of the activities (the company's and the Group's respectively), place on the amount of equity, and
2. the company's and the Group's consolidation requirements, liquidity and position in general.

SEK – The Parent Company

31-12-2021

The following profits are at the disposal of the Annual General Meeting:

Share premium reserve	450,317,458
Fair value reserve	144,128,062
Retained profit	-370,475,000
Net profit for the year	1,778,082,781
Total	2,002,053,301

The Board of Directors propose that the profits be disposed as follows:

Dividend to shareholders, SEK 9.20 per share	1,431,260,174
To be carried forward	570,793,127
Total	2,002,053,301

The undersigned hereby attest that the consolidated and annual accounts have been prepared in accordance with IFRS international accounting standards, as adopted by the EU, and with generally accepted accounting principles, and that they provide a fair presentation of the Group's and the company's position

and results, and that the consolidated Administration report constitutes a fair review of the performance of the Group's and the company's operations, position and results, and describe significant risks and uncertainty factors faced by the companies that make up the Group.

Stockholm, 23 February 2022

Sven Hagströmer
Chairman of the Board

Magnus Dybeck
Board member

Catharina Eklöf
Board member

Viktor Fritzen
Board member

Jonas Hagströmer
Board member

Leemon Wu
Board member

Mattias Miksche
Board member

Johan Roos
Board member

Hans Toll
Board member

Rikard Josefson
CEO

Our Audit Report was submitted on 23 February 2022

KPMG AB

Mårten Asplund
Authorised Public Accountant
Auditor in charge

Dan Beitner
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Avanza Bank Holding AB,
corp. id 556274-8458

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Avanza Bank Holding AB (publ) for the year 2021, except for the corporate governance statement on pages 46–58 and the sustainability report on pages 122–125. The annual accounts and consolidated accounts of the company are included on pages 59–121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 46–58 and sustainability report on pages 122–125. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation and existence of financial investment assets and technical provisions

See disclosure 22 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Assets in the insurance operations primarily consist of financial instruments where there is an active market with quoted prices. To a lesser extent there are holdings where the valuation is based on other market data than quoted prices.

The valuation of liabilities in the insurance business is based on the the fair value of the underlying assets plus provision for outstanding claims. The provision is attributable to the risk element in endowment insurance.

The company has processes and control activities to ensure valuation and existence of the financial investment assets.

Response in the audit

We have tested and evaluated the design and effectiveness of Avanza's controls for pricing, securities reconciliation and reconciliation of financial instruments.

For the instruments listed, we have evaluated Avanzas controls for obtaining prices from external sources and we have performed own tests of the pricing for the total portfolio by reconciling the holdings with external independent sources.

Commission income

See disclosure 4 and accounting principles on page 75 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Commission income is a significant part of Avanza's revenue. These consist primarily of brokerage received in connection with customers' purchases and sales of securities and commissions from the fund operations.

For 2021, the Group reports net sales related to commission income of MSEK 3 419 (2 310). The item is thus material from a financial reporting perspective.

The income statement mainly contains risks attributable to completeness, accuracy and valuation due to the large number of transactions. IT systems and applications are used to handle the data in order to charge the proper revenue for each transaction.

Revenue recognition is considered to be a particularly important area as the large volume of transactions means that completeness and accuracy are critical in order for a material error in the financial reporting not to occur.

Response in the audit

Our audit has included testing and evaluation of design and efficiency in controls for reporting commission income. This includes, among other things, evaluation of essential procedures and controls for revenue recognition, including relevant IT systems and applications used for accounting and follow-up. We have ensured the transfer of data between the pre-system and the general ledger.

We have performed data analyzes in combination with analytical review of commission income, where the transactions have been compared with agreed brokerage levels in relation to completed transactions.

We have also carried out calculations to ensure the size of the fund distribution revenue through analytical and detailed audit procedures.

Loan receivables and provisions for loan losses

See disclosure 19 and accounting principles on page 77 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Lending in Avanza Bank consists of loans with collateral in securities and housing. Lending takes place in Sweden via its own channels. The Group's loans to the public amounts to MSEK 20 300 (16 287) at December 31, 2021, which corresponds to 7.3 (8.0) percent of the Group's total assets. The company's reserves for credit losses in the loan portfolio amounts to SEK 9 (14) million.

The loan loss provisions in the Group's loan portfolio correspond to the Group's best estimate of potential losses in the loan portfolio as of the balance sheet date. The loan loss provisions require that the Group makes assessments and assumptions about credit risks and in the calculations for expected credit losses. The complexity of these calculations, as well as the judgments and assumptions that are made, make us consider this as a particularly important area.

Response in the audit

We have evaluated and tested the group's key controls in the lending process including credit decisions, credit review, rating classification and approval of loan loss provisions. Tested controls consist of both manual controls and automatic controls in application systems. We have also tested general IT controls including authorization management for the relevant systems.

We have reviewed the Group's principles based on IFRS 9 to assess whether the Group's interpretation of these are reasonable. Furthermore, we have tested the Group's key controls regarding the process of loan loss provisions. We also randomly checked the input data in the models and the accuracy of the calculations and evaluated the management's assessments. In our audit, we have used our internal credit risk modelling specialists to assist us.

We have assessed the circumstances presented in the information in the annual report and if the information is sufficient comprehensive as a description of the company's assessments.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–58 and 122–133. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to

enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Avanza Bank Holding AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Avanza Bank Holding AB (publ) for year 2021. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report Oq94uayfWLUWBOI= has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Avanza Bank Holding AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Avanza Bank Holding AB by the general meeting of the shareholders on the 30 March 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, 23 February 2022

KPMG AB

Mårten Asplund
Authorized Public Accountant
Auditor-in-Charge

Dan Beitner
Authorized Public Accountant

Sustainability reporting

Avanza's sustainability reporting is an important part of an open and balanced presentation of Avanza's position, activities and achievements in key areas.

In accordance with the Annual Accounts Act, chap. 6, section 11, Avanza has chosen to prepare a Sustainability report separately from the Administration report and largely from the formal financial statements. Avanza's report has been prepared in accordance with the GRI Standards: Core option. The report is also prepared in accordance with GRI's specific guidelines for the industry (Financial Services Sector Supplement). For reporting according to EU's Taxonomy Regulation 2020/852, article 8, see page 27.

The statutory Sustainability report comprises the entire Group and its scope can be found on page 124. Avanza's operations

are not deemed to pose any significant negative environmental impact or risk of violation on human rights, whether directly or indirectly, other than in the fund company's asset management. The Avanza Group therefore have no formalised management or performance monitoring in these areas.

A separate statement on the Sustainability report has been prepared by an external party.

Previous Sustainability report concerned the calendar year 2020 and was published on 26 February 2021.

Avanza's policies are published on avanza.se/ir.

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Policy, its purpose and distribution of responsibilities	Not applicable
Result indicators	25, 124, avanza.se/ir
Employee relations and Social conditions	
Risks	32–36, 41–43
Risk management	32–36, 41–43
Policy, its purpose and distribution of responsibilities	42
Result indicators	22, 32–36
Human rights	
Risks	41–43
Risk management	26–27, 33–34, 41–43
Policy, its purpose and distribution of responsibilities	Not applicable
Result indicators	Not applicable
Anti corruption	
Risks	41–43, 49–50
Risk management	41–43, 49–50
Policy, its purpose and distribution of responsibilities	41–43, 49–50
Result indicators	41–43, 49–50

Other sustainability disclosures

Memberships

To share knowledge, meet for discussion with others in the industry and together influence the industry's development, Avanza and its companies are members of, and participate actively in, trade associations such as the Swedish Bankers' Association, the Swedish Securities Markets Association and the Swedish Investment Fund Association. Avanza Funds is a member of Principles of Responsible Investments (PRI).

Morningstar Sustainability Rating (explanation of the target on page 24)

The Morningstar Sustainability Score is a weighted average of the sustainability risk of a fund's holdings. These ESG Risk Ratings are rendered on a scale of 0–100, where lower is better and indicates greater sustainability. 0 indicates that a company has no unmanaged ESG risk and 100 indicates the highest level of ESG risk. The scoring is based on research from Sustainalytics and more than 10,000 companies around the world have a Sustainalytics ESG Risk Rating, which is updated monthly.

Morningstar also assigns funds a sustainability rating of 1 to 5 globes. The globes measure how well companies and other holdings in a fund's portfolio manage risk from environmental, social and governance (ESG) factors relative to other funds in the same global category. The number of globes is a function of the fund's historical sustainability rating. It is a weighted average of its rating now and for the trailing 12 months. The current rating carries more weight than the one 12 months ago. The 10 per cent of funds with the lowest average sustainability risk in their category receive 5 globes. Funds falling into the second best group,

22.5 per cent, receive four globes, while 35 per cent of funds receive three globes, 22.5 per cent receive two globes, and the 10 per cent with the highest risk receive one globe.

We shall be a climate-smart organisation that monitors our carbon footprint

Minimising our climate impact is part of the sustainability work, even though we as an online savings platform have a limited direct impact on the environment. As a result, we do not have a formal environmental management system. Most of our communication with customers is digital. Day-to-day operations do not require transports and travel is limited. We strive for sustainable procurement practices and sustainable offices through healthy work environments and low resource and energy consumption. An analysis is conducted each year to monitor our impact on climate change. Total energy consumption in 2021 amounted to 924 (1,134) MWh, of which 379 (438) MWh related to internal consumption. Total GHG emissions amounted to 366 (263) tonnes CO₂e. We are striving to improve the analysis, this year with additional waste and district heating. The year's increase is mainly due to purchased IT equipment. For 2021 climate offsets of 366 tonnes CO₂e were purchased.

The climate reports are published on avanza.se/ir.

Contact

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Auditor's opinion on the statutory sustainability report

To the general meeting of the shareholders in Avanza Bank Holding AB (publ), corporate identity number 556274-8458

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2021 on page 124 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 23 February 2022

KPMG AB

Mårten Asplund
Authorised Public Accountant
Auditor-in-Charge

Dan Beitner
Authorised Public Accountant

Our customers

Our offerings are mainly targeted at private investors, but we also offer services for professional investors and business customers, including self-employed firms, asset managers, and businesses subscribing for occupational pension plans.

Standard offer

Most of our customers are included in our standard offer. All customers have full access to Avanza's platform. However, certain instruments require specific suitability tests before trading. Being a customer at Avanza is free, and you only pay brokerage or currency exchange fees for trading with equities, fees for investing in mutual funds, or interest for loans.

Private Banking

Private Banking serves our high-net-worth customers with savings of at least SEK 3 million. We offer digital and personal service with a wide range of securities, low brokerage fees, and very attractive interest rates on margin loans and mortgages. In addition, our Private Banking customers have access to services such as tax advice and legal aid, as well as market updates and investment advice from Placera, Avanza's independent editorial media unit. Private Banking customers also receive prompt and personal service from our specialised brokers and account managers. Moreover, Private Banking Customers have access to VIP-tickets, pre-showings and exclusive events via the digital entertainment service KEY.

Pro

Our Pro offering is designed for more active customers and professional day traders. As a Pro customer, you make at least two trades a day at the minimum brokerage fee or trade at least SEK 280,000 daily. Customers receive favourable terms, low brokerage fees and access to trading tools. Our Pro customers also have access to prompt, personal service from our specialised brokers and account managers. Pro customers also have access to the services available for Private Banking customers, as long as they qualify for the capital requirements.

Corporate customers

Corporate customers have the same access to our services as private customers and can qualify for our standard offer or Private Banking.

We also have an occupational pension offer for companies, free from unnecessary insurance fees, which can give each employee up to SEK 1 million more in retirement savings. The majority of corporate customers with occupational pensions are small and medium-sized companies with less than 100 employees. Firms can in a few simple steps digitally apply for an occupational pension plan.

For institutional investors we offer a highly competitive alternative distinguished by high quality, premium service, and fast and secure order processing by phone, online or the trading app. Asset managers have access to our broad range of investment options. We have around 50 institutional trading customers, mainly Swedish asset managers, who trade for their funds or other management vehicles through Avanza. This is in addition to around 15 collaborations with managers who use Avanza's platform to manage their clients' wealth.

In Corporate Finance, we mainly target small and medium-sized companies as an advisor in connection with IPOs and funding, and as a partner to medium-sized and large companies.

Brokerage fee classes

We offer various brokerage fee classes to fit each customer's trading activity. We have something for everyone, from the smallest trader to those who make large trades and want to pay a flat fee. Customers choose a brokerage fee class and can switch classes whenever they like, but at the earliest one day after the last change. Fund trades are commission free.

Start

Variable brokerage fee

0 %

Lowest brokerage fee

SEK 0

Selectable if you have less than

SEK 50,000*

Mini

Variable brokerage fee

0.25 %

Lowest brokerage fee

SEK 1

Suitable for trades below

SEK 15,600

Small

Variable brokerage fee

0.15 %

Lowest brokerage fee

SEK 39

Suitable for trades between

SEK 15,600 – 46,000

Medium

Variable brokerage fee

0.069 %

Lowest brokerage fee

SEK 69

Suitable for trades between

SEK 46,000 – 143,500

Fast Pris

Variable brokerage fee

0 %

Lowest brokerage fee

SEK 99

Suitable for trades over

SEK 143,500

PB Mini

Variable brokerage fee

0.15 %

Lowest brokerage fee

SEK 1

PB

Variable brokerage fee

0.055 %

Lowest brokerage fee

SEK 59

PB Fast Pris

Variable brokerage fee

0 %

Lowest brokerage fee

SEK 99

Pro

Variable brokerage fee

0.034 % and below

Lowest brokerage fee

SEK 49 and below

The prices in our brokerage fee classes apply to equity trading on the Stockholm Stock Exchange including First North, with the exception of Start, which applies only to equity trading on the Stockholm Stock Exchange. For more information on our prices, please visit our website, avanza.se (in Swedish only).

* Brokerage fee class Start can be chosen if you have never had SEK 50,000 or more in total savings capital with us. If you reach SEK 50,000 or make more than 500 brokerage-free trades during a 12-month period, you are automatically placed in brokerage fee class Mini and can not choose Start again.

Product range

Providing customers with a world-class user experience requires a broad product range, access to extensive market data, various filtering tools and decision support, and not least a platform that is easy to use and navigate. With Avanza, you won't pay any fixed fees either.

Our accounts

Share and fund account

Traditional holding account where customers can offset gains against losses in their tax returns and vote their shares. Capital gains tax of 30 per cent is paid on profits and dividends.

Investment savings account

Account for securities that allows customers to vote their shares and is subject to a standard tax. The tax is paid annually and does not have to be declared in a tax return.

Endowment insurance

Account for equities, funds and other securities where standard tax is automatically withheld each quarter and does not have to be declared in a tax return. Companies can also qualify for endowment insurance. A beneficiary can be named for the entire holding should the policyholder die.

Endowment insurance Child

Endowment insurance where a child is the beneficiary. The entire account or the holding can be assigned to the child at any time.

External deposit account

A simple and safe interest-bearing account with or without a minimum term. Through partnerships with other banks and credit market companies, customers receive competitive rates compared to ordinary bank accounts and higher deposit guarantees. The government deposit guarantee of SEK 1,050,000 applies per institution.

Occupational pension

Pension savings for the customer themselves or their employees. They can choose a standard solution or create a personalised plan. Through our corporate website, business customers can manage their pension schemes quickly and easily without forms. The application process is digital.

Pension insurance

Insurance policy with the option to save privately for retirement and where an annual yield tax is charged. Repayment protection is available. Pension insurance can be transferred to Avanza, but since the deduction was eliminated, there is no longer a tax advantage in adding new capital.

Individual pension plan

Bank account with the option to save privately for retirement and where an annual yield tax is charged. Repayment protection is always included. An individual pension plan can be transferred to Avanza, but since the deduction has been eliminated, there is no longer a tax advantage to contributing new capital.

Securities trading

Equities

Trade shares in the Nordic countries, on major exchanges in Europe, and in the US and Canada. Beyond this, most markets can be traded through stock brokers. Real time prices of Nordic securities (excluding Norway), of securities included in European trading, and of US and Canadian equities when an order is placed.

Funds

Trade 1,350 funds from around the world. This includes 17 of Avanza's own funds. Among them are index funds with record-low fees, the specialty funds Avanza Auto for smart, automatic management, three fund of funds and two actively managed funds in collaboration with external fund managers. In addition to Sweden's broadest range of low-cost funds, customers have access to exchange-traded funds (ETFs), which track various stock indices among other things. Filtering tools can be used to search e.g. by type of fund, investment strategy, risk, fees and sustainability. Customers with savings capital that has not yet exceeded SEK 50,000 are refunded all their fund commissions, including any exchange fees.

Other securities

Around 40,000 ETPs linked to commodities, currencies, individual shares and indices across the globe as well as bonds, options, futures, warrants, certificates and structured products. Brokerage-free trades over SEK 1,000 in Avanza Markets.

Lending

External mortgage and Green mortgage

We offer external mortgages from other financial actors that require no savings capital or other commitments. The rate is set in advance and the application is fully digital. The loan to value ratio may not exceed up to 75 per cent. There is also a green mortgage, where customers with an energy efficient home receive a discounted mortgage rate.

Private Banking mortgage

Internally financed mortgages for Private Banking customers. The mortgage rate for Private Banking customers is based on the Swedish Riksbank's repo rate, 3 months floating. Current rates starts at 0.69¹⁾, and is determined by the customer's total savings at Avanza. The borrower has the flexibility to deposit or withdraw funds up to the approved credit limit without a new application or credit check. Flexibility is capped at SEK 500,000.

Margin loan

Margin lending with no minimum term or fees and the possibility to borrow as low as 0 per cent¹⁾. The rate depends on the size of the loan and the account holding.

¹⁾ Interest rate as of 31 December 2021.

Stock lending

Gives endowment insurance customers with shareholdings the opportunity for a higher return by allowing Avanza to lend shares to Morgan Stanley. The loan does not affect the customer's holding. Avanza pays the expenses and 60 per cent of the compensation from Morgan Stanley goes back to the customer.

Inspiration and decision support**Avanza Auto**

Decision support that filters our six Auto funds based on savings horizon and risk level. A smart, cheap and automatic way to manage money.

Portfolio Generator

Makes it easy to create a well-diversified portfolio of five-star funds at low fees.

Stock inspiration

Find favourite new stocks using various theme lists such as Sport, Equality or Fashion, as well as popular lists such as Millionaires' and Women's favourites. There are also specific portfolios that, for example, replicate what Avanza's employees invest in.

Stock generator

Filter thousands of equities to create a list of favourite stocks simply by answering five easy questions.

Avanza Svajper

Avanza Svajper makes it easier to find interesting new stocks and diversify your investments. Using the function, swipe right or left depending on whether you like a company or not based on a brief company presentation and a number of performance metrics.

Analysis Pages

The Analysis Pages on the website and in the apps is packed with information on the customer's holdings and includes various charts and tables. Customers can overview their historical returns, dividends, deposits and fees sorted into different periods. Data can be exported as csv-files or as a unique Portfolio Report.

Save sustainably

A special section on the site with information, educational material and products to inspire and facilitate sustainable investments.

Avanza Academy

For those who want to learn everything they need to know about investing in equities, funds and other securities.

Avanza Play

Exciting interviews with CEOs of listed companies or fund managers, which helps customers stay updated on current savings and investment topics.

Avanza Podcast

Our savings economists discuss a wide range of topics involving personal finance. They guide and support savers and share their best tips on the week's theme. One of Sweden's most popular and largest financial podcasts.

Avanza Blog

Our savings economists and others offer discuss a wide range of topics involving personal finance. They guide and support savers and share their best tips on the week's theme. One of Sweden's most popular and largest financial podcasts.

Placera

One of Sweden's largest financial sites, reporting daily on equities, market news and savings issues. Placera also offers extensive TV and podcast content, press releases and a number of external analysis services. Placera is editorially independent from Avanza.

Börsveckan

Stockpicking magazine focused on the stock market and equity analysis. Writes over 300 analyses annually and manages two model portfolios. Börsveckan was founded in 1985 with the aim to help the reader find winning stocks and inspire to good stock trading. Börsveckan is editorially independent from Avanza.

Signal list

Newsletter with daily buy and sell signals for all publicly listed stocks, emailed to our customers so that they can quickly check stock movements. The signal list contains a brief technical analysis of the market.

Monitoring and alarm

Create watch lists of specific shares or funds and set alarm triggers when they reach a specific price.

Stop-loss

The stop-loss function on the website and in the apps allows customers to automatically buy or sell securities when reaching a specific price.

Trader programme Infront

One of the market's most advanced trading programme, where customers can track market flows, apply technical analysis and optimise order execution.

Tax return

Completing a tax return should be easy. Our customers receive pre-printed forms with everything they need to know about their accounts and transactions for filing purposes.

For more information on our range of products and services, visit our website, avanza.se (in Swedish only).

Definitions

The measures and key ratios used in the Annual report are defined below. The majority of the financial ratios are widely accepted and are such are expected to be presented in the Annual report to provide information on the Group's results, profitability and financial position. Financial disclosures that are not defined in IFRS and are presented outside the financial statements, so-called alternative performance measures, follow in the note references below.

Client funds²⁾

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

Costs per customer²⁾

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

Costs to savings capital ratio²⁾

Operating expenses in relation to average savings capital during the year. The ratio shows how scalability and cost efficiency yields results. A low relation indicates high competitiveness and is needed to deliver high margins regardless of interest rate level.

Credit loss level¹⁾

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

Currency related income, net²⁾

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

Customer

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

Deposits

Deposits by the public as per the 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.

Deposits/Savings capital

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

Dividend yield

Dividend per share relative to share price at year-end.

Earnings per share¹⁾

Profit/loss after tax in relation to the average number of shares during the year.

eNPS

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

Equity per share¹⁾

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

External deposits

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

External mortgage

External mortgage in financial institutions opened and managed via Avanza's website.

Fund commissions, net²⁾

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

Gross brokerage income/Turnover in brokerage-generating securities²⁾

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of price reductions and gives an indication of changes in the customer base as well as trading in various brokerage fee classes.

Income per customer²⁾

Operating income in relation to the average number of customers during the year. The ratio shows the effect of price reductions and gives an indication of changes in the customer base and trading in various brokerage fee classes.

Income to savings capital ratio²⁾

Operating income in relation to average savings capital during the year. There is a strong correlation between savings capital and income. This ratio reflects price reductions, mix-effects in the savings capital, effects of interest rate changes, and customer activity.

Internally financed lending

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

Leverage ratio³⁾

Tier 1 capital as a percentage of the total exposure amount.

Net brokerage income²⁾

Gross brokerage income less direct costs.

Net inflow

Deposits, less withdrawals, of liquid assets and securities.

Note

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

Operating margin¹⁾

Operating profit/loss in relation to operating income.

Own funds³⁾

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

P/E ratio

Share price in relation to earnings per share.

Profit margin¹⁾

Profit/loss after tax in relation to operating income.

Return on assets¹⁾

Profit/loss after tax in relation to average total assets during the year.

Return on equity¹⁾

Profit/loss after tax in relation to the average shareholders' equity during the year.

Savings capital

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

Savings capital per customer²⁾

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

Stock market

Refers to the OMX Stockholm GI, which shows the average performance on the Stockholm Stock Exchange, including dividends.

Solvency capital³⁾

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

Solvency capital requirement³⁾

Estimated capital requirement under the Solvency 2 rules.

The Swedish savings market

Total capital in the Swedish savings market according to Statistics Sweden's Savings Barometer, less Avanza's unadressable 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 pension insurance adjusted for undistributed premiums in plan agreements. The data are published with a quarterly lag.

Total return

Movements in share price including reinvested dividends.

Turnover

Turnover in security trading.

Alternative performance measures

¹⁾ Financial ratio directly cited in the financial reports.

²⁾ Financial ratio that can be historically tracked, published quarterly on avanza.se/keydata.

³⁾ Key ratio reported pursuant to the Swedish Financial Supervisory Authority's regulations and general guidelines, see Note 34 Own funds and capital requirements.

Annual General Meeting

The Avanza Bank Holding AB (publ) ("Avanza") Annual General Meeting will be held on Thursday, 31 March 2022.

Right to participate in the Annual General Meeting

Shareholders who wish to participate in Avanza's Annual General Meeting must:

- be listed in the shareholder register maintained by Euroclear Sweden AB no later than Wednesday, 23 March 2022,
- notify Avanza of their intention to attend the Annual General Meeting or cast their postal vote in the manner indicated in the notice of the meeting.

Registration

Avanza's share register is maintained by Euroclear Sweden AB. Only owner-registered holdings are listed in the shareholder's own name in the register. Shareholders with nominee-registered shares shall be entitled to participate in the Annual General Meeting provided that the nominee-registered shares are re-registered in their own name. Re-registration must be completed by Friday, 25 March 2022. The institution responsible for administration of the shares must be instructed well in advance to assist the shareholder with this.

Notification

Information on how to notify Avanza will be provided in the notice of the Annual General Meeting. The notice will be published in a press release and in the Official Swedish Gazette (Post- and Inrikes Tidningar), and will be available on the company's website, avanza.se/ir, not later than four weeks prior to the meeting.

If a shareholder wishes to attend by proxy, they are asked to submit a proxy form and other documentation when registering for the meeting. The proxy form will also be available on the company's website, avanza.se/ir, and sent to shareholders upon request when they provide their mailing or email address.

Right to submit matters for consideration

Shareholders are entitled to submit matters for consideration by Avanza's Annual General Meeting provided that a written request is received by the Board in sufficient time for the matter to be included in the Notice.

The shareholder's written request should be submitted no later than Thursday, 10 February 2022 and be sent to arsstamma@avanza.se, or by post to:

Avanza Bank Holding AB
Att: Bolagsjuridik
Box 1399
SE-111 93 Stockholm

Financial calendar

31 March
2022

Annual General Meeting

25 April
2022

Interim report January–March

14 July
2022

Interim report January–June

Published

25 February
2022

Annual report 2021

26 February
2021

Annual report 2020

Our financial reports are digitally distributed via the corporate website.

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Corporate web: avanza.se/ir

This Annual report is published in Swedish and English. In the event of any differences between the English version and the Swedish original, the Swedish version shall prevail.

