
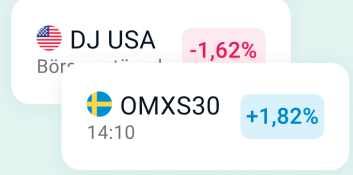


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*The English version of the Annual and Sustainability Report is a translation. In the event of any differences between the English version and the Swedish original, the Swedish version shall prevail.*

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# Sweden's leading platform for savings and investments

Avanza was founded in 1999 to democratise stock trading for individual investors. Low fees, a broad range of savings products, and education and support for investment decisions have since then been the basis of our offering. We believe in the individual's ability to make their own investment decisions – with the right information and decision support – and do not offer advisory services.

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

We offer customers approximately 80,000 investment opportunities through a wide range of Swedish and foreign securities and savings accounts, with no fixed fees and low prices. Our large fund offering includes 23 funds from our own fund company. Competitive occupational pension solutions and mortgages are available as well. For more information, see pages 132–133.

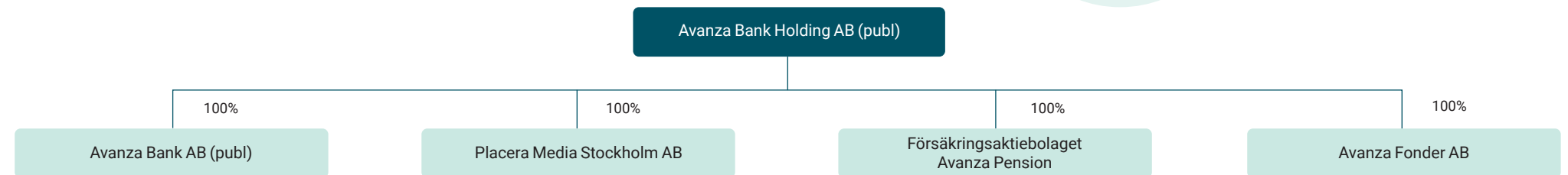
Number of customers  
**1,901,100**

Sweden's most satisfied savings customers  
**for 14 years**

Source: Swedish Quality Index

Net inflow  
**72 billion**

Churn  
**0.3%**



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, mainly 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 analyses through the financial site Placera.se and the financial magazine Börsveckan.

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# Business model built on customer focus and scale

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Strong customer growth, combined with low costs and high cost efficiency, 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 performance of 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.

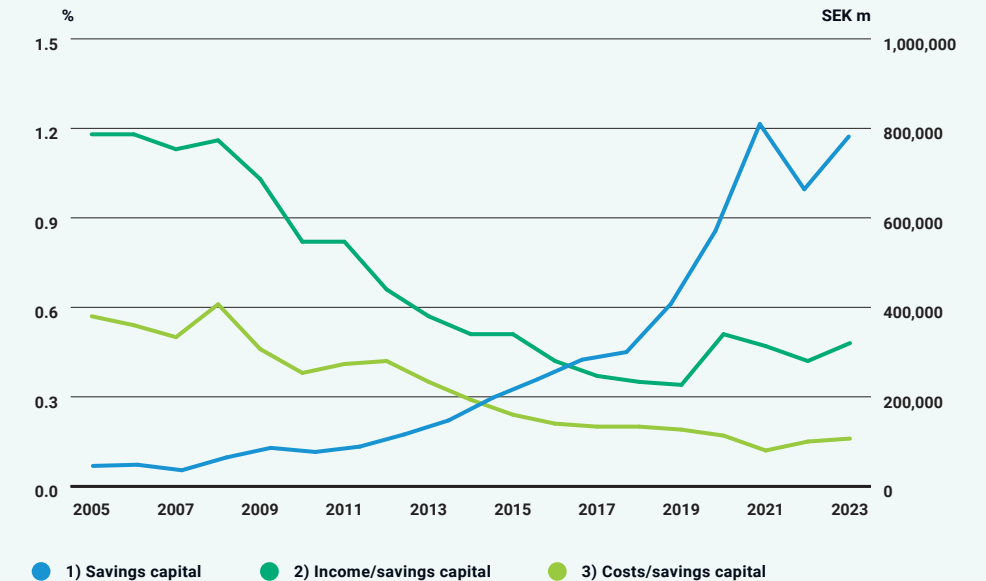
3) To deliver shareholder value and at the same time meet our promise to customers, cost effectiveness is critical. Our business is built on scale, and our success in this respect is illustrated by the declining costs to savings capital ratio, even though this has been adversely affected by the market movements' impact on the savings capital the past two years.

Income to savings capital ratio  
**0.48%**

Costs to savings capital ratio  
**0.16%**

Savings capital, SEK  
**782 billion**

Timeless business model built on scale



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# A simple, low-risk balance sheet

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We value keeping a simple, transparent and capital efficient balance sheet with low risk. The financial risks are limited and we do not offer traditional consumer credit or engage in proprietary trading. Avanza is self-financed through shareholders' equity and customer deposits spread on a very large number of households. Only a limited share of deposits is used for lending. We offer mortgages on a small scale to Private Banking customers and all margin lending is secured against listed securities. The credit quality is high and Avanza has no realised credit losses attributable to events after 2011. 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. The maximum fixed interest rate duration is three months. Read more about our financial risks and earnings risks on page 27.

Return on equity

**38%**

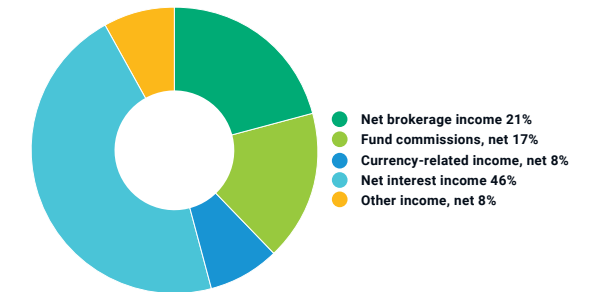
Operating margin

**67%**

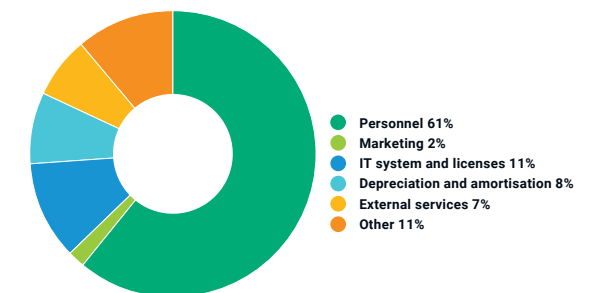
**0**

Credit losses the past 10 years

Breakdown of operating income 2023



Breakdown of operating expenses 2023



Five year summary	2023	2022	2021	2020	2019
Operating income, SEKm	3,437	2,973	3,301	2,349	1,193
Operating expenses, SEKm	-1,148	-1,031	-864	-763	-666
Operating profit, SEKm	2,292	1,940	2,437	1,576	520
Profit for the year, SEKm	1,982	1,666	2,047	1,335	447
Earnings per share before dilution, SEK	12.64	10.69	13.19	8.66	2.94
Operating margin, %	67	65	74	67	44
Return on shareholders' equity, %	38	36	50	57	27
No. of new customers (net)	124,400	116,600	379,800	303,900	139,300
No. of customers	1,901,100	1,776,700	1,660,100	1,280,300	976,400
Net inflow, SEKm	72,300	23,600	89,800	76,300	32,600
Savings capital, SEKm	781,700	663,900	809,600	570,500	407,700
Income to savings capital ratio, %	0.48	0.42	0.47	0.51	0.34
Costs to savings capital ratio, % <sup>1)</sup>	0.16	0.15	0.12	0.17	0.19
Average no. of employees	654	622	560	478	429

See definitions on pages 134–135.

# Highlights from 2023

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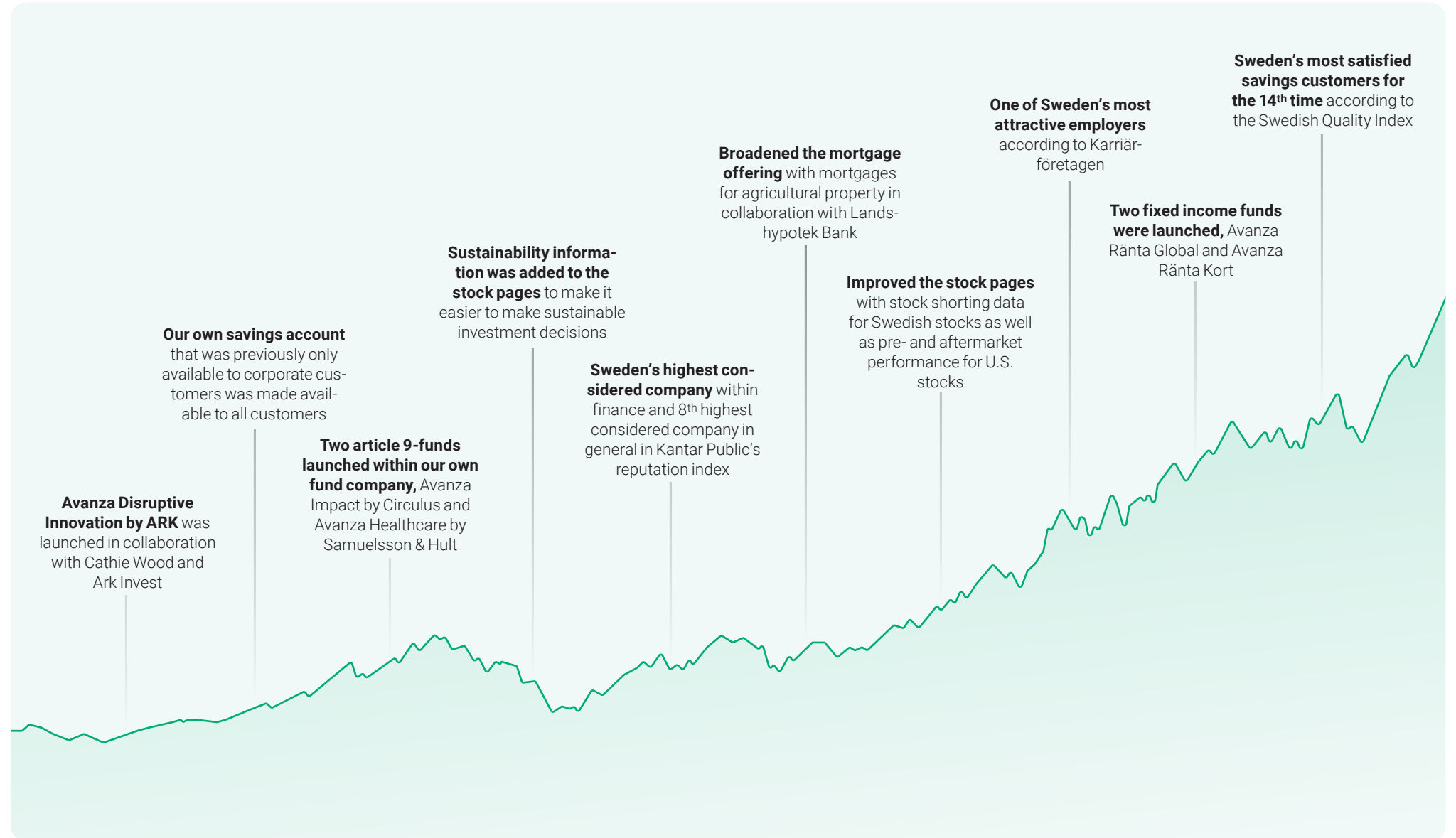
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# CEO's statement

It has been an eventful year that, in several ways, has brought challenges. At the same time, the importance of saving persists, and we at Avanza continue to do everything we can for our customers and to help them maintain their good savings habits.

## 2023 was an eventful year

We are Motörhead and we play rock 'n' roll. Legendary words that singer Lemmy Kilmister used to open the band's shows with. We are Avanza and we play rock 'n' roll. That's kind of how I felt when suddenly I received a call on a Monday evening from our principal owner, Sven Hagströmer, who quietly said, "So Gunnar, you're going to have to step in as CEO for a while." Maybe I should have felt stressed, but knowing I had support at Avanza from 660 extremely smart and engaged employees, it felt like an easy and obvious choice to take on the assignment. That's how we do things at Avanza, we solve them together. It is our culture, our DNA.

2023 was a year of challenges from several perspectives. There have been a number of continued concerns in the world around us. We have seen high inflation numbers and rate hikes announced in quick succession, squeezing Sweden's savers, but worst of all still has to be the war in Ukraine and now also the one in the Middle East, which have sent shockwaves around the world. It is with a heavy heart that we see innocent people become victims of dark forces with murky motives. While we at Avanza certainly cannot change the world alone, we can play a small part by making it more sustainable taking care of each other and our customers.

## There are challenges in our long-term targets for 2025

We tried during the year to help our customers maintain their savings habits, even though it was challenging for many. In February, we made Avanza's savings account, with its competitive interest rate, available to all our customers. Previously, it had been limited to corporate customers, who had not been able to use our external savings accounts. We also made it possible to add automatic monthly savings to the account. The "savings target" feature was expanded to allow customers to share their targets with family and friends. We had previously made it easier for customers whose savings capacity has been reduced to put their monthly savings on hold for specific months or reduce them but still maintain their routine. This I would say has been a contributing factor to the fantastically strong net inflow we saw during the year and where more than 22



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per cent of the net inflow to the Swedish savings market came to Avanza's platform.

At the beginning of 2022, we set our market share target for 2025 at 10 per cent of the savings market. Since then, our market share has been affected by the decline in valuations on the stock market, where Avanza with its large exposure is more sensitive than most others – despite that the share of the net inflow in most quarters has far exceeded our total market share. The 10 per cent target remains unchanged and there is nothing wrong with the energy we are devoting to reach the target, though we realise that it is challenging to say the least and that we in addition to further improving our offering and staying relevant for our customers need two tears of strong development on the stock market.

## “We try to support our customers in sustaining their savings habit, even though it's challenging for many”

Another challenging target is a maximum cost to savings ratio of 12 basis points over time, where we in 2023 were at 16 basis points. This is not good of course, and we take it very seriously. We talk a lot about our scalable business model, and it is certainly scalable on the upside. We will be able to grow Avanza with many more customers without having to raise our costs or sacrifice quality. On the downside, however, when savings capital declines it is not as easy, since over 70 per cent of our costs are personnel-related. Nevertheless, we choose to continue investing, since we know that our growth potential is high and that progress can come quickly once there is a turnaround. On the other hand, we are working hard to improve efficiency, and when we do manage to reduce personnel in one area, we can instead put more effort into another area that is seeing growth. This is how we work, every day, through measures big and small, to fine-tune efficiency and make our processes and product development smarter. There is also exciting potential in AI, where both our internal processes and the customer offering can be made more efficient and strengthened. As previously announced, the cost increase for 2024 is estimated at 9.5 per cent, which is largely due to higher personnel costs with salary increases of 4 per cent and a higher pension premium, but also to increased licens-

ing costs due to inflation. We are maintaining our staffing plan from 2023 and will not make any major revisions to it, although the natural rate of personnel turnover could mean that the number of employees changes during the year.

### Strong performance relative to our annual targets

As mentioned, our long-term targets for 2025 are challenging, but when it comes to our annual targets we are in very good shape. Our most important targets, and the ones that ultimately will build a successful Avanza and create shareholder value, are customer satisfaction and employee engagement. They were also targets we achieved, when we for the fourteenth year in a row won the Swedish Quality Index's award for Sweden's most satisfied savings customers and can proudly announce an Employee Net Promoter Score (eNPS) of 58.

The return on equity was 38 per cent and the sustainability score of our customers' investments slowly but surely continues to improve. At the same time, our efforts to increase gender equality in the savings market are showing positive signs and where women accounted for 44 per cent of new customers, compared to 39 per cent of the customer base as a whole. When it comes to our target of net zero emissions, our climate targets have now been validated and approved by the Science Based Target initiative. The targets are to cut our carbon emissions by 50 per cent by 2030, to continue to buy 100 per cent renewable energy and that 65 per cent of the direct investments in Avanza Fonder will be in companies with their own approved targets not later than 2027, and 100 per cent by 2040.

### Avanza's fund company had the highest growth this year in terms of assets under management

During the year, we launched as many as five new funds through our own fund company, and our Avanza funds accounted at year-end for nearly 36 per cent of the fund capital on the platform. The net inflow to funds amounted to SEK 24 billion, which translates to a market share of 35 per cent for Avanza.

We want our Avanza funds to stand out for being better and simpler. We also want to challenge with innovative funds, where the launch of Avanza Disruptive Innovation by ARK Invest was an especially exciting addition at the beginning of the year. Obviously, we also want to be cheaper, but the opportunity to create customer value and a good return for our customers always takes precedence. Sustainability is also obviously part of our investment processes. Today we have 23 of our own funds, including index funds, fixed income funds and actively managed funds. Our actively managed

“by” funds provide customers with unique investment options. We are sometimes asked by investors how we feel about competing with our own funds on the platform. We would not launch a fund in direct competition with our external fund managers and our view is that the current offering is now broad enough, although we are always open to new collaborations that can provide more value for Avanza's customers. What we have seen when we have launched new funds with partners is that other similar funds on the platform also receive attention and increase their capital.

### We continue to develop a world-class user experience

Avanza today has just over 1.9 million customers and our brand is strongly associated with savings. This will not change, but in order to maintain our strong growth in Sweden, we have to continue to develop and not lose focus on our customers. The savings market in Sweden is highly competitive and we can never become complacent. The expectations we face are high and our customers are used to a world-class user experience, which is why in 2024 we are devoting additional resources to improving stability, strengthening the offering for our more active customers, helping our less experienced savers to get started and further improving our pension offering.

## “Expectations are high, and we must never lose our customer focus”

The user experience we have created is based on our technological development. We have long been the leader in experience design, with an extensive design system that makes us agile while at the same time ensuring consistency and a harmonised experience throughout Avanza. By using progressive web applications (PWA), we can also serve and develop our three technology platforms simultaneously. Continuous technological development and modernisation of our systems also contribute to an extremely fast experience packed with real-time data, where we deliver a customer experience with hundreds of dynamic data points in a fraction of a second – faster than the eye can perceive. It has always been in our DNA to make things better for our customers. If we look at the development of our products and services, no one else has as much data

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on private savings as we do, which is an important qualification when we drive the development of the savings market in the future. It also helps us to stay relevant and create personalised services, at the same time that it produces interesting opportunities in such data-demanding technology as AI.

Our pension company continues to grow steadily and the last two years in particular have shown the stability of our business when the market fluctuates, though even we will be impacted by layoffs in society in the form of lower premium growth. Transfer flows continue to produce good results thanks to targeted measures and improvements to our Pension Chase feature. There are still obstacles in the transfer market, however, where pension savers are discovering that vested pensions are anything but vested when their previous employer refuses to allow them to transfer vested pension capital to wherever they want. Here we have to continue to shape opinion on the issue.

### Looking forward to 2024 and taking Avanza into the future

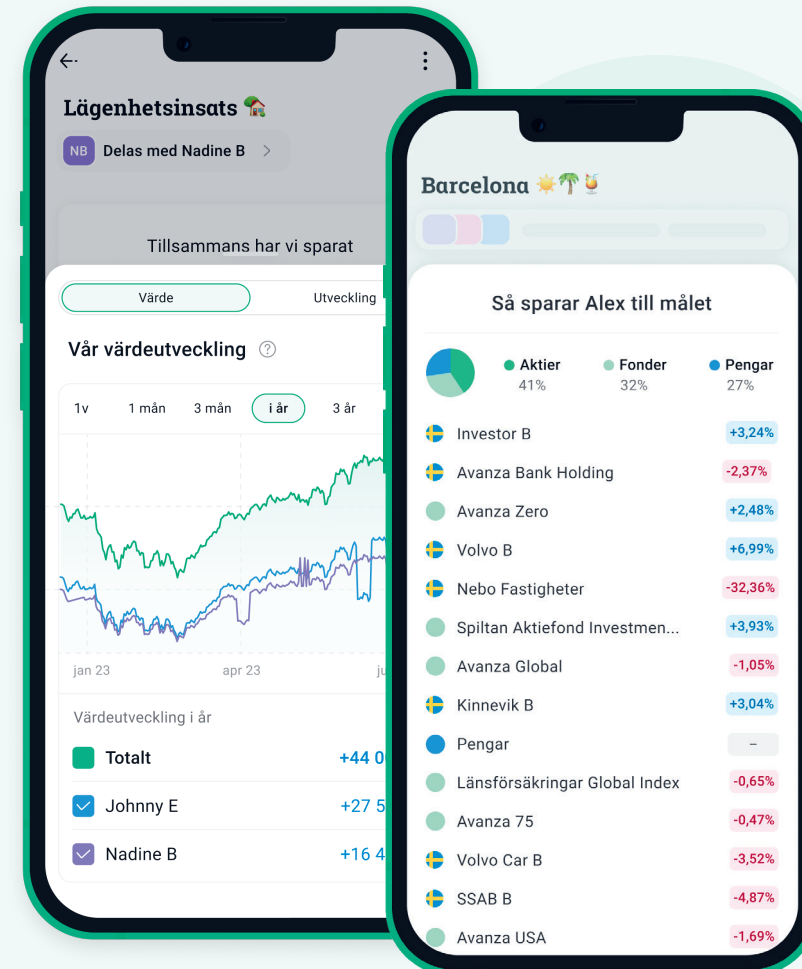
2023 was a turbulent year, and I am extremely proud of how all our employees were able to handle it. I have worked at Avanza for six years and feel more than ever the drive in all of us as we move forward. We will show the world that we are Avanza and we have just begun!

I would like to express my deepest gratitude to all of you for a challenging but fun 2023 – to the customers, employees and investors.

Stockholm February 2023

Gunnar Olsson, Acting CEO

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

We want to encourage and inspire sustainable savings. Through continuous innovation, with a focus on what's best for the customer, we create better opportunities to save, build trust and generate growth. We want to create the best tool for our customers to successfully manage their finances.

## Our strategy is to do it cheaper, better and simpler

We follow a strategy to continuously make our offering cheaper, better and simpler. The promise to our customers is that they will have more money left in their pockets with Avanza than with any other bank or pension company. We concentrate on three areas to achieve this: 1) Customer Focus 2) Innovation, Scalability & Efficiency 3) Sustainability.

The key to Avanza's strategy and success is our employees. The corporate culture draws its energy from a willingness to create change. Sustainability has always been deeply engrained in our culture and how we work. Since the start, we have been working to lower the thresholds to the financial market, reduce prices, increase transparency and educate the public on personal finances. We place great importance on maintaining a strong culture where we are convinced that satisfied customers, combined with engaged employees who enjoy and find it meaningful going to work, create long-term growth and shareholder value.

## Customer focus is the cornerstone of our offering

Avanza's business is built on a strong customer focus with a world-class user experience and customer service. Doing what's best for our customers is central to everything we do. We believe our offering must stand the test of time and want to offer a broad range of products and services through continuous innovation and product development.

We believe in our customers own ability to make the best decisions and do not offer investment advice. Instead we want to inspire them to sound investment decisions by providing information, education and decision-making tools. We do not recommend specific products or services, either. Our offering is 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.

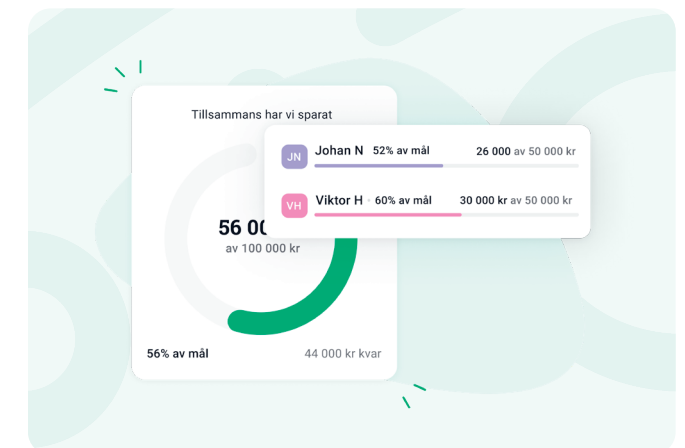
## Innovation, Scalability & Efficiency

Customer focus and paying attention to their needs is integral to our product development. All of our employees are 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 rate of innovation and simultaneous development in all our channels. By concentrating our business and development in 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 price leading products. Continuous improvements to our systems also enable us to quickly respond to changing customer preferences. We constantly work to eliminate old technology that could slow development and 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 through dozens of releases a day. Our systems provide stability, large capacity and economies of scale, and they enable us to deliver high quality.

## Avanza should 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. We want to engage people and help them understand how to save. We also want to drive development in the industry and put focus on how fees impact the savings capital, while challenging established structures that disadvantage savers. For a sustainable development and business long-term, the environment and greater social engagement have become increasingly important. We therefore also want to encourage and inspire sustainable savings. Our sustainability work is focused on three areas: Sustainable investments, Educate & Challenge and Sustainable organisation. Read more on pages 31–32.



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**Basic offering**

We offer around 80,000 investment opportunities to our customers through a wide range of Swedish and foreign securities and savings accounts, with no fixed fees and low prices.



**Strategy**

We operate based on the strategy of constantly evolving our offering to become cheaper, better and simpler – where customer focus is the cornerstone of our offering.



**Values & corporate culture**

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.



**Customer satisfaction**

Doing what is best for our customers is central to everything we do. Avanza is driven by a constant focus on creating customer value.



**Employee engagement**

Critical to our strategy, and to achieve success, are our employees. Avanza is characterised by dedicated employees who want to make a difference and where ideas are listened to and enrich our development.



**Focus areas**

Our three focus areas are: 1) Customer focus 2) Innovation, Scalability & Efficiency 3) Sustainability



**Long-term growth**

We are convinced that satisfied customers, combined with engaged employees who enjoy and find it meaningful going to work, create long-term growth and shareholder value.



**A better future for millions of people**



# Sweden's most satisfied savings customers 14 years in a row

The macroeconomic environment is affecting household finances but has also further underscored the need for personal savings. A strong net inflow of over SEK 72 billion in 2023 shows that customers of Avanza still make savings a priority even in tough times.

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

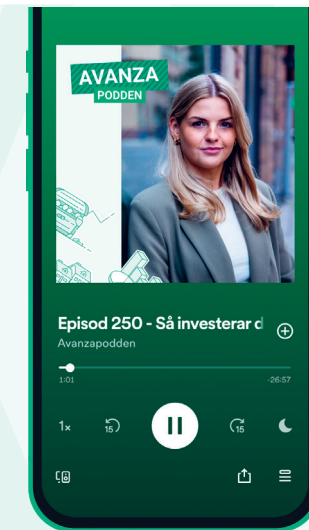
The vision of a better future for millions of people is built on customer focus, a broad range of products, good decision support, and increased savings and investment knowledge. We want more people to feel smart, engaged and educated about their personal finances and savings. Satisfied customers and a world-class customer experience are the core of Avanza's business.

A majority of our customers come to us by way of recommendation from another customer, which is a result of our strong customer focus and brand, but also because when we launch new products, we do it in our own way, by thinking innovatively. See the next page to read more about our customer base, and pages 38–39 for more information about our work with financial literacy and our product development throughout the year.



## In brief

- Satisfied customers and a world-class customer experience is the core of Avanza's business
- We have a total of 1.9 million customers, 39 per cent of whom are women
- The customer base is young with an average age of 41
- 361,000 average daily active users on the platform, holidays and weekends included
- Over SEK 72 billion in net inflow shows that customers of Avanza prioritise savings even in difficult times
- Occupational pension capital increased by 27 per cent to SEK 58 billion during the year
- Market uncertainty affected customers' risk appetite during the year, and trading activity decreased while the share of capital in index funds increased
- Liquidity as a share of total savings capital has remained stable



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## A broad customer base with high market shares especially among young urbanites

Customer growth in 2023 was 124,400 and the number of customers at year-end was 1,901,100. High inflation and rising interest rates left households with less room to save and made them more aware of their financial situation. Structural changes in society have also created an increased need for savings. The net inflow of over SEK 72 billion for the full-year 2023 is clearly proof that Avanza's customers are conscious of the importance of making saving a priority.

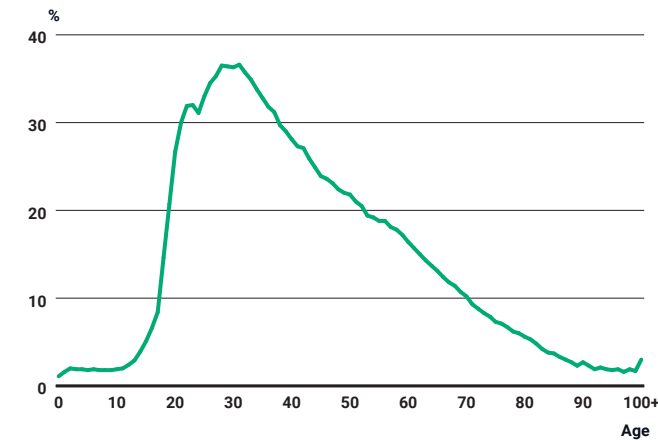
Avanza's customers mainly consist of private individuals. The average age of new customers was 34, although the largest share of new customers was between 19 and 30, in line with previous years. The average age of all customers was 41. If we compare those who became customers in 2023 to those who became customers in previous years, we see the same pattern when it comes to customer behaviour. The breakdown between new customers who own equities and those who own funds is also consistent from a historical perspective. Monthly savings stayed unchanged during the year and amounted to SEK 1.5 billion as of 31 December. The share of the net inflow from new customers was 24 per cent and the share from existing customers was 76 per cent. Customers with the Standard offer accounted for the large majority of the year's net inflow. The uncertain sentiment resulted in low risk willingness for large parts of the year, which impacted trading activity among all customer groups.

The share of women among new customers increased to 44 per cent, but still represents only 39 per cent of the customer base. Avanza continues to grow strongly among customers in urban areas. The market share of Sweden's population was 17.5 per cent. The market share within ages 20–39 is significantly higher, over 30 per cent, and among men in the Stockholm area it is approximately 45 per cent in the age group. Few customers leave us and churn was a low 0.3 per cent.

Surveys show that customers of Avanza to a greater extent have a higher education, higher average salary, higher savings and more assets on average than the Swedish population as a whole. They are also more interested in personal finance and savings. Through blogs, podcasts and social media, we actively communicated during the year with our customers on how to think about savings in difficult times.

More than half of all customers register using the apps. The share of customers who use the apps exclusively has increased from around 70 per cent at the end of 2022 to around 75 per cent on 31 December 2023. The number of average daily active users on the platform was 361,000 (368,100), holidays and weekends included. It was mainly web visitors that decreased. The share of orders placed in the apps increased to around 80 per cent (70).

## Avanza's market shares in different age groups



Despite lower trading activity, the number of equity-owning customers and the number of fund customers both increased during the year. In fund savings, the trend towards a higher share of index funds continued. The share of capital in index funds was 44 per cent (40) at the end of the year. Fund capital increased by 27 per cent and the share of fund capital in Avanza's own funds was nearly 36 per cent (33). Interest-bearing savings accounts have also increased in popularity and as of 31 December nearly SEK 70 billion (39) was deposited in interest-bearing savings accounts, including our external savings accounts. Deposits in our own savings account, which was made available to all customers in February, accounted to nearly SEK 27 billion (3) by year-end. Of the total savings capital, liquidity accounted for between 12.6 and 14.8 per cent, which does not differ from where it has been historically.

Private Banking and Pro customers account for just under 2 per cent of the number of customers and just over 40 per cent of the savings capital, as well as over 50 per cent of turnover in commission-generating securities. Together, they account for 26 per cent of brokerage income, which also underscores the importance of the broad customer base even if these customers individually are less active. During the year, the share of income from Private Banking and Pro customers increased slightly due to market conditions. What our Private Banking customers rank highest compared to the competition are our digital services, superior customer experience, competitive prices and sustainable investments. Avanza also has a very high recommendation rate among these customers. Among Pro customers, who are among our most active traders, internal

trades are an especially strong competitive advantage for Avanza and create benefits in order execution.

The number of occupational pension customers was 165,300, an increase of 11 per cent during the year. We mainly target firms that do not have collective agreements. There are also large companies with collective agreements in the customer base that, for example, have signed up for earnings conversions or alternative ITP for their employees. Distribution is handled via Avanza's own sales force or digitally through the platform. Just over 30 per cent of the agreements come through the website, without assistance from a sales representative. Occupational pension capital increased by 27 per cent to SEK 58 billion in 2023. Premium inflow to occupational pensions including net pension transfers amounted to SEK 6.3 billion (5.7) during the year. Growth in the premium inflow decreased in the second half of 2023 due to economic conditions and layoffs primarily in the tech industry.

For more information on our customers and offering, see pages 130–133.

## Continued high ratings from customers in 2023

Our most important long-term target is customer satisfaction and to win the Swedish Quality Index's (SQI) annual award for Sweden's most satisfied savings customers. In December, we received SQI's award in the savings category for the fourteenth year in a row. The 2023 survey shows that the average for the industry as a whole went down compared to 2022. Avanza's rating also dropped, but less than the industry average. The 2023 score was 74.6 (76.3) on a scale of 0 to 100. The driving aspects in the survey are image, expectations, product quality, service and value for money. Avanza received the highest scores in loyalty and product quality.

SQI also measures Net Promoter Score (NPS), which was 33 (44). Scores range from –100 to 100. A score between 0 to 50 is good, and above that extremely good and highly unusual. Avanza's score is the highest in the industry with a wide margin to the industry average of –3 (10).

Avanza ranked as the most reputable company in the financial industry and shared eighth place among the most reputable companies in Sweden in Kantar Sifo's reputation index 2023.

Our customer service was ranked second in the banking category in Brilliant Awards' annual award for best customer service.

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

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# Our targets

Growth is an important element in our business model. Performance on target is therefore measured mainly by customer satisfaction, where our employees play a key role. Our sustainability targets are focused on creating opportunities for a better financial situation for each and everyone and encouraging more sustainable investments.



## Customer satisfaction

With a business model built on growth, customer satisfaction is our most important target. To ensure that we have the most satisfied customers in the industry, our target is to each year win the award for Sweden's most satisfied customers by the Swedish Quality Index. The survey is conducted within the areas: image, expectations, product quality, service, and affordability, ultimately resulting in customer satisfaction and loyalty.



## Engaged employees

Satisfied customers requires engaged employees. This, and a high recommendation rate is also important to keep and attract talent and our annual target is to have an Employee Net Promoter Score of at least 50.



## Long-term value growth

We are convinced that having the most satisfied customers in the industry together with having the most engaged employees is the key to building long-term growth and shareholder value, as well as fulfilling our financial targets of:

- A market share of 10 per cent of the Swedish savings market at the end of 2025
- Annual return on shareholders' equity of at least 35 per cent
- Dividend of 70 per cent of net profit for the year
- Maximum annual costs to savings capital ratio of 12 basis points over time



## Net zero emissions

Avanza has become a signatory to Business ambition for 1.5°C. This means we are committing to setting climate targets that align with the Science Based Targets initiative's (SBTi) 1.5°C and the Paris Agreement. The target will include to halve our emissions by 2030 and reduce our emissions to net zero by 2045 the latest.



## Increase gender equality in savings

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 contribute to changing this.



## 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.

*More on our sustainability targets and our 2023 target fulfillment for these can be found on pages 31–32.*

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# Outcomes 2023

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## Customer satisfaction

### Annual target: Sweden’s most satisfied savers according to Swedish Quality Index (SQI)

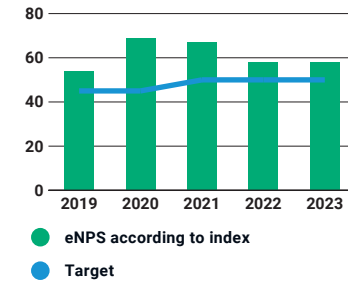
In 2023, Avanza won the award for the 14<sup>th</sup> consecutive year. SQI’s survey showed that average customer satisfaction for the entire industry declined compared to 2022. Avanza’s rating also went down, but less than the industry average and was 74.6 (76.3) on a scale of 0–100.



## Employee engagement

### Annual target: Employee Net Promoter Score of at least 50

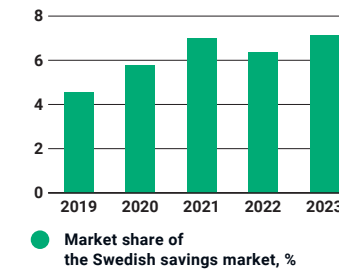
eNPS shows how willing our employees are to recommend Avanza as a place to work. The recommendation rate was measured three times during the year, and the score for 2023 was 58 (58). A result over 40 means the highest score. The target is an indication of our high level of ambition in this area and how seriously we take our employees’ well-being and work situation.



## Long-term value growth

### 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 31 December 2023 was 7.1 per cent (6.4). Since the target was set in the beginning of 2022, market depreciation has adversely affected the market share. Avanza’s share of the net inflow to the Swedish savings market was 22 per cent for 2023, however, to reach the target we will need a strong stock market the following two years, as the majority of the savings capital on Avanza’s platform is invested in equities and funds.



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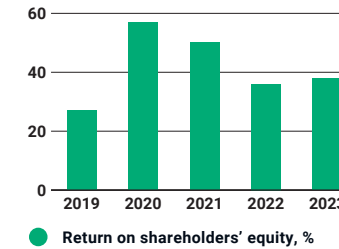


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### Long-term value growth, continuation

#### Annual target: Return on shareholders’ equity of at least 35 per cent

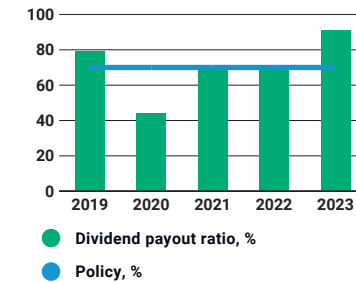
Our return on equity target ensures a continued focus on profitability, and demonstrates the low risk and capital efficient balance sheet. The return on shareholders’ equity was 38 per cent (36) in 2023.



#### Annual target: 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

The proposal for 2023 is a dividend of SEK 11.50 (7.50) per share, corresponding to a dividend ratio of 91 per cent (70).

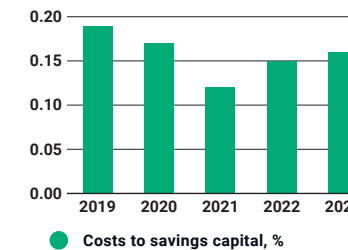
During the autumn, the Swedish SFSA announced the results from its 2023 Supervisory Review and Evaluation Process (SREP) for Avanza. The Pillar 2 guidance (P2G) on the leverage ratio was reduced from 0.9 per cent to 0.5 per cent and the risk-based Pillar 2 requirement (P2R) was raised from 3.6 per cent to 5.7 per cent. As a result, Avanza has to have a total leverage ratio of 3.5 per cent and total risk-based capital of 18.2 per cent. Avanza has a strong capital position with good margins to the regulatory requirements. By year-end, Avanzas leverage ratio for the consolidated situation was 5.0 per cent and the Common Equity Tier 1 ratio was 24.7 per cent, including the proposed dividend.



#### Maximum annual costs to savings capital ratio of 12 basis points over time

High cost effectiveness remains a priority and makes Avanza resilient in various market conditions, while it also provides an important competitive advantage. The target of a maximum of 12 basis points over time was set knowing that in individual years could be impacted by market conditions, which has occurred the past two years. Cost to savings capital ratio was 16 (15) basis points 2023.

The cost increase for 2024 is estimated at 9.5 per cent, where the main part is attributable to inflation affecting both salaries and costs for licenses and information. There will be no personnel increases in 2024 other than in exceptional circumstances. However, investing in and improving the customer offering applies in both good and bad times times.



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# The Swedish savings market

Sweden has a unique savings culture. Nowhere else in the world are mutual funds such a popular form of savings, and about a fourth of the population is invested in stocks. As the social safety net frays, more people are expected to increase their personal savings. In 2023, the importance of savings was further underscored by persistently high inflation, policy rate hikes and weaker Swedish krona.

## A unique savings culture

Since Sweden introduced tax-subsidised fund savings in the late '70s, an almost unique savings culture has built up, and stock investing has become widely popular. When the Public Savings Scheme (Allemanssparande) was launched in 1984, funds truly caught on and new groups began investing. The next big step was in 2012, when the Investment Savings Account (ISK) was launched, making it much easier to invest in equities and giving the stock market another boost. Today, over 70 per cent of the population are owning mutual funds. The share of Swedish individual investors who own stocks is increasing, which is a trend that has been ongoing for several years, and today about a fourth of the Swedish population is owning equities. Interest in stocks is also increasing among women. However, six out of ten shareholders are still men. Young people account for a growing share of ownership, which is also a multi-year trend.<sup>1)</sup>

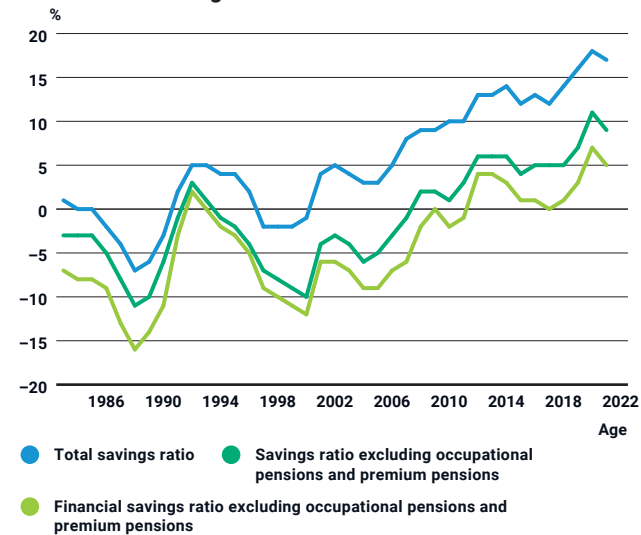
## Market conditions in the savings market

Conditions in the savings market have changed dramatically in recent years. Interest in investing in the stock market was higher than ever during the pandemic years, but as a result of macroeconomic conditions and stock market turbulence, market activity has decreased in the last two years. The global economy demonstrated unexpected resilience early in 2023 but during the year entered a mild recession, which is expected to stretch well into next year. Sweden is a small, open economy and is therefore especially vulnerable to a global slowdown. After having previously maintained an expansionary monetary policy to raise inflation, the focus during the year was on fighting it. Several of the world's central banks, including the Swedish Riksbank, have significantly raised their policy rates

and we have seen monetary stimulus in the form of lower asset purchases by central banks. The Riksbank sold government bonds during the year in an effort to tighten monetary policy. There is also continued uncertainty regarding geopolitical developments, which are holding back the global economy.

Also historically, the savings ratio has declined in connection with economic downturns, which is natural. From an historical perspective, however, the household savings ratio has always recovered.

Households' savings ratio<sup>2)</sup>



## In brief

- There is a strong tradition in Sweden of saving on the stock market – nowhere else in the world are mutual funds such a popular form of savings, and about a fourth of the population is invested in stocks
- Avanza's total market share of the Swedish savings market was 7.1 per cent, which can be compared with the share of the net inflow to the savings market that was 22 per cent in 2023
- Avanza is the largest Swedish participant in stock market transactions and turnover on Nasdaq OMX and First North
- Structural changes resulting in an increased individual responsibility for personal finances creates good growth opportunities for Avanza
- High market shares among young people offers great potential for when they grow older and for future intergenerational wealth transfers
- Few customers leave us, and churn was 0.3 per cent in 2023

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<sup>1)</sup> Statistics Sweden and euroclear.com

<sup>2)</sup> Ekonomifakta.se

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**The savings market and Avanza's position**

The parts of the Swedish savings market where Avanza is active amounted to just over SEK 11,000 billion on 31 December 2023. Households' net inflow to the savings market was SEK 322 billion during 2023, a decrease from SEK 372 billion in the same period in 2022.

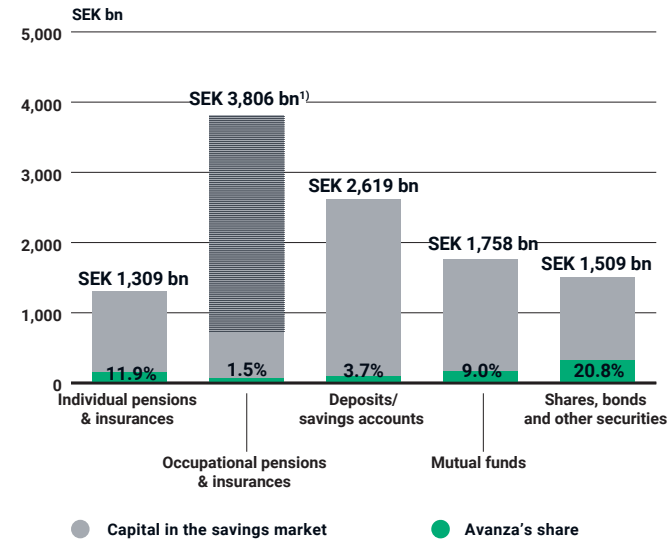
Pension and insurance savings, i.e. the life insurance market, is the single largest segment, accounting for nearly half of the savings market. Of this portion, private pension and insurance savings account for just under SEK 1,310 billion. The occupational pension market can be divided into traditional life insurance and unit-linked insurance and amounts to just under SEK 3,810 billion, of which the portion outside collectively bargained occupational pensions and within which Avanza competes amounts to SEK 728 billion. The premium inflow to this portion of the market was SEK 57 billion, an increase from SEK 53 billion in 2022, reflecting the stability of this portion of the savings market.<sup>1,2)</sup>

Just under 30 per cent of the savings market consists of direct investments in funds and equities. In occupational pension savings and individual pension savings, the largest share also consists of fund and equity investments. This means that 76 per cent of the savings market in Sweden consists of investments in securities.<sup>1)</sup> 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 2021 was 0.90 per cent in Sweden and 1.40 per cent in Europe.<sup>3)</sup> This compares to the volume-weighted average fee of 0.70 that Avanza's customers paid, which today amounts to 0.50 per cent.

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

Avanza's share of the Swedish savings market as of 31 December 2023 was 7.1 per cent, while the share of the net inflow for 2023 was 22 per cent. The net inflow amounted to SEK 72 billion.

**The Swedish savings market**



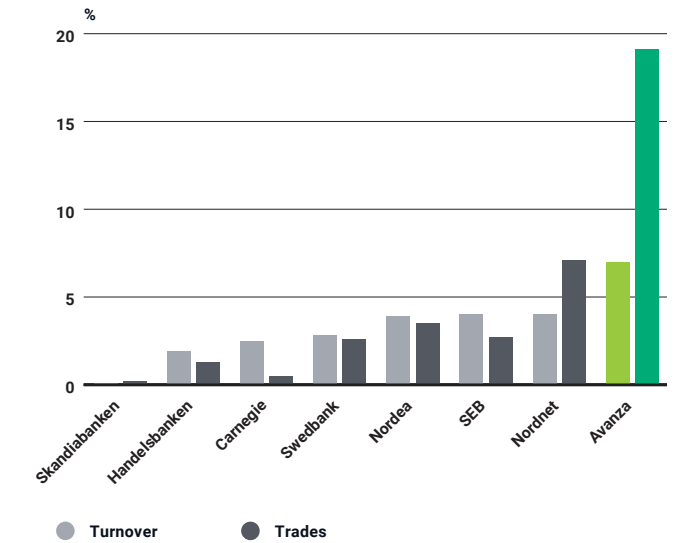
<sup>1)</sup> The occupational pension market can be divided into traditional life and unit-linked insurance. Unit-linked insurance amounts for close to 40 per cent, of which Avanza is active in the portion outside collectively agreed occupational pensions, which at the end of 2022 was valued to nearly SEK 728 billion.

Based on its 1,901,100 customers, Avanza's market share as of 31 December 2023 was 17.5 per cent of Sweden's population. Avanza's market share is strongest in urban areas and among those ages 20–39. In the Stockholm area and among men, for example, it is approximately 45 per cent in these age categories.<sup>4)</sup>

Savings capital on Avanza's platform amounted to SEK 782 billion at year-end, corresponding to an increase of 18 per cent during the year. The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by 19 per cent.

In stock trading, Avanza was the largest player on Nasdaq Stockholm including First North in 2023 in terms of both transactions and turnover. At year-end, Avanza had close to 1.2 million customers who owned stocks.

**Market shares in stock trading among Swedish firms 2023**



<sup>1)</sup> Statistics from the Savings barometer and Insurance Sweden as of 31 December 2023

<sup>2)</sup> Based on figures from Insurance Sweden as of 31 December 2022

<sup>3)</sup> Swedish Investment Fund Association, www.fondbolagen.se and AMF Fees in the fund market 2021

<sup>4)</sup> Statistics Sweden

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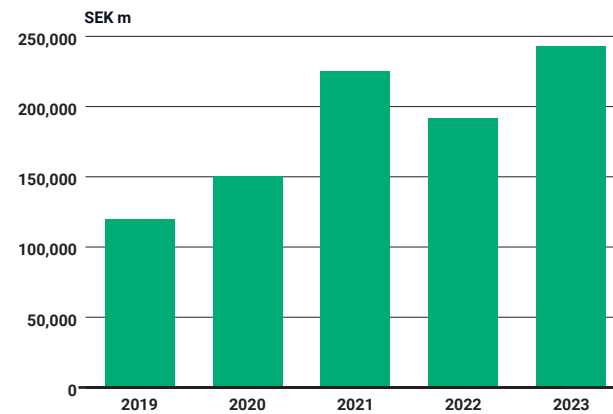
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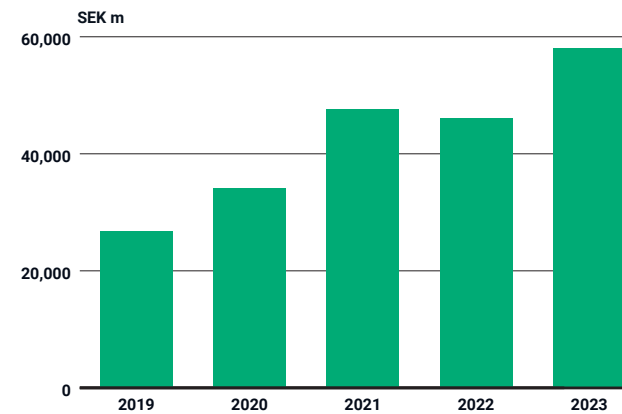
Fund capital on the platform was SEK 243 billion at year-end with a net inflow of nearly SEK 24 billion during the year. In the fund market as a whole, excluding the premium pension market, net inflow totalled SEK 67 billion<sup>1)</sup>, giving Avanza a market share of 35 per cent. Of the fund capital on Avanza's platform, close to 36 per cent (33) was invested in Avanza's own funds. Avanza Fonders' share of the net inflow to funds was 15 per cent (34), compared to its total market share of 1.5 per cent<sup>1)</sup>, including the premium pension market.

**Development in fund capital with Avanza**



With respect to premium inflows to the competitive pension and life insurance market, including endowment insurance, Avanza's share of the premium inflow for 2023 was 9.2 per cent. Occupational pension capital invested with Avanza increased by 27 per cent during the year to SEK 58 billion at year-end. The market share of the premium inflow to non-collective occupational pensions was 8.5 per cent for the year, compared to the total market share of 6.3 per cent as of 31 December 2022.<sup>2)</sup>

**Development in occupational pension capital with Avanza**



**The Swedish mortgage market**

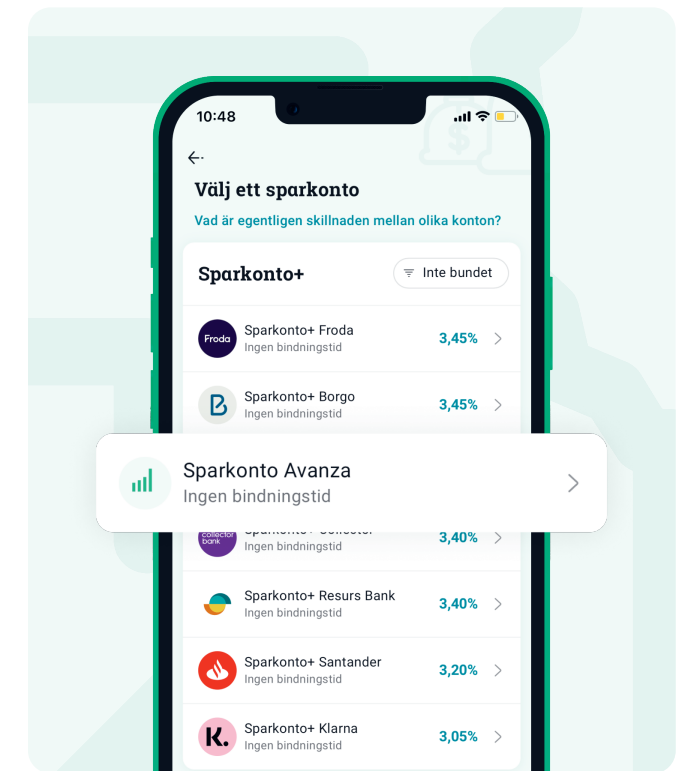
Mortgage lending to Swedish households as of 31 December amounted to just over SEK 4,070 billion (SEK 4,050 billion). Growth in the mortgage market was low during the year, impacted by rising policy rates and increased amortisations.<sup>3)</sup> The market is dominated by the four major banks, but competition from new mortgage lenders has grown in recent years. In the first nine months of 2023, the average margin on mortgages with a three-month interest rate duration was 0.50, compared to 1.10 for the full-year 2022.<sup>4)</sup>

**Avanza's position in the mortgage market**

Avanza has since 2013 offered mortgages on a small scale to Private Banking customers on its own balance sheet. To qualify for the mortgage SEK 3 million in savings capital with Avanza is required 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 offering, where we distribute other lenders' products via Avanza's platform. To date, mortgages are offered

from two lenders. In 2023, the offering was expanded to include mortgages for agricultural property. For a comprehensive mortgage offering to Avanza's customers, loan to value ratios would have to be expanded to up to 85 per cent.

Total mortgage volume amounted to SEK 32 billion at year-end, of which SEK 11 billion related to internally financed lending. This produced a market share of 0.8 per cent. For the net change in lending, the market share was -12.5 per cent (3.4) in 2023.<sup>3)</sup>



1) The Swedish Investment Fund Association  
 2) Insurance Sweden as of 31 December 2022 and 31 December 2023  
 3) Statistics Sweden, 31 December 2023  
 4) Banks' margins on mortgages, Fi.se, refers to 14 November 2023

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## Growth opportunities and risks for Avanza in the Swedish savings market

### ***A strong savings tradition, but uncertain market climate***

In 2022, market sentiment changed significantly after many years of bullishness and strong interest. The total value of privately owned stocks decreased for the first time since 2018 – by 27.5 per cent. Despite the notable decline in value the number of shareholders in Sweden increased<sup>1)</sup>, which is a testament to the well-established savings culture we have in Sweden. The stock market began 2023 by rising before later tailing off, and sentiment during the year can best be described as cautious. At the end of the year, the stock market recovered after some macroeconomic rays of hope. In the short term, there is a risk that a negative or uncertain market climate, coupled with inflation and higher interest rates, could take a heavy toll on individual investors. There is also a risk that this could discourage investing in the stock market, however, we have not seen this happen although activity has been slowing down.

### ***Reduced savings capacity***

Despite that inflation in Sweden fell during the year, it is still above target, and the risk that it will not fall quickly enough and that it will take time before it stabilises still persists. This means that it could take time before the Riksbank cuts the policy rate, which is at the highest level since 2008. Taken together, this is having a big impact on households, who during the year saw real wages decline, mortgage rates rise quickly, a weaker Swedish krona and generally higher costs. As a result, consumer purchasing power and the ability to save have deteriorated. At the same time, individuals are having to take on greater responsibility for their personal finances as the social safety net in Sweden frays.

Sweden also has a high share of mortgage borrowers with variable rates compared to other countries. Nearly 65 per cent of households in Sweden own their home and nearly 80 per cent of them have a mortgage. Indebtedness among Swedish households increased steadily from the mid-1990s to the peak in 2021. In 2022, the debt ratio decreased slightly as a result of lower loan demand due to higher mortgage rates, but from an international perspective the debt ratio remains at a high level.<sup>2)</sup> This means that Swedish households are especially sensitive to policy rate hikes.

That households adjust their spending to current economic conditions is positive, and it is natural that the savings ratio goes down

in connection with a recession. However, if the new savings pattern continues in the long term, there is a risk that it could hurt the financial sector. From a historical perspective, however, households' savings ratio has always recovered.

### ***Increased geopolitical concerns***

We are still in a troubling geopolitical situation, where 2024 is predicted to be another year of geopolitical risks. There are still no signs that the war in Ukraine is nearing an end; on the contrary, we can expect more human suffering and further sanctions and actions taken against Russia that will adversely affect the global economy. At the same time, we are seeing a concerning situation brewing around China, where the threat of a Chinese invasion of Taiwan persists. China's economy is significantly larger than Russia's and more important to global manufacturing chains, with a greater impact on supply chains and the global economy and the risk of a more protracted slowdown and stock sell-off. Furthermore, there is a risk of a new global shipping crisis due to events around the Suez Canal as well as delays in container ship traffic through the Panama Canal caused by severe drought. In 2024, there will also be a presidential election in the U.S., which will be critical to geopolitics in coming years.

In Sweden, in addition to the difficult economic conditions and weak krona, we were affected during the year by increased gang violence and Koran burnings, with a more fraught security situation and delayed NATO ascension as a result. Sweden essentially has a strong economy with robust government finances, as well as households who understand the importance of continuously saving and who pay their interest expenses. We also have a strong labour market with a wide array of well-managed companies and a strong tradition of innovation. In spite of this, there is a risk that gang violence will affect Sweden's reputation internationally, which in turn could impact the Swedish capital market.

### ***Greater individual responsibility for personal finances***

For some time, we have been shifting toward a society where individuals are expected to take on greater responsibility for their financial well-being. Everyone needs a buffer for unexpected events, in addition to which savings are needed for every stage of life, from a down payment for a first home to a pension to live on.

The gaps in the pension system are large and the level of compensation paid out by the public pension scheme is likely to decline

significantly in the coming decades, partly due to slowing global growth, but mainly as average life expectancy increases. According to a report from the online service Min Pension, future pensioners are expected to receive just under 58 per cent of their salary, assuming that everyone begins collecting their pension at age 65. For younger age groups, the figure is even lower, just under 52 per cent for those born in the 80's. For the individual, this means either delaying retirement or offsetting for the difference through personal savings. There is a great need for private pension savings, and it is expected to remain that way as long as the pension system is designed according to today's model.

Public awareness about pension savings is low in some places, and there is a risk that many people start thinking and making active choices about their pension far too late in life. Current market conditions, where households are otherwise preoccupied, make it even harder to build engagement and interest in saving for retirement. This can in the short term pose a risk to the growth of Avanza's pension business. In addition, large insurance companies and insurance brokers have been claiming for many years that pensions are complex products that require advice, which could further suppress the transfer market. At the same time, a large share of the pension capital outside the major collective agreements is charged with high fees in the form of percentage fees and high fund fees.

Another example that shows the importance of personal savings is the structure of the housing market, where nearly 80 per cent of homeowners have a mortgage. To mitigate the risks that come with a high debt level, both for the individual household and society as a whole, there is a mortgage ceiling and amortisation requirement. Those that want to buy a home have to save more to afford the down payment. This is especially true of first-time buyers. With rising mortgage rates, inflation and real wage cuts, the incentive to save for a home increases.

### ***Increased savings among women***

The wage gap between men and women persists. In 2022, women were paid an average of 90 per cent of what men earned, which creates lifelong economic disparities. Among new pensioners, women with an average income received 78 per cent of their previous salary from their public pension and occupational pension, while men in the same category received 84 per cent<sup>3)</sup>.

In addition, there is a big savings gap between men and women, further accentuating the differences in lifetime incomes. For one

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<sup>1)</sup> Euroclear as of 9 March 2023

<sup>2)</sup> Statistics from Swedish Bankers as of 30 September 2023

<sup>3)</sup> The Swedish Pension Agency as of 9 May 2023

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thing, women save a smaller share of their salary compared to men, and for another they put more of their money into savings accounts. A report from the Swedish FSA released in June 2023 also found that women have lower financial confidence than men. Financial confidence does not have to correlate with actual knowledge, but the risk is that women get stuck in low-growth savings accounts relative to the stock market over the long term.

At the same time, we are seeing the number of female shareholders grow from year to year, according to Euroclear, and in 2023 the number of female shareholders increased more than the number of male shareholders. At Avanza, the share of women in the customer base is increasing and among new customers 2023, 44 per cent (42) were women.

### **New tax conditions for ISK and endowment insurance**

Since its introduction in 2012, ISK has quickly become the most popular form of investment account for equities and funds. The introduction of these accounts has simplified investing in the stock market and reduced barriers to entry. They are designed to facilitate tax reporting and, due to the low interest rates in recent years, have been beneficial from a tax perspective for many. The tax is based on the total account value as well as deposits and is affected by the government borrowing rate. Policy rate hikes have resulted in a rising government borrowing rate, which in turn more than doubled the tax on ISK in 2023 to 0.882 per cent from 0.375 per cent. For 2024 the tax will further increase to 1.086 per cent, the highest tax since the account type was introduced. In the short term, this could scare off new stock investors, and the debate on the taxation of these accounts has been lively in recent years. In late 2023, the government presented a proposal on a tax-exempt basic level of SEK 300,000 for ISK and endowment insurance, which would further reduce the barriers to begin investing in the stock market and is expected to have a positive impact on savings. It is still uncertain, however, when the proposal will be approved and implemented.

### **A more agile occupational pension market**

The government has for several years tried to make the transfer market in Sweden more efficient, which has been done by expanding transfer rights and limiting the fees charged on occupational pension transfers. At the same time, the complex and administratively time-consuming transfer process has not changed and more work is needed to create a well-functioning, freer pension market. In september 2023, the Swedish FSA presented its analysis of how the

transfer market in Sweden works according to the insurance companies themselves. In the report, the FSA encourages the industry to self-regulate by approving digital signatures and also mentions the practical challenges to transferring occupational pension policies from previous employers, since it requires their consent.

Avanza advocates that policyholders themselves should be free to decide what to do with their occupational pensions once their employment ends and the insurance has vested. Around 25 per cent of all transfer requests to Avanza are stopped because the previous employer did not give their consent. A new law abolishing the requirement that the previous employer sign off and that gives the individual an opportunity to sign with BankID would greatly simplify the transfer process. Such a legal change presumably would have a positive impact on Avanza's net transfer flows.

### **Intergenerational wealth transfers**

The big generation born in the 1940s and '50s has built up tremendous wealth and today owns a large share of total savings capital. Within a few years there will be a major transfer of wealth from older to younger generations in several countries, including Sweden. Young generations who have learned about and become interested in the savings market early in life have good opportunities to grow those savings over time. This is positive for Avanza and for the future development of the capital markets.

### **Digitisation creates new opportunities with increased transparency and stronger consumer protection**

The major banks still dominate the Swedish financial market, which to a large extent is distinguished by digitisation, where most people manage their banking and savings digitally. Digitisation is leading to a more agile financial market with a wider range of competitively priced products and services, as well as higher demands on the user experience. The EU has been working for many years to strengthen the European capital markets and to harmonise and clarify regulations.

In June 2023, the Financial data access and payments package was announced. The hope is that it will make it even easier for consumers to compare different financial products and switch to new suppliers. Within the Capital Markets Union, work is also underway to support a green, digital and inclusive financial market, so that financing will be more available to companies within the EU; to make it easier for European consumers to save and invest safely and for the long term; and to integrate the European capital markets. In

line with the EU strategy to protect non-professional investors, the Retail Investment Strategy (RIS), there are proposals banning commissions on all administrative services where there is no advice, as well as price regulation, i.e. how financial firms charge for their products and how much. Thus far, it is only a proposal, which has to be negotiated within the EU and adopted into Swedish law – if it gets that far. Intensive lobbying is underway in Sweden and internationally, where many are critical to the proposal – especially a partial ban and the EU benchmarks for costs and fees. There has also been a critical counterproposal from the EU parliament.

Opportunities for further digitisation to benefit customers will improve. For Avanza, the interests of customers come first. We have always advocated low fees and a long-term approach and avoided commission-driven advice, instead developing tools on the platform to help customers save based on their personal needs. Avanza is well-positioned with respect to the rules on consumer protection and transparency on commissions and independent advice. With regard to the RIS, Avanza sees the proposal as regrettable and not in the best interest of savers. Since Avanza does not offer advice, such a ban would primarily affect the external fund business and Avanza Markets. If the proposal does pass, Avanza has concrete plans to adapt the business model.

### **Rapid development of AI**

2023 saw major technological progress in AI with several launches of new generative AI services. This is expected to lead to major changes in society, including in the financial sector, where the new technology creates opportunities for innovation and efficiencies. AI could change the economy as a whole, and in particular how investments in the financial market are managed, where the potential for automated asset management is being discussed.

For Avanza, which has a large customer base and many years of data on customer behaviour, there are major opportunities to utilise the new technology to better understand customers and further improve the offering. There is tremendous potential for a more personalised offering and better risk assessment, but also better monitoring of transactions and automation of manual processes. While the opportunities are great, the technology has to be used cautiously to ensure a stable and safe banking world. Robust safety protocols, primarily transparent decision-making and taking responsibility for the technology's consequences is crucial for the banking industry to responsibly balance innovative development with risk management.

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### **Increased competition in the savings market**

Macroeconomic conditions, as well as insight on the potential for personal savings together with the bullish stock market during the pandemic years and strong interest in investing, have led to increased competition, particularly as regards active traders with a high net worth. Internationally, we are also seeing a trend where firms with different business models are waiving commissions but offering stripped-down functionality. Their profitability instead comes from foreign exchange, account fees or selling order flows. Fund savings also stand out as an area where competition has grown in Sweden from firms that offer either robo-advisors or fund marketplaces with lower fund fees, where the customer instead pays a platform fee. Many of these business models are now being stress tested as conditions change. At the same time, competition is also increasing from insurance brokers in the occupational pension market, which offer companies efficient administration and pension savers advice.

Depending on how many of them gain a foothold in the market, it could eventually put Avanza's growth rate at risk. Many of these firms are dependent on venture capital, however, and the current market environment could affect their opportunities for financing. Competition in the market requires Avanza to further improve its offering in order to maintain a leading position, and so far, we have not yet noticed competition.

### **The financial industry's role in achieving the Sustainable Development Goals**

2023 will go down in history as the warmest year ever and sea surface temperatures around the world have also broken all records. In addition, there has been an alarming loss of biodiversity and a recent scientific analysis shows that six out of the nine planetary boundaries have been crossed. Quite simply, the planet is a sick patient and the science shows that we primarily have to phase out fossil fuels, but also transition to a more circular, resource-efficient economy.

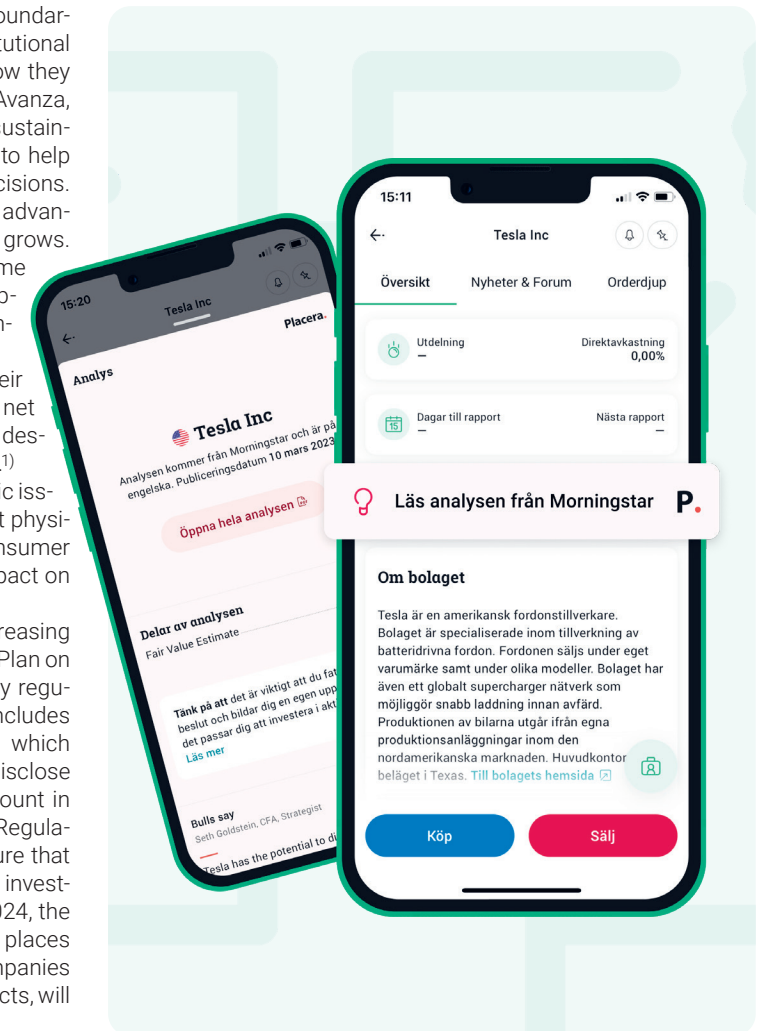
The financial industry, with its ability to steer capital to sustainable economic activities, has a key role to play in the transition to

a sustainable economy that stays within the planetary boundaries. Sustainability issues have long been a priority for institutional investors, but for every year that passes we are seeing how they are also growing in importance for individual investors. For Avanza, it is important to live up to this and have a platform with sustainable products in each area, as well as extensive support to help customers integrate ESG aspects in their investment decisions. This is becoming an increasingly important competitive advantage as demand for sustainable savings products steadily grows. In 2023, 37 per cent of fund investors stated that they at some point have chosen a fund because it takes a sustainable approach, up from 27 per cent in 2017. Another example of demand for sustainable savings products is how capital flowed during the year to funds with sustainable investments as their objective, so-called dark green Article 9 funds; 8 per cent of net inflow in the Swedish fund market has gone to these funds, despite that they account for only 3 per cent of the total market.<sup>1)</sup>

ESG screening your savings is also an important economic issue when corporate profits are being affected by significant physical climate impacts, stricter regulations and changing consumer behaviours. This will, in all likelihood, have a long-term impact on the companies and their share prices.

Continuously improving our sustainability offering and increasing transparency on the platform also align with the EU Action Plan on Financing Sustainable Growth and the many sustainability regulations that have been implemented in recent years. This includes the Sustainable Finance Disclosure Regulation (SFDR), which took effect in 2021 and regulates how financial players disclose which sustainability aspects and risks are taken into account in their investment decisions. Furthermore, the Taxonomy Regulation, which partly took effect on 1 January 2022, will ensure that the financial sector eventually provides clarity on which investments can be called environmentally sustainable. As of 2024, the Corporate Sustainability Reporting Directive (CSRD), which places significantly higher and more extensive demands on companies to disclose sustainability information and governance impacts, will eventually affect around 50,000 companies in Europe.

<sup>1)</sup> The Swedish Investment Fund Association



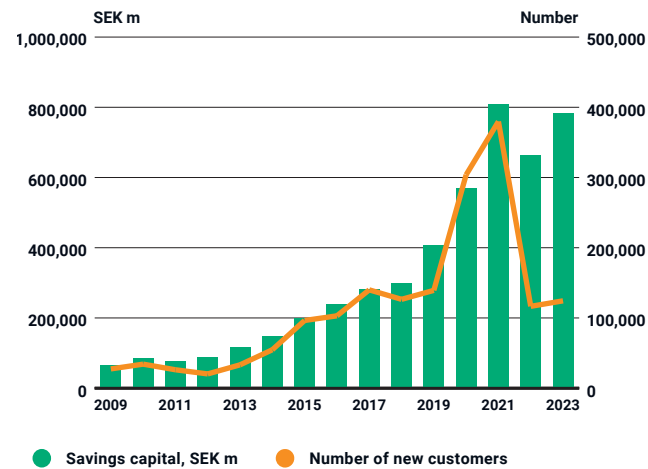
# Avanza is an investment in growth and scalability

Everyone in Sweden with a bank account who understands the importance of savings is a potential Avanza customer. Despite a challenging year, with macroeconomic conditions remaining tough, Avanza added 124,400 new customers and over SEK 72 billion in net inflow.

Avanza's focus is maintaining a strategy of cheaper, better and simpler offerings with an emphasis on savings and investments. We want to be close to our customers and create an engaging user experience with smart and proactive tools that help them to manage their finances. Here our culture and strong customer focus are critical to our success.

More customers and higher savings capital are driving income and creating shareholder value. In 2023, 124,400 new customers were added and the net inflow amounted to SEK 72.3 billion.

## Savings capital and new customers



Avanza's target is a 10 per cent share of the Swedish savings market by the end of 2025, which compares to the total market share of 7.1 per cent as of year-end. The market share target was set at the beginning of 2022, and since then macroeconomic conditions and the stock market have deteriorated. A market downturn and declin-

ing stock valuations affect Avanza to a greater degree than many others in the Swedish savings market, and in light of the subdued market conditions, the target will be challenging to reach unless the outlook quickly improves. We need a strong stock market in the next two years. It should be noted, however, that Avanza captured 22 per cent of the total net inflow to the savings market in 2023, which nonetheless strengthens our chances of reaching the target.

## Market conditions affect income

Avanza's income is greatly affected by market conditions, customers' trading activity, the interest rate environment and changes in deposit and lending volumes. A strong stock market and high volatility tend to increase the risk willingness of customers and their activity, while a more uncertain or declining market has the opposite effect. High volatility combined with uncertainty can at the same time make customers more cautious and reduce activity. Sensitivity in the event of a decline in savings capital caused by a market downturn is difficult to assess, since income is in part dependent to how customers choose to invest their savings capital. There is a strong correlation between savings capital and income, and the brokerage portion of Avanza's income will always be volatile and raise Avanza's profit when market conditions are favourable.

Periods of higher or rising interest rates affect Avanza's net interest income positively, which we saw in the last two years, at the same time that securities trading activity has slowed down. Declining market rates squeeze net interest income but create good opportunities to increase income from securities trading, since the stock market becomes more attractive as an investment alternative. All else being equal, without accounting for volume changes, changes in customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point policy rate cut or hike would affect full-year net interest income by between SEK -210 million and SEK 650 million. The calculation is based on volumes and interest rates at the end of the year and only measures the sen-

sitivity in net interest income. On the upside, we have absorbed the entire increase without passing any of it along to customers, which would be unlikely, and on the downside interest rates have fallen on both deposits and lending.

## Structural trends and changes that benefit the savings market and Avanza

The growing degree of digitisation, the intention behind existing and future regulations, and the structural changes occurring in society likely benefit Avanza more than many other firms. Avanza is agile with a scalable business model that can easily be adapted to help customers build sound saving habits regardless of market conditions.

The ambition is that our offering will attract broad target groups: experienced and established savers as well as new ones. Regardless of their background or interest, Avanza is a natural platform for anyone who wants to save, and we are working to give all savers the right tools to make their own well-informed investment decisions. A world-class user experience and a continuously improving and expanding offering also help to convince our existing customers to move a larger share of their savings to Avanza. Everyone in Sweden with a bank account and who understands the importance of savings is a potential Avanza customer.

## Strong growth among young savers and low churn

We have attracted a large share of young customers in the last ten years. While they generally have fewer 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 offerings and good reasons for them to stay with Avanza. This is especially true when it comes to wealth transfers from older to younger generations. Churn was 0.3 per cent in 2023, which shows that very few customers are leaving us.

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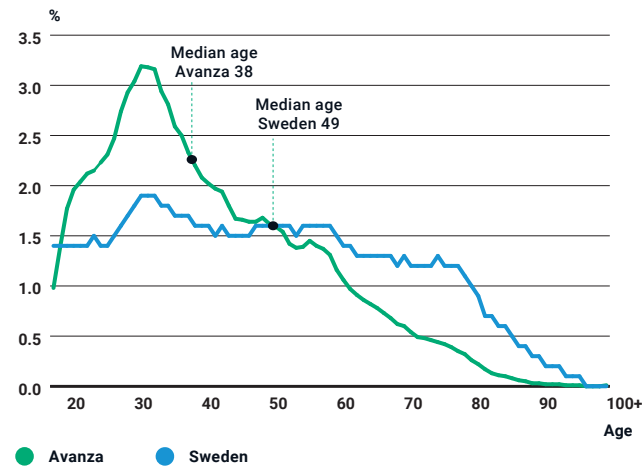
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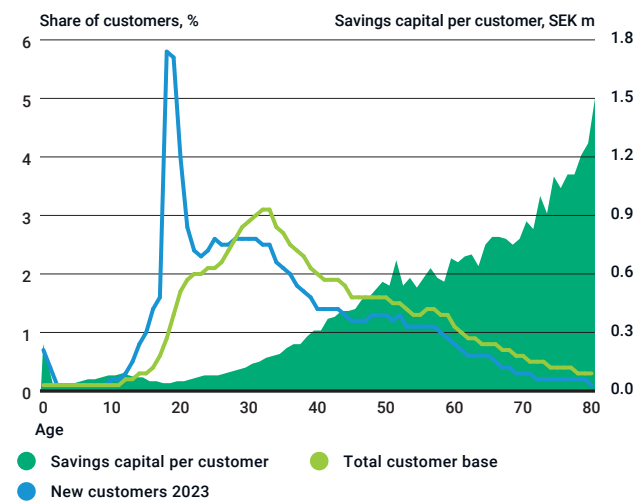
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**Age distribution among Sweden's population and Avanza's customers**



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 opportunities to grow their savings over time.

**Savings capital grow by age**



<sup>1)</sup> Euroclear, 9 March 2023

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

Deteriorating welfare systems and the increased need in recent years for personal savings to buy a home or afford a decent pension are important growth drivers. Today's difficult macroeconomic conditions have clearly demonstrated the need for a savings buffer to cope with unforeseen events.

**Growing interest in savings**

There is a strong tradition investing in stocks and funds in Sweden, and at the same time, interest in savings is increasing, which benefits Avanza. A broader customer base is expected to generate higher growth, mainly in fund savings, which is likely to raise the share of recurring income and reduce income volatility over time. At the same time, the number of equity owners in Sweden also continues to increase and reached around 2.7 million at year-end 2022<sup>1)</sup>. Avanza had 1.2 million equity owning customers as of 31 december 2023, meaning there is still good potential to grow in stock trading.

**Strong pension offering**

Quality of life in retirement depends to a large extent on investment choices made today. Low fees combined with a solid return on investment are critical to how high an occupational pension will eventually be. Since the start, Avanza has offered no-fee occupational pension savings which has helped to bring down fees across the industry. We also have good analysis tools to help with diversification and cost analysis. A big push is still needed in communication and education to increase awareness in the general population. Here, Avanza's savings spokespersons, our education channels in the form of blogs and podcasts, and simple tools play an important role. Avanza is still a relatively small player in non-collectively agreed occupational pensions.

Pension transfer rights have improved in recent years, but there is still plenty of room to further simplify the administration of pension transfers in the industry, as the Swedish FSA also stated in its analysis of the transfer market conducted in 2023. Avanza continues to work to get these changes enacted. Here, new technology enables more tools and services to be developed. One example is the Pension Chase, which was launched in 2022 and further improved during the year. The service helps customers to see what they pay in fees to other companies and makes it easy for them to consolidate their pensions with Avanza. The majority of pension transfers to Avanza today are through the Pension Chase.

The pension business also has more stable earnings and net inflow than other areas, since companies pay occupational pensions to their employees regardless of market conditions, although

the growth of the pension premiums can still be affected by personnel cuts. Within occupational pensions, fund savings account for close to 80 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 9 per cent of our customer base consists of occupational pension customers, which we see as further growth potential.

**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. Contributing to greater gender equality in savings is important throughout Avanza, and we work actively to reach broader target groups and encourage women to save. For more information on these activities, see page 38.

**Digitisation and technology are creating opportunities for a world-class user experience**

Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competitors enter the savings market. Also, our cost leadership and sustainable business model give us a strong starting point. Scalability and cost control are essential to both customer value and shareholder value. We have a wide range of around 80,000 investment opportunities. With increasing digitisation, however, the user experience is just as important as product range and price. The number of daily average active users on the platform was approximately 361,000 in 2023, holidays and weekends included.

As Sweden's largest platform for savings and investments, we also have a solid database and extensive expertise in personal savings, a competitive advantage when we drive development forward. This helps us to stay relevant and create personalised services, while also creating exciting opportunities in AI, that is based on access to data.

Avanza has a strong presence in social media and a highly engaged customer base that provides us with feedback and ideas on new products, which helps us to develop what they want.

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 that allows for simultaneous development in all channels, we have time-to-market

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and innovation capabilities that are hard to beat, and which also attract talent. Our modern tech-stack also gives us an extremely responsive customer experience and a platform packed with real-time data.

### **Avanza's distribution capabilities create opportunities for interesting collaborations**

Our large customer base and strong brand provide an attractive platform for interesting collaborations that can strengthen the offering and Avanza's user experience. 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 come with continued digitisation from both a business model perspective and a customer experience perspective. Avanza's platform also provides a strong foundation for cost-effective ownership diversification for companies, while our customers gain access to investment opportunities that otherwise are available only to institutions and a limited number of individuals. Outside collaborations will continue if they strengthen our offering and align with what customers want.

### **We contribute to the redistribution of capital by facilitating and encouraging sustainable choices**

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

New regulations which have partly entered into force and will be further developed in the coming years set the standards for disclosure of sustainability information, which will improve the tools and information on Avanza's platform.

### **Focus from investors in 2023**

- **Market conditions and what we are doing to maintain customer activity.** Customer activity is a reflection of overall market conditions as well as volatility and turnover on the stock market. The best thing we can do for our customers is to develop effective tools and support them no matter how the market is performing. We take a long-term approach to the relationship with our customers and do not pressure them to trade. Our ambition is to contribute to longevity and continued high customer satisfaction. Creating good tools for our most active customers is a prioritised area in 2024.
- **Customer behaviours in the changing market as well as differences between new and old customers.** Inflation and interest rate hikes have affected how much households can save, but we continue to encourage them and make it easier to main-

tain good saving habits. Our net inflows during the year show that our customers prioritise saving even in difficult times. If we compare new customers from year to year, we do not see any major differences in terms of savings or activity. In more negative and uncertain market conditions, we have historically seen a lower net inflow from those who have been customers longer and already have liquidity on the platform. In 2023, however, we saw the opposite trend with a majority of net inflows coming from existing customers. That we now offer an attractive interest-bearing savings account is considered an important reason for this. Few of the new customers that come to us do so solely for the savings account. By far, the majority also have savings in another type of account. The share of deposits in relation to total savings capital was stable during the year.

- **Avanza's liquidity risk due to the unrest in the U.S. during the spring.** We have always been keen on maintaining low risk in the balance sheet and surplus liquidity is primarily invested in covered bonds as well as with the Riksbank and systemically important Nordic credit institutions. The bonds have an interest term of maximum three months. Deposits are also spread across a very large number of customers, further reducing liquidity risk. We did not see any change in customer behaviour in connection with the banking crisis in the U.S., and deposits from the public historically have proven sticky. During the last financial crisis, when many large banks experienced withdrawals, Avanza instead was seen as a safe harbour. When the market is turbulent, it is also common for customers to sell securities and for liquidity to increase. We continuously conduct stress tests based on historical data in order to satisfy customers' withdrawals, and liquidity risk is considered limited. We have a conservative risk appetite with a solid margin relative to the regulatory requirement.
- **Growth potential in Sweden and potential expansion of the product offering.** With a 7.1 per cent share of the savings market, there is still growth potential in Sweden. Avanza's main focus is and will remain savings and investments, and we always explore opportunities that we think could be the keys to unlocking customers' savings capital from other banks. Developing our mortgage offering is one example where we currently do not have a solution for those with a loan to value ratio above 75 per cent. Salary accounts, cards and payments is another area that has been discussed over the years, but where we have not found a way to do so cheaper, better and simpler than others. We value keeping a simple balance sheet with low risk and have a long-term return on equity target of at least 35 per cent to live up to. Current accounts come with large obligations and risks in terms of money laundering and require round-the-clock customer service.

- **When will Avanza expand outside Sweden?** Our focus is the Swedish market, where growth potential remains high. That said, we still have an opportunistic view should opportunities arise. In the event of an international expansion, we cannot neglect the importance of a strong, recognised brand to attract customers and their savings, and the fact that savings culture, regulatory contexts and tax structures differ by market.
- **The pension business and whether we couldn't grow faster with the help of brokers.** We currently collaborate with a few brokers that are not paid commissions and would be happy to add more collaborations where commissions do not factor into the choice of insurance company and the customer instead is recommended the insurance company that best meets their needs. The disadvantage of expanding distribution through brokers is that we do not have a direct dialogue with the customer and that we would have to pay commissions to the brokers, which makes our fee structure, without insurance-related fees and with the possibility of 0 per cent fund fees, challenging.
- **Why hasn't Avanza come further in the cloud and what does the future look like?** This is a purposeful choice we have made, since the work that has been required has not matched the benefit it would provide. We are gradually transitioning and have reached a high level of maturity with over 85 per cent of our systems in cloud-ready technology. Our cloud-based data platform is being used successfully in a growing number of applications such as analysis, business intelligence, reporting, third-party integrations and critical workflows.
- **What kind of areas of application do we see with AI going forward?** The only limit is our imagination. There is a great deal we can do in terms of internal efficiency, but also when it comes to the customer offering, information to customers and personalisation. Here, our solid database and savings expertise are important sources that creates competitive advantages.
- **What are we doing to improve stability?** Stability is a hygiene factor and we are investing in further stability-enhancing measures in 2024. This means a partial reallocation of resources but not a major increase in costs. The strategy is to continuously modernise and upgrade our systems to keep them up-to-date and in this way avoid building technical debt, which would require extraordinary one-time investments. We therefore do not have any major tech investments planned, either. Continuous technological progress is an important part of our culture.
- **Whether we would consider issuing AT1 capital.** Yes, this is something we are looking at as an alternative to more efficiently manage capital, but where we have not felt that market conditions have been right yet.

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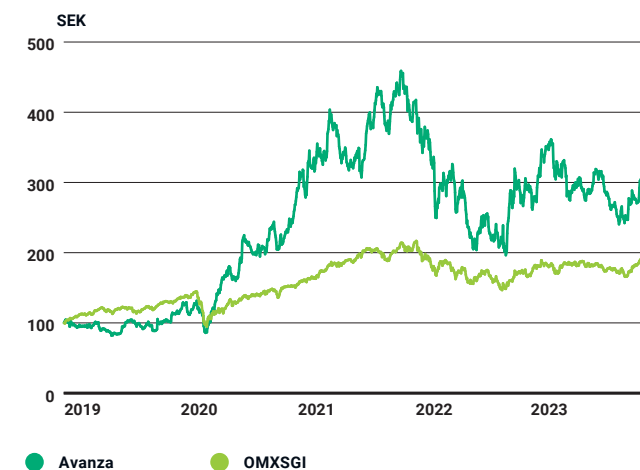
### Share information

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 total, the average turnover was 1,288,425 Avanza shares per day, equivalent to a volume of 288,950,025. In 2023, Avanza's share price rose by 4.4 per cent to SEK 233.50. Including the dividend paid, the total return on the Avanza share was 7.7 per cent for the year.<sup>1)</sup>

### Decreased share of foreign ownership

At the end of the year, Avanza had 83,174 shareholders. The ten largest registered owners accounted for 58 per cent of the total number of shares and votes. After Russia's invasion of Ukraine in 2022, the share of foreign owners dropped significantly. Also this year, it decreased some and amounted at year-end to 31 (33) per cent. Foreign ownership was highest in the UK at 14 per cent.<sup>1)</sup> Avanza did not own any repurchased shares as of 31 December 2023.

### The share's total return relative to index



<sup>1)</sup> Source: Modular Finance. For definitions see pages 134–135.

### 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 3,600,000 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 for the employee of losing money if the company and the share do not perform well enough. For more information on the outstanding programmes, see page 60 and Note 28 Equity.

### The board of Directors proposes a dividend higher than the dividend policy

The dividend policy stipulates a dividend of 70 per cent of profit for the year, but in light of Avanza's strong capitalisation and solid margins to the capital requirements, the Board of Directors is proposing a dividend of SEK 11.50 (7.50) per share, corresponding to a dividend ratio of 91 (70) per cent of profit for the year. This ensures a continued very good buffer. During the autumn, the Swedish FSA announced the results from its 2023 Supervisory Review and Evaluation Process (SREP) for Avanza. The Pillar 2 guidance (P2G) on the leverage ratio was reduced from 0.9 per cent to 0.5 per cent and the risk-based Pillar 2 requirement (P2R) was raised from 3.6 per cent to 5.7 per cent. As a result, Avanza has to have a total leverage ratio of 3.5 per cent and total risk-based capital of 18.2 per cent. The decision means that the risk-based capital requirement could determine Avanza's capitalisation, although the leverage ratio is a more sensitive measure of deposit fluctuations. As of 31 December, Avanza's leverage ratio for the consolidated situation was 5.0 per cent, including the proposed dividend. This means that deposits can increase by SEK 31 billion without risking to fall short of the requirement of 3.5 per cent. Avanza's capital structure is continuously evaluated from a capital efficiency perspective in part to identify opportunities to issue Additional Tier 1 capital if market conditions improve. See also the Board of Directors' statement on the allocation of profits proposal on page 119.

Share data	31-12-2023
Share capital, SEK	78,618,474.50
No. of outstanding shares	157,236,949
Quotient value, SEK	0.50
Market cap, MSEK	36,715
Share price, SEK	233.50
Highest closing price (03-03-2023), SEK	280.40
Lowest closing price (03-10-2023), SEK	182.20
P/E multiple	18
Dividend yield, %	4.92
Turnover rate, %	206
Earnings per share before dilution, SEK	12.64
Earnings per share after dilution, SEK	12.64
Shareholders' equity per share before dilution, SEK	37.09
Proposed dividend per share, SEK	11.50
No. of outstanding warrants	3,600,000

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## Change in share capital

Year	Change	Change in number of shares	Total number of shares	Changes in sharecapital, SEK	Total sharecapital, 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
2022	New issue	1,047,269	156,619,027	523,634.50	78,309,513.50
2023	New issue	617,922	157,236,949	309,061	78,618,474.50

The ten largest shareholders, 31-12-2023<sup>1)</sup>

	Country	No. of shares	Share of capital and votes, %
Sven Hagströmer (incl family and company)	Sweden	15,960,000	10.2
Creades AB	Sweden	15,862,000	10.1
AMF Tjänstepensioner & Fonder	Sweden	15,511,811	9.9
Baillie Gifford & Co	UK	13,911,758	8.9
Sten Dybeck (incl family and company)	Sweden	6,490,308	4.1
Liontrust	UK	6,383,745	4.1
SEB Fonder	Sweden	5,144,155	3.3
Vanguard	US	5,021,003	3.2
Didner & Gerge Fonder	Sweden	3,547,080	2.3
Fjärde AP-fonden	Sweden	3,424,200	2.2
Other owners		66,012,020	
<b>Total</b>		<b>157,236,949</b>	<b>100.0</b>

<sup>1)</sup> Modular Finance, Monitor.

Concentration (by group of owners), 31-12-2023<sup>1)</sup>

	Share of capital and votes, %
The 10 largest owners	58.1
The 20 largest owners	72.3
The 100 largest owners	87.8

Distribution of shares, 31-12-2023<sup>1)</sup>

	No. of shareholders	Owners, %	No. of shares	Shares, %
1 – 100	66,278	73.7	1,677,893	1.1
101 – 1,000	18,059	21.7	5,854,389	3.7
1,001 – 10,000	3,425	4.1	9,911,020	6.3
10,001 – 100,000	330	0.4	8,488,577	5.4
100,001 – 1,000,000	60	0.1	20,572,635	13.1
> 1,000,001	22	0.0	116,497,420	74.1
Anonymous ownership			-5,765,075	-3.7
<b>Total</b>	<b>83,174</b>	<b>100.0</b>	<b>157,236,949</b>	<b>100</b>

<sup>1)</sup> Modular Finance, Monitor.

# Limited financial risks

We value a simple, transparent and capital efficient balance sheet with low risk.

## 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 in securities. The balance sheet consists largely 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. The value of insurance liabilities 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 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 was just under 32 per cent (37) at year-end.

All lending is collateralised by liquid financial assets with good collateral margins or Swedish residential properties with a low average loan to value (LTV) ratio. Avanza has no realised credit losses attributable to events after 2011. Margin lending requires collateral in listed securities, where an assessment of an appropriate LTV is made based on among other things the liquidity, volatility and company-specific aspects of the security. The average LTV for margin lending was 26 per cent (28) at the end of the year. Avanza's mortgage offering is designed for high-net-worth Private Banking customers with at least SEK 3 million in total savings on the platform and a low LTV ratio of no more than 50 per cent when the loan is granted, as well as for employees. The low LTV ratio ensures adequate collateral, even in the event of a sharp drop in property prices. The average LTV for mortgages was 41 per cent (38) at the end of the year. The low LTV ratio makes the loan book resilient even with respect to potential climate-related risks. Concentration risk is managed by limiting individual mortgages, as a rule, to SEK 10 million and ensuring that the collateral for any one security only represents a limited

share of total collateral. In the case of the external mortgage offering, Avanza is only a distributor, which means that the loans do not affect the balance sheet and do not entail a credit risk for Avanza.

Surplus liquidity is managed effectively with the lowest risks and costs possible, within the framework of the limits set by current capital adequacy regulations taking into account the leverage ratio, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), among other factors. Surplus liquidity is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks. The liquidity portfolio is managed with a balanced maturity structure from an annual, a quarterly and to some extent even a monthly perspective, for up to five years. The average interest term is a maximum of three months. Large negative changes in surplus liquidity are normally covered by ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If Avanza still has to sell bonds in advance, the effect on earnings is limited. Surplus liquidity as of 31 December amounted to SEK 48 billion (41) including client fund receivables.

For further information, see Note 34 Financial risks as well as opportunities and risks in the savings market on pages 19–21. For more information on liquidity and capital management, see page 70 in the administration report as well as Note 33.

## 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 adapted to various market conditions. Continued strong growth in the number of customers and savings capital, along with high 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. In 2023, Avanza's commission income and trading-related income were adversely impacted by a low risk appetite, which was more than compensated, however, by higher net interest income.

### Topplistor



#### Fonder som bidrar till FN:s miljömål

Populära fonder som bidrar till FN:s fyra miljömål.



#### Fond hållbar

Fonder med som har hållbar so

### Hjälp att välja hållbart

När du letar efter hållbara fonder och vill kunna jämföra finns det lite olika värden du kan kolla på.

Fondens hållbarhetsstrategi

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# Sustainability in Avanza

Through continuous innovation, and with a focus on what's best for the customer, we create better opportunities for millions of people, build trust and generate growth. We want to contribute to positive social change and create the best tool for our customers to successfully manage their finances.

## A sustainable business model

Our vision to create a better future for millions of people is the basis of our business and the foundation for our approach to sustainability. Sustainability for us is not only a commitment to environmental and social issues, but also includes governance, ethical and financial aspects. It essentially means creating long-term value for customers, employees, shareholders and society as a whole.

### Sustainability management

Avanza's sustainability work is decentralised and integrated in the business operations. The work is coordinated by Avanza's CSR Manager, who reports to the Chief Communications & IR Officer in Group Management. The CSR Manager is also Chairman of the Group's Sustainability Committee. The committee meets at least four times a year to analyse and coordinate Avanza's sustainability work. The committee discusses and submits proposals for resolution on the sustainability focus, development of the sustainability strategy and sustainability targets, and implementation of new and revised rules on sustainability. In addition, they also inform and when needed discuss the interpretations and assumptions that have been made at the operating level regarding these rules. The committee can also highlight and proceed with issues that could pose a potential sustainability risk for Avanza. The Sustainability Committee consists of decision makers from the entire organisation, including the CEOs of the subsidiaries Avanza Pension and Avanza Fonder and the Group's Chief Risk Officer. Several of the members of the committee are also members of Group Management. The Board of Directors, together with management, is ultimately responsible for adopting Avanza's sustainability targets. Avanza's Board annually adopts a sustainability policy and code of conduct, and receives regular updates on the work on the sustainability strategy and monitoring of the sustainability targets. The Board together with the CEO annually approves Avanza's sustainability report by signing it.

## Materiality and impact assessments

To be a reliable and responsible bank, Avanza must understand the material environmental and social impacts we have, or could have, on the world around us through our activities and business relations, as well as how these factors impact or potential impact Avanza positively or negatively. This is also a requirement according to the Corporate Sustainability Reporting Directive (CSRD).

Avanza continuously gathers intelligence and dialogues with stakeholders to identify key sustainability issues. In 2023, we performed a double materiality assessment based on the requirements in the European Sustainability Reporting Standards (ESRS). This was done to determine our most important sustainability issues, which serve as the foundation for our work, our reporting and our communication. In the materiality assessment, we have identified, assessed and prioritised the Group's actual and potential impacts from an economic, environmental and social perspective, including the impact on human rights, as well as the material sustainability-related risks and opportunities Avanza faces. The process will be further developed in 2024. The materiality assessment process was performed in steps and was led by the CSR Manager.

### 1. Understanding

The first step was to build an understanding of which sustainability areas are relevant to Avanza based on our business operations and business model, viewed from a value chain perspective. In this step, a review was done of Avanza's value chain, of our previous materiality and impact assessments, and of standards and guidelines such as ESRS and the Global Reporting Initiative (GRI).

### 2. Identification of potential material matters

The next step was to identify matters that could have material impacts, positive or negative, for humans and the environment or human rights. This review was based on the categories in ESRS 2 and complemented by company-specific and sector-specific sustainability areas where inspiration came from, among other sources, the Sustainability Accounting Standard Board's (SASB) and MSCI's materiality maps for the financial sector.

After potential impacts were identified, the process went on to identify financial sustainability risks or opportunities. Stakeholders within the company as well as external experts provided input on these lists. The Group's finance and risk departments were primarily involved in determining the potential material financial matters.

Various units within the Group also had a big influence on the lists, including Avanza Fonder, the HR department, the security department, the anti-financial crime department and the marketing department. A final version of the lists was prepared by the Group's sustainability committee.

### 3. Assess and prioritise

In the third step, the identified matters were ranked using a point system where a threshold was established. The matters that scored above the threshold are considered material and serve as the foundation for our sustainability reporting and future CSRD reporting. The various types of impacts that were analysed were:

- Scale of the impact: risk/opportunity (minimal/informative/important/significant/critical)
- Scope (limited/moderate/widespread)
- Remediable/irremediable
- Temporality (actual/potential/potential but with strong likelihood)
- Significance (positive/negative)

In this stage, an external risk management and governance system developed for CSRD was used.

### 4. Decide and communicate

In the fourth step, the results were presented initially to the sustainability committee and then to the Group's management team. In 2024, they will be presented to the Board of Directors for approval and then communicated in the Annual and Sustainability report at the latest when CSRD shall be applied according to Swedish law.

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# Our success requires listening to our 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 offering and gives us new perspective.

### Key focus areas are identified in dialogue with our stakeholders

Avanza continuously dialogues with various stakeholders to gain a deeper understanding of which sustainability matters are important to Avanza and society. This ensures that we develop our business in line with stakeholders’ expectations.

The dialogue takes place in various ways, including through customer surveys, employee surveys, investor meetings, industry forums and discussions with relevant authorities. Avanza dialogues more in-depth with our most important stakeholders: customers, employees and owners, or potential owners. They are the ones who are materially impacted by and/or impact Avanza’s business. This is in addition to partners, suppliers, authorities, legislators and the media.

Transparency, innovation, user experience, availability, sustainability, and working effectively with IT security are areas that customers, employees and owners all mention, but what they mainly emphasise is our strong customer focus.

There are also areas more specific to each stakeholder group, as illustrated on the next page. These are important parts of our strategy and development work, and encompass the entire organisation without exception.

### Thanks to close dialogue, we have had Sweden’s most satisfied savings customers 14 years in a row

Everything we do begins and ends with our customers. Avanza’s business is built on a strong customer focus with a world-class user experience and customer service. We believe our offering will stand the test of time and want to offer a broad range of products and services through innovation and product development.

We dialogue with customers by phone and email, through social media, customer meetings and customer surveys. We periodically send out customer surveys, both general in nature and for more specific products, tools and functions.

Prior to product launches, development goes through several steps. We conduct customer interviews and user testing and look at several years of feedback on old pages and functions. We also

go through quantitative data on how customers interact with the page or function. In connection with major changes, we release a beta version to a limited number of customers for feedback in a real environment, so we can then make additional adjustments. Customers can decide for themselves whether they want to become a test user for new features. Our customers are highly engaged so we also receive feedback through tens of thousands of messages to customer service, social media and app reviews, which we consider when developing new functionality or new products. We also have a tool called “Feedback Buddy,” where customers can leave comments directly to the development teams.

Each year we send out a number of surveys on the range of products and services we offer, including an open question on what would make Avanza perfect. After speaking to customer service, customers are automatically called back and given an opportunity to answer a brief survey to ensure that we have provided the best possible service. This enables us to measure customer satisfaction, receive feedback and respond to customers if needed. There are many of us who pick up on feedback from customers. Our customer service has a special team responsible for coordinating and forwarding customers’ opinions and suggestions to product teams and management. Improvements to our offering are made continuously through updates to the site as well as our apps and infrastructure, largely based on responses from customers and changes in user preferences. All this, together with our market analysis, is important when improving the offering.

### 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 that they want to develop professionally and have fun on the job. An open work environment is essential to capitalise on ideas and create engagement, which increases our innovative capacity. We track how our employees feel about the work environment through anonymous pulse surveys. They are conducted

three times a year and focus on the work environment, leadership and engagement and have a response rate of around 90 per cent. The surveys are used to 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 results are monitored at an overarching level and presented to the entire company. Management reviews the results for each unit to monitor changes and development. Each unit holds workshops regarding their own results and draw up action plans for improvements.

Performance reviews are conducted periodically between employees and their managers. They provide an opportunity to identify needs, opinions and wishes; to directly monitor and provide feedback on the employee’s personal development and performance; and to ensure that leadership, the culture and personal responsibilities are meeting expectations.

During their first three months, new employees are asked to fill out a follow-up survey from HR, and when an employee leaves the company they are asked to respond to an anonymous quantitative exit survey to identify the reason why they are leaving. This is an important way to get honest opinions about Avanza as an employer, our leadership and whether the employee felt that they were able to influence their work situation. HR compiles a semi-annual report for Group Management on areas of improvement.

In addition to this and day-to-day communication, there are a number of ways to strengthen this dialogue and ensure that employees are being heard. For example, we hold monthly meetings where the whole company gathers together to discuss what the company is doing and everyone has the opportunity to ask questions directly to the CEO and Group Management. The meetings are held in person and also live-streamed. We work in an open office concept, which creates a closeness and familiarity designed to foster internal dialogue.

In autumn 2023, an addition pulse survey was conducted specifically on the theme of sustainability that all employees had the

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opportunity to answer. The responses show that our employees value sustainability highly and expect Avanza to actively promote financial literacy and gender equality in the savings market. There is also an expectation that we will offer, and continuously improve our offering of, sustainable products and decision support.

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

In addition to our financial reports and press releases, we publish monthly statistics and provide historical financial data dating back to 2001. We communicate regularly with analysts, owners and potential investors. In 2023, we held over 150 investor meetings. Moreover, Avanza took part in several roadshows and investment seminars during the year. We have 15 analysts who follow Avanza. Investors and analysts want transparency and availability to understand the decisions we make, for the industry as a whole and for our financial reporting. We strive to be as transparent and available as possible to provide an accurate picture of Avanza. Through this dialogue and communication, and by listening to opinions, we also try to build trust among owners, potential owners and analysts. Reporting and information disclosures should reflect our progress in meeting targets and priorities, and enable thorough analysis and well-informed investment decisions.

**Suppliers & counterparties**

Avanza buys goods and services from a large number of suppliers. With our most important suppliers and counterparties we maintain a continuous dialogue, primarily concerning security and data processing. During the year, we issued a code of conduct for suppliers to clarify how critical sustainability is to Avanza and the expectations we have with regard to our counterparties.

**Authorities**

Avanza is in continuous dialogue with supervisory authorities, decision makers and other regulatory bodies on matters concerning the current sustainability agenda. Dialogue is held directly between us and the authorities as well as collaboratively with others in the financial industry through the various trade associations that Avanza is a member of, including the Swedish Securities Markets Association, the Swedish Investment Fund Association and the Swedish Bankers' Association. Representatives from Avanza also participated in the government's national climate summit in June 2023.

**Sustainability analysts**

In addition to traditional market research, independent ESG analysis is becoming more common. The analyses are performed by independent research firms, index providers and trading platforms such as Nasdaq. The evaluation usually combines an extensive

questionnaire with a screening of the bank's annual and sustainability report. Avanza responded during the year to around ten evaluations, questionnaires and surveys from various international and national players.

**Important for all stakeholders**

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

Specific among customers	Specific among employees	Specific among owners
Simple and smart tools & decision-making support	Live our vision	Growth
Easy to navigate user experience	Values-based culture	Scalability & cost efficiency
High service level	Clear communication and transparency	Low risk taking
Broad product range & product development	Good leadership	Performance on targets
Low prices	Stimulating work environment with flexibility and good development opportunities	Engaged management
	Sustainability	Strong ownership
	Equality in the workspace	
	Have fun at work	

More about customers on pages 11–12

More about employees on pages 33–37

More about owners on pages 25–26



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# Sustainability targets to educate and inspire sustainable choices

Sustainability has been an important part of Avanza since the start and we want to be the obvious choice for those who want to save sustainably. Our sustainability targets are focused on creating opportunities for a better financial situation for each and everyone and encouraging more sustainable investments.

## Avanza should be the obvious choice for those who want to save sustainably

Since the start, we have worked for lower prices, transparency and financial literacy within savings and investments, and to promote gender equality. We want to engage people and help them understand how to save. We also want to drive development in the industry and put focus on how fees impact the savings capital, while challenging established structures that disadvantage savers. The environment and greater social engagement have become increasingly important to sustainable development and business. We therefore also want to encourage and inspire sustainable savings. Our sustainability work is focused on three areas. Sustainable investments; Educate & Challenge; and Sustainable organisation.

### Sustainable investments

Our ambition is to facilitate and inspire sustainable savings. It should be easy for our customers to identify and invest in sustainable choices. This requires that our product range can be analysed based on ESG criteria. 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. For more information about our ESG decision making tools, see page 42.

### Educate & Challenge

We want to be the obvious choice for those who want to learn more about personal finances and we want to contribute to a more gender equal savings market. By educating within personal finance and savings and investments, as well as driving opinion and challenging convention, we want to create opportunities for more people to be

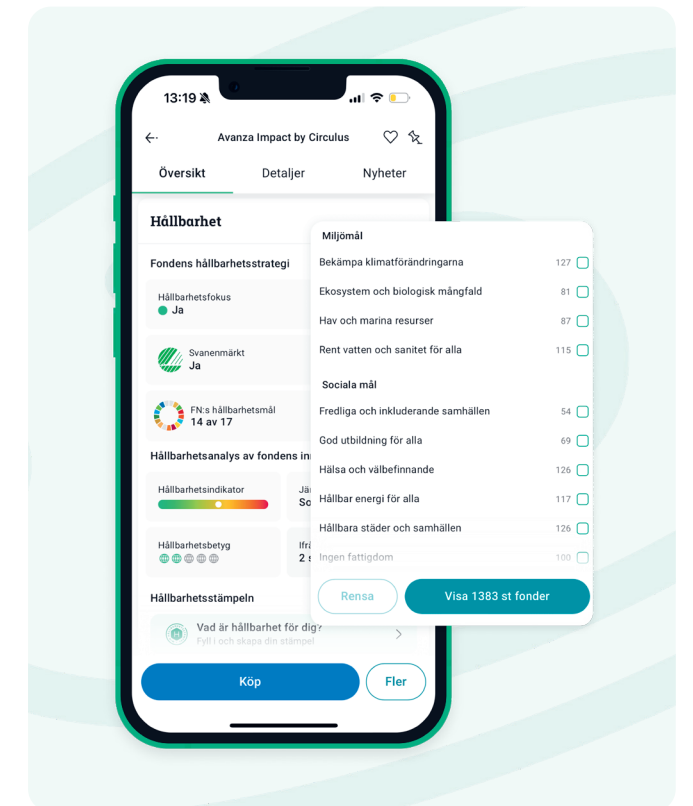
financially empowered. Contributing to greater gender equality in savings is a key element in our sustainability work and we work actively to reach women. Through information and inspiration we can also do more to encourage sustainable choices. We are continuously improving our decision support and want to give our customers opportunities to include sustainability preferences in their investment decisions.

### Sustainable organisation

We operate in an industry built on trust and ensuring good governance and control is part of our core business. Our governance is based on thorough processes, effective control and clear lines of responsibility. This gives our employees the best opportunity to act ethically and ensures a sound risk culture. Avanza should also be an attractive workplace for those who value gender equality and a limited carbon footprint. We work actively with diversity issues and want our organisation to reflect the diversity of Swedish society. We strive to become a net zero emitter of greenhouse gases in accordance with Science Based Targets initiative.

### Our sustainability targets

We have concrete targets for our sustainability work based in part on the Paris Agreement and the UN's Sustainable Development Goals. The targets are aimed at net zero emissions, increasing gender equality in customers' savings, and strengthening the sustainability rating of our customers' investments. For more information about our sustainability targets, see the following page.



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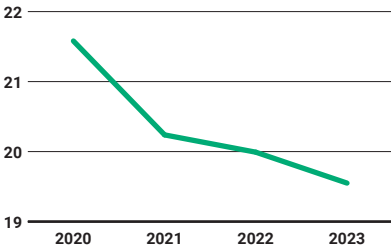
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# Sustainability targets and fulfillment

## Sustainability targets

### Strengthen the sustainability score of our customers' investments

Avanza is a savings platform and the aim is to provide a wide range of alternatives. We do not offer investment advice but try to inspire customers and make it easier to invest sustainably through providing clear information, decision support and education. During the year, Morningstar's sustainability rating for fund investments among Avanza's customers decreased from 20.0 to 19.6. The ratings are given on a 0–100 scale, where the goal is as low a score as possible. For more information, see page 42.



### Increase gender equality in savings

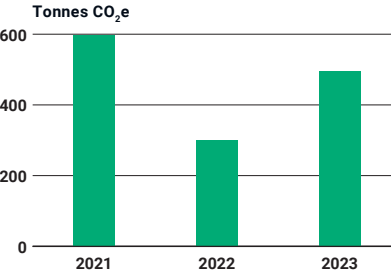
We work actively to reach broader target groups and promote savings among women. Today women save less, have lower savings capital and begin to save later in life. We want to help change this. By the end of 2023, the share of women on Avanza's platform was 39 per cent, which is slightly higher than 31 December 2022. The share of women among new customers was 44 per cent, and the share of savings capital held by women was 26 per cent as of year-end.

Gender equality	2023	2022	2021	2020	2019
Share of female customers, %	39	38	38	37	36
Share of women among new customers, %	44	42	41	40	44
Share of savings capital held by women, %	26	25	24	23	24

### Net zero emissions

Avanza shall be a climate-smart organisation and we operate within the framework of the planetary boundaries. We strive to maximise resource efficiency and each year a climate report is prepared with the help of an independent analysis tool based on the methodology in the Greenhouse Gas Protocol (GHG Protocol). The report includes Scope 1, Scope 2 and essential Scope 3 emissions. This year's emissions totalled 494 tonnes CO<sub>2</sub>e, for which carbon offsets were purchased. The increase in this year's emissions is mainly attributable to larger purchases of capital goods such as server equipment.

In 2023, Avanza joined Business Ambition for 1.5 °C and pledged to set Science Based Targets aligned with the 1.5 °C target. The short-term emission targets are to reduce our direct and indirect emissions by 50 per cent by 2030 and that at least 65 per cent of the capital in Avanza's own funds should be invested in companies with their own Science Based Targets at the latest by 2027. The long-term target is to be net zero, which means an emissions reduction of at least 90 per cent. This will be achieved as soon as possible, but by 2040 at the latest. We are still awaiting guidelines, however, on how financial institutions will calculate net zero. Read more on pages 40–41.



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

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

## A customer-centric corporate culture

Avanza was started with a simple idea – to build a company where we would want to be a customer. In the same way, our aim is to be a company where we as employees thrive and want to work. This has resulted in a very strong corporate culture that draws its energy from the vision to create a better future for millions of people. Our position as a challenger and our employees' willingness to create change have shaped the culture, which is characterised by collaboration, humility, constantly challenging ourselves to think differently and shared responsibility. Each quarter we reward an employee who has stood out by embracing our values. The aim is 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 to help a customer. We take responsibility. We challenge and think differently. We have fun together.

## Our employees

The majority of the employees at Avanza have a college or university education, usually in business & finance, computer science and programming, and a background in IT or financial services. In 2023, Avanza had an average of 654 employees with an average age of 37.

Employee key ratios	2023	2022	2021	2020	2019
Average no. of employees	654	622	560	478	429
of which women, %	38	37	36	36	36
Women in Group Management and managers with personnel responsibility, %	46	47	46	47	46
Average age	37	36	36	36	36
Employee turnover, %	13.1	15.3	12.0	12.6	18.3
Internal movement, %	–	–	–	–	3.6
Internal mobility, % (replaces internal movement)	28	32	22	32	–
Redundancies, no. of	1	1 <sup>2)</sup>	–	1 <sup>1)</sup>	6 <sup>1)</sup>
Recommendation rate (eNPS)	58	58	67	69	54
Leadership index	87	82	88	87	81
Occupational health and safety index	84	85	82	82	80
Engagement index	83	80	85	83	81

<sup>1)</sup> Shutdown of office in Gothenburg

<sup>2)</sup> The legal consequence when an employee declines a replacement offer is redundancy due to labour shortage.

## In brief

- A unique corporate culture with engaged employees who are proud to be part of Avanza
- Our success depends on both technical expertise and understanding, as well as passion for and responsiveness to our customers
- Strong ambassadors in our employees with a recommendation rate of 58 – a key to success as well as to retain and attract talents
- Low employee turnover at 13 percent
- Our belief is that we create the most engagement and involvement by prioritising hiring in-house over consultants
- All development is handled internally. This creates engagement and provides full control over our processes, as well as the opportunity for quick response to customer needs and changes in the market
- During the year, Avanza was named one of Sweden's most attractive employers by Karriärföretagen and won the award for the "Year's Best Employer Brand" in the Economics category

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## All development is handled internally

Avanza is constantly developing. Our view is that there are always things that can be improved and new products and interfaces to develop, which has given us a unique position as Sweden's leading platform for savings and investments. At Avanza, all development is internal. In this way, we create engagement while maintaining full control over our processes and quickly responding to customer needs and changes in the market. At the same time, we benefit from external integrations and collaborations that further broaden our offering. The result is a platform that not only is technologically advanced but also deeply anchored in our customers' needs and wants. In recent years, our investments have focused on giving customers many relevant data points, digital decision support, an improved user experience and a strong mobile offering.

We want to create opportunities for our employees to grow by trusting in their abilities and allowing them to test new ideas and think differently. Our product organisation uses an agile, solutions-focused structure. Our belief is that a fast rate of development and an environment that encourages creativity and innovation are decisive to our success. We have around thirty product and platform teams divided into various areas, e.g. securities trading, fixed income products, personalisation and customer onboarding. The priorities in these areas are determined through insights we have gained as well as key performance indicators primarily tied to customer benefit, but business value is obviously a factor as well. There are also teams focused on scalability and efficiency. One example is data and analysis, where we make important investments to benefit from AI, personalised experiences and forward-looking analysis. Our technology platform teams ensure that we stay on the forefront of technology and offer scalable platform solutions for performance, security and short lead times.

To promote a culture of continuous improvement and innovation, and to capitalise on our employees' creativeness, we hold annual hackathons, called "Brainy Days". On these days, all employees at Avanza are welcome to present new ideas outside their daily work. In recent years, we have also held "Drainy Days" to share information and build a culture where we continuously work to minimise technical debt and ensure that our tech stack is cutting edge. Many of these ideas have become successful additions to our offering and helped to improve how we work.

Our success is relies on a combination of technological know-how and an understanding, passion and attentiveness for our customers' needs. We are convinced that the key to continuously strengthening our position is putting our customers and employees at the centre of everything we do.

## How we attract talent

Avanza offers secure employment and a safe workplace. The best way to create engagement and participation, we feel, is by hiring in-house rather than relying on consultants. We take an open and trusting approach to remote work, depending on the position and role. At the same time, we have a strong corporate culture and want to create a workplace where we are comfortable and want to spend time. Cooperation and communication between colleagues create the best opportunities to do a good job and strengthen the culture.

### Recruitment and employer branding strategy

Avanza's attractiveness as an employer is a key to our success. Competition for talent is fierce, especially in tech. There is a high demand and a shortage of IT talent in Sweden, and one of the challenges for Avanza is to maintain a sufficiently interesting technological platform. At the same time, macroeconomic conditions have adversely affected many companies, resulting in layoffs by numerous tech firms and startups. This should give companies like Avanza, with a sustainable business model and strong brand, greater appeal. Through corporate culture, values and the way we work, we strive to offer an attractive workplace. The goal is also to find employees with ambition and the drive to push the business forward, at the same time that it is important to fit into the culture.

In the competition for talent, a strong employer brand is crucial. Our work with employer branding has produced tangible results in the form of more candidates who visit our career page and apply for advertised job openings as well as higher external rankings. Avanza has received several awards for its employer brand in recent years, including through Universum's "Attractive employers" survey, where we ranked 3<sup>rd</sup> (3) among business students and 14<sup>th</sup> (14) among IT students. Among those with 1–8 years of work experience, Avanza ranked 11<sup>th</sup> (11) in the Business category for the third year in a row and 9<sup>th</sup> (8) in the IT category. These results make Avanza the industry leader in three of these four categories. The long-term internal target is to rank in the top ten in all four categories. Avanza was also named one of Sweden's most attractive employers in 2023 by Karriärföretagen, and won the award for the "Year's Best Employer Brand" in the Economics category, where communication of corporate values, a commitment to innovation, and diversity and inclusion were among the highlighted areas. In Kantar Sifo and Academic Works' Young Professional Attraction Index, Avanza ranked 23<sup>rd</sup> (64), putting us at the top of the industry on the list of Sweden's 100 most attractive employers.

## Succession planning and critical competence

Each manager is responsible, with support from HR, for staffing their teams and working groups with the right talent. To ensure continuity and safeguard business-critical processes, a structured mapping of critical competence is conducted each year. Performance reviews are done several times a year to follow up individual goals and development plans. To facilitate a smooth transition when employees in senior positions move on to other roles, internal candidates are also identified as part of succession planning.

### We work actively to maintain low employee turnover

The economy affects labour market mobility, which also impacts turnover at Avanza. In 2023, turnover was 13 per cent, which is historically low apart from the pandemic years when few changed jobs. Our long-term target is between 11 and 13 per cent.

The single most important reason why employees stay with an employer is leadership, which is why we have increased the resources devoted to leadership development in recent years. A successful recruiting process also has a direct impact on turnover. HR supports recruiting managers to ensure that the right people are hired in terms of expectations and development potential, and that candidates have the right skills and fit into our culture. We also closely monitor internal mobility and strategic recruiting needs.

Two groups, Product & Tech and IT, as well as Customer Service, generally have slightly higher turnover than the rest of the organisation. Just over 40 per cent of our employees work in Product & Tech and IT, and to reduce turnover we focus on leaders with the skills to develop and lead agile teams. Our culture and values are also an advantage and attract many in IT/Tech. We offer the flexibility to work remotely or in an office with a stimulating environment for creative teams and modern technology.

In most industries, customer service generally has higher turnover. For many people it is a good first job when starting a career, and in our case as well it is a starting point for further development in other parts of Avanza. To reduce turnover in customer service, we have adjusted the qualifications and tone in our ads to reach more candidates with service experience who enjoy the work and want to stick with it long term.

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

At Avanza, we welcome you as you are. We have an open and inclusive corporate culture that contributes to equality in the workplace, welcomes diversity and is free from harassment, as stated in the policy on diversity. The CEO has overarching responsibility for the

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work with diversity and gender equality, which is addressed systematically through documentation and mapping, analyses, active measures, evaluations and monitoring.

Avanza's diversity plan clarifies how we work strategically to achieve even greater diversity. Here, recruiting is a focus area to ensure that we have an unbiased and quality-assured process and that all ads for open positions are formulated in a gender-neutral way to avoid discrimination and attract candidates with a range of qualifications. We have introduced digital, structured and standardised reference checks to eliminate cognitive bias, subjectivity and gut instinct. Personal letters have been replaced by skills-based screening questions, and in the recruiting system, candidates can be anonymised. Every year managers are offered internal training to better understand competence-based and unbiased recruiting.

In an inclusive and transparent culture, it is also a matter of course to maintain contact with employees on parental leave, so that they are kept informed and are part of the team to the extent they want to be. They also have the opportunity to apply for open positions and participate in our activities while on leave.

Assembling the right teams and creating a successful group dynamic is an important management responsibility and a natural component of long-term HR management. In recruiting for senior management, gender equality is an important parameter – as it is in salary audits, to ensure that there are no gender pay gaps and to monitor gender differences in sick leave. Our annual pulse survey includes a number of questions where we systematically monitor gender equality, diversity and any instances of discrimination. The results are followed up by senior management and HR, and every manager is responsible for reviewing their team's results. Our goal is to achieve gender parity in management and for our staff as a whole. While men still outnumber women, the distribution is better when it comes to management, including Group Management. Avanza continues to rank – and is the only bank – on the Green List in the Allbright Report on Sweden's most gender diverse companies. The list consisted in 2023 of 89 listed Swedish companies.

Salary data	2023	2022	2021	2020	2019
Women's salary as a proportion of men's salary	91				
Group Management (excluding CEO), %	87	84	82	91	89
Managers (excluding Group Management), %	102	103	101	103	107
Senior specialists (excluding Group Management), %	99	100	102	102	94
Other employees, %	92	90	94	94	96
Median salary, men, SEK <sup>1)</sup>	55,000	53,600	49,800	47,000	48,000
Median salary, women, SEK <sup>1)</sup>	50,000	47,000	48,000	46,000	46,000

<sup>1)</sup> There are more women hired in positions with lower complexity with a lower Global Grade, i.e. complexity in the work, which is lowering the median salary for women.

Internally, Avanza has an initiative called "Mind the Gap", which has created widespread engagement and activities among our employees.

Women are underrepresented in IT/Tech and we work actively to broaden the range of candidates we recruit. By participating in various events and activities such as WEday (Women Engineering day) and IGEday (Introduce a Girl to Engineering day), Avanza plays a role in getting young women interested in engineering. We have several exciting initiatives underway leading up to 2024 where we hope to reach more women and increase their interest in IT and tech.

To increase the diversity of our employees, we have 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's operations do not pose a material risk of human rights violations. We therefore 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. For more information, see pages 46–47.

**Incentive programmes and efforts to ensure equal pay**

Avanza pays fixed remuneration, with the exception of a few employees in Corporate Finance and Brokerage who also have the opportunity to receive variable remuneration. The CEO or the Board of Directors decide on variable remuneration. Avanza works continuously to ensure equal pay, including through position evaluations used in connection with new hires and internal mobility. HR is involved to ensure a fair, equal, quality-assured payroll process. The annual salary audit covers current conditions, an analysis of proposed wage adjustments during the audit and a summary of the final outcome. Differences not based on objective grounds are investigated before the audit is approved.

Avanza also offers warrant programmes with the opportunity for all permanent employees to become shareholders of the company. For more information, see pages 25 and 60.

In the lead-up to the 2024 salary audit, Avanza is following the Swedish labour market's benchmark. The salary benchmark for collective bargaining agreements in 2023 produced a two-year agreement with total wage increases of 7.4 per cent.

**Opportunity to develop in a stimulating environment**

To give employees the best opportunity to live 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 Avanza's performance reviews.

Internally, we regularly provide training where employees from various parts of the organisation teach their colleagues about their speciality. In this way, all employees have an opportunity to learn our business. This training is regularly offered in various product areas. All employees also receive training in regulatory issues, risk management and IT security as well as internal governance and control. Certain positions require SwedSec licensing, which includes annual knowledge updates on financial services. For more information, see page 44. In certain years, we also have an opportunity to offer a trainee programme for developers. The programme is provided 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 on Avanza's business, strategy, goals, vision and product areas, along with the role of control functions and security. All new employees also receive mandatory regulatory training. The introductory training includes Avanza's culture and values as well.



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In customer service, every new hire starts with a three-week introduction comprising both practical and theoretical sections, where they learn everything they need to know about Avanza as a company, our product range, savings and investments, and customer care. After this, in-depth training is provided as needed and based on years of employment. We work continuously to build a feedback culture through the performance reviews, and employees are also able to listen in on their colleagues' conversations with customers.

**Building future leaders**

All leaders at Avanza are expected to understand and take responsibility for the business, be a good communicator and ambassador, and coach others and help them develop. Leaders are an important part of Avanza's development and success. Consequently, we are very thorough in management appointments, and leadership development is a priority area. Leadership training is offered continuously to ensure that everyone has the skills and tools they need as leaders. Avanza's leadership programme is designed to fit the various needs that managers have over time – from new managers to those who are senior in their roles. In addition to the leadership programmes, we offer a number of modules on practical leadership: labour law, occupational health and safety, competence-based interviewing techniques, discrimination and harassment, salary audits and reviews, and performance reviews and feedback. We also offer annual leadership days, seminars and recurring forums. Leadership evaluations are regularly tracked through pulse surveys.

**A positive work environment means healthy and motivated employees**

Avanza has an occupational health and safety committee made up of representatives from both the employer and employees who work together to improve the work environment. Action plans and routines are in place to manage incidents that can affect our employees, including cases of discrimination and harassment. We worked during the year to increase awareness and competence among our managers through training on discrimination and harassment, and in 2024, we are planning a similar effort for employees. During the

year, we did not have any whistleblowing incidents related to discrimination and harassment.

We continuously monitor sick leave absences, both short and long term and at a functional level, to ensure that we proactively identify any needs. Although a total absenteeism rate of 2.6 per cent is relatively low, there is a risk of hidden absenteeism due to our flexible hybrid work model.

To encourage a work-life balance, we offer generous wellness allowances and activities through our sports club, Avanza IF, with everything from lunchtime yoga to various versions of group exercise and running competitions. A popular padel tennis tournament and a golf tournament are arranged annually, both with high participation. There is also an Avanza choir and a band that often plays at various internal events, which is popular with employees. Having fun and taking part in various activities together contributes to the culture. The number of employees at Avanza has grown greatly in recent years, at the same time that we all meet less frequently at the office. In spring 2023, we therefore placed additional focus on our values and culture through a company-wide "Culture Week" with various activities for employees.

Avanza offers parental benefits, crisis management assistance, and health and rehabilitation insurance. We also provide professional support to managers to proactively communicate with employees who need help with any form of drug dependency. A work-life balance is important not least to sustainably handle the high-performance environment we work in. It is important therefore that managers at Avanza have the skills and ability to create a positive work environment. The work environment is measured and monitored regularly through pulse surveys.

Avanza supports the rights of its employees to unionise and collectively bargain. We believe at the same time in the abilities and involvement of the individual and have chosen not to enter into collective agreements. The HR unit has a high level of competence and experience in labour law and union negotiations, along with sophisticated procedures and processes to comply with current laws. Avanza stays up to date on the terms of relevant collective agreements to ensure that we offer comparable terms.

**High engagement and recommendation rate among employees**

To drive Avanza forward and ensure an attractive workplace, pulse surveys are conducted three times a year. The aim is to maintain an open dialogue on how we feel on our job. The questions are tied to engagement, leadership and work environment, where the goal is a score of 80 in each area; see the table on page 33. These areas, along with an eNPS of at least 50, are cornerstones to create a strong and engaged culture. The 2023 surveys reported an average eNPS of 58 (58). The response rate for all pulse surveys has been at around 90 per cent for several years, which indicates a high level of reliability. The main reasons why our employees recommend Avanza are still strongly tied to our corporate culture, where we feel proud and responsible for the company, our products and our offering, and that there is a sense of freedom, variation and responsibility associated with our jobs. Having employees who are strong ambassadors for Avanza is extremely valuable to us as an employer.

**Benefits<sup>1)</sup>**

Group insurance <sup>2)</sup>	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 <sup>3)</sup>	For everyone
Occupational pension	For everyone > 25 years
Warrant programme	For everyone
Health insurance	For Group Management

<sup>1)</sup> Reported KPIs refer to permanent employees. In addition, we have a large number of fixed-term employees to staff areas of the business. Most part-time employees are young people who work extra while studying. They are also a natural part of and successful recruiting base for Avanza.  
<sup>2)</sup> Comprises life, health and disability, and child insurance.  
<sup>3)</sup> 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.

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Employee key ratios <sup>1)</sup>	2023	2022 <sup>2)</sup>	2021 <sup>2)</sup>	2020 <sup>2)</sup>	2019 <sup>2)</sup>
Average no. of employees	654	622	560	478	429
of which no. of fixed-term employees	7	6	7	14	4
of which women, %	38	37	36	36	36
of which 0–29 years, %	19	20	23	22	26
of which 30–50 years, %	71	70	69	73	69
of which 51–years, %	10	10	8	5	5
Average no. of employees within IT	214	209	184	148	125
of which women, %	20	20	22	21	19
of which managers, %	8	8	8	9	9
of which female managers, %	44	44	47	49	50
Average no. of full-time employees	637	603	525	439	400
of which women, %	38	37	36	35	34
No. of recruitments	104	115	137	126	109
of which women, %	44	44	39	42	34
of which 0–29 years, %	29	33	42	46	49
of which 30–50 years, %	66	58	53	51	49
of which 51–years, %	5	9	6	3	2
No. of completed employments	87	92	65	60	77
of which women, %	36	42	43	43	29
of which 0–29 years, %	26	35	38	42	36
of which 30–50 years, %	63	62	55	55	56
of which 51–years, %	11	3	6	2	8
Sickness absence, % <sup>3)</sup>	2.6	3.5	3.3	2.5	2.8
of which women, %	3.3	3.6	3.6	4.4	3.8
of which men, %	2.2	3.5	3.2	1.1	2.4
Average no. of parental leave	34	34	22	13	18
of which women, %	43	42	43	42	67

Continued in the right column

Continuation from the left column

Employee key ratios <sup>1)</sup>	2023	2022 <sup>2)</sup>	2021 <sup>2)</sup>	2020 <sup>2)</sup>	2019 <sup>2)</sup>
No. of directors at the Board	10	9	9	9	7
of which women, %	40	44	22	22	29
of which 0–29 years, %	0	0	0	0	0
of which 30–50 years, %	50	56	44	44	43
of which 51–years, %	50	44	56	56	57
No. of employees in Group Management	9	10	9	9	9
of which women, %	56	50	44	44	44
of which 0–29 years, %	0	0	0	0	0
of which 30–50 years, %	44	60	44	56	56
of which 51–years, %	56	40	56	44	44
No. of managers	82	81	70	65	60
of which women, %	46	47	46	49	47
of which 0–29 years, %	1	1	3	2	2
of which 30–50 years, %	75	74	79	86	87
of which 51–years, %	24	25	19	12	12
Distribution of employment level					
Employees in entry and mid-level positions, %	89	89	90	89	85
of which women, %	37	37	35	34	36
Employees in senior and executive positions	11	11	10	11	15
of which women, %	49	47	46	48	41

<sup>1)</sup> Refers to permanent employees, hourly employees excluded. Of the Group's total number of employees, 16 per cent are paid on an hourly basis, 1 per cent are fixed-term employees and 0 per cent are temporary positions.

<sup>2)</sup> Age intervals are calculated based on the ranges 0–29 years, 30–49 years, and 50–years for periods before 2023.

<sup>3)</sup> Avanza has chosen to only report sickness absence, since accidents and injuries are not relevant to our type of working environment. Sickness absence is calculated in relation to normal working hours.

# Financial literacy and responsible guidance

Since the start, Avanza has worked to reduce prices and increase transparency in the financial market while promoting financial literacy. Our belief is that through responsible products and terms, user-friendly tools, and by educating and inspiring, we financially empower more people.

## We want to guide customers to better savings

We have been transitioning for some time to a society where individuals are expected to take greater personal responsibility for their finances, and where knowledge and insight into personal finance are growing in importance. Generally, financial skills are high in Sweden, yet one out of four adults lacks basic math skills or an understanding of risk diversification and socioeconomic connections. In addition, nearly one third of Swedes are concerned about their finances.<sup>1)</sup>

Raising the financial literacy of the population is an issue Avanza works on every day as an integral part of the business. We have a savings economist, an economist specialising in personal finance and other spokespersons who address the entire savings market and generate media attention for savings issues. In addition, many employees of Avanza with specialised expertise are guests in our various channels. Through our free education, anyone can learn how to improve their financial well-being and build a secure future. On the site, we educate and inspire in among other ways through the Avanza Academy, the Avanza blog and the Avanza podcast.

The Avanza Academy serves as a how-to guide for savings containing basic knowledge about financial concepts, terms and events as well as timeless information to guide our customers on what to consider when choosing stocks, funds and other securities, as well as how to build various types of portfolios. There are also answers to questions on taxes and tax filings.

In the blog and on the podcast, we mix in-depth posts and episodes containing basic knowledge for beginners. The content changes based on what is happening at the moment in order to build a broader understanding of what to think about when economic conditions change or if something in particular happens in the market. Novelty and variation keep us relevant for every level of knowledge, whether active investors or new savers. The number of podcast streams during the year was over 3 million.

We always try to stay as close to our customers as possible. An important part of this is maintaining an effective presence on social

media. We communicate daily with customers via X, Facebook, Instagram, YouTube and TikTok. On Instagram we have over 90 000 followers and work extensively with educational material – both videos and images. In 2023, we became more active on Instagram in part by publishing summaries of selected blog posts as well as through interactive quizzes and Q&As. We also began uploading short-form videos from our YouTube channel on Instagram and TikTok. Activity on X, where Avanza has over 60,000 followers, is high and in 2023 we responded on Avanza's official account to close to 6,000 messages. In addition, our savings experts and employees often communicate directly with customers through their own accounts.

Avanza is a member of the programme board of the National Network on Financial Education, which is coordinated by the Swedish FSA. Its purpose is to spread financial literacy through various information and educational activities.

## Promoting economic equality

Contributing to gender equality in savings is central to Avanza, and increased gender equality in savings capital is one of our three overarching sustainability targets. We work actively to reach out to broader target groups and encourage women to save. While stock ownership among women is increasing, 6 out of 10 shareholders in Sweden are still men. These differences are also evident at Avanza. The savings gap, i.e. the difference between monthly savings among men and women, averaged SEK 750 during the year. The capital gap, i.e. the difference in aggregate capital, averaged SEK 180,000. Surveys also show that women have less self-confidence when it comes to investing. It is important, however, to underscore that lower self-confidence is not automatically synonymous with less actual knowledge or ability.

During the year, Avanza carried out several activities to encourage women to save. For instance, we have increased our focus on creating content on Instagram, since it is a channel where women

are overrepresented. Internally, we have expanded our analysis of gender-based data to better understand different needs and adapt our products and services to meet them. We have also worked with analysis of savings habits by gender to identify and communicate differences, which leads to reflection – and in the long run, change.

On two occasions during the year, Avanza has arranged educational webinars for women, with over 2,000 participants live and more than 5,000 subsequent views. Through social media and blog posts we have published educational content on the importance of economic independence and on relationship economics in general. We also work with the issue by generally adapting marketing, content and education to suit and attract more people.

By year-end 2022, 38 per cent of Avanza's customers were women. On 31 December 2023, the figure was 39 per cent. The share of women among new customers also increased during the year to 44 per cent (42).

## Products and services available to all

We want to create a better future for millions of people and obviously are working to give more people access to our services and products. We devote great energy to developing so that everyone, regardless of circumstances, can make well-informed financial decisions. A concrete example is that more of our frontend developers have received training and certification in "Introduction to Web Accessibility," through which they learned:

- How users with disabilities navigate online
- Standards, principles and tools to create accessible interfaces
- How to design services or products that everyone can use

In editorial images, banners or other design elements in the app we describe the content for the visually impaired. They can also have the content read to them. We work continuously to improve the experience for the visually impaired.

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<sup>1)</sup> The Swedish FSA as of 12 June 2023



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## Product development to simplify and improve

The goal of Avanza's offering is to get more people to feel smart, engaged and educated about their personal finances and savings. An important and obvious aspect of product development is to respond to our customers' wishes and try to meet them. This also gives us new perspectives. Our belief is that we create the most value for customers by concentrating our business and development in areas where we are, or can be, the best. The savings market is constantly changing, and we operate under the assumption that there is always something we can do better – we are never done. Following is a sample of improvements made during the year.

The large range of funds on the platform was complemented by the launch of five new funds within our own fund company. Avanza Disruptive Innovation by ARK Invest was launched in partnership with ARK Investment Management LCC, which is led by the fund manager Cathie Wood. The objective of the fund is to identify innovative companies that are changing industries and society at its core. The collaboration has given our customers a unique opportunity since ARK Invest products previously had not been available in the Swedish savings market. Avanza Impact by Circulus is an Article 9 fund that invests in global micro- and small-cap companies, with the objective that the majority of the turnover from these companies will directly align with one or more of the UN's Sustainable Development Goals (SDG). The fund is managed in partnership with Coeli Asset Management AB. Avanza Healthcare by Samuelsson & Hult is another Article 9 fund which is focused exclusively on the healthcare sector and on identifying sustainable, high-quality companies with growth potential that are developing future treatments for a healthier world. The objective is to invest in companies that contribute to SDG 3, "Good Health and Well-Being". Two fixed income funds, Avanza Ränta Global and Avanza Ränta Kort, were launched in partnership with Captor Fund Management AB. These funds give our customers an opportunity to benefit from the high interest rate environment to earn a return over both a short- and long-term savings horizon.

Several updates were made to the stock pages to better meet the needs of our more active customers. The old pages have been completely replaced to provide a more scalable solution with room for further improvements. Stock analyses from Morningstar were added for over 1,000 U.S. and European companies, a long-awaited addition that includes buy and sell recommendations, performance data and sustainability analyses. Other features that have been requested for some time are stock shorting data and history for Swedish stocks, as well as pre- and aftermarket performance for U.S. stocks, both of which have been added. Through a collaboration with Quartr, now there is also access to conference calls, presen-

tations and quarterly reports directly through the stock pages and through the "Right Now" feature in the apps and on the website.

To help find sustainable investments, sustainability data was added on the stock pages. There is now information on how far companies have come in terms of gender equality, as well as data on how their revenue contributes to the SDG's and how large a percentage comes from controversial industries. The information is obtained from the companies' annual reports via Sustainalytics. For funds, sustainability data has been expanded to include information on whether a fund's investments align with any of the SDG's and whether the fund has sustainability as a stated priority of its investments. Filtering options were added to the fund list based on these criteria.

On the mutual fund pages, choices can be filtered based on which funds pay a cash dividend, and changes in the fund's exposures are shown as well. The ETF list was updated with a new design and better filtering to make it easier to find the products you are looking for. Among other things, you can now see whether an ETF pays a dividend and its yield. Over 700 ETF's were also approved for the interest rate discount in margin lending.

The "Savings Target" feature was expanded during the year to allow customers to share their targets with family and friends, where they can see a graph of their overall performance and have the choice whether to share specific holdings with each other. The aim is to provide a better overview of their collective savings and further motivate customers to reach their targets. In surveys, over 70 per cent of customers say that they feel more motivated to save after setting a target, and over 40 per cent say that they save more after setting one.

As part of the work to promote a less restrictive market for pension transfers, the "Pension Chase" was further digitised. Customers can now request an occupational pension transfer by signing online for companies that accept digital signatures. For our occupational pension customers we also launched an information page with the most common questions and answers in English to make it easier for the many current and potential customers with employees who do not speak Swedish.

Farm loans were launched in collaboration with Landshypotek, enabling our customers to apply digitally for agricultural property mortgages, which had been requested mainly by customers in Private Banking.

In keeping with tradition, "Your 2023" was launched for customers to track the performance of their holdings and how they did in relation to the average Avanza customer. The annual summary also contains information and insight on stock market fluctuations, risk diversification and the importance of thinking long-term.

## Cheaper offers to fulfil our customer promise

Fees are critical to performance and we want the barriers to entry for savings to be low. Avanza does not charge fixed fees. This also applies to occupational pensions. The price list is based on the customer's level of activity and amount of capital in order to benefit each individual customer. To help more people start saving, Avanza has since 2016 a Start offer with free stock trading on the Stockholm Stock Exchange, and since 2021 funds are included as well. Start is available to customers with savings capital of less than SEK 50,000. Fund fees of SEK 21 million were refunded to Start customers for 2023.

Among the price cuts and fee transparency improvements to live up to our customer promise of "more for you and less for the bank", is our savings account offer, which gave customers the opportunity to earn interest during the year. Our own savings account, which previously had only been available to corporate customers, was launched broadly to all customers at the beginning of the year. We have raised the interest rate on the savings account several times since then, and at the end of the year the rate was 3.50 per cent. We also added the option to set up monthly savings directly to the savings account, and made it an option in the customer onboarding to simplify for those who do not want to invest in stocks or funds when market conditions are uncertain. In addition to our own savings account, customers can choose an interest-bearing savings account from any of our external partners, and during the year Borgo was added as a partner. Through the external savings account offer, the interest rate was 3.70 per cent at the end of the year.

Although the terms of our internally financed mortgages are directly tied to the Riksbank's policy rate hikes, we raised rates during the year after a lag of three months or more. To make it easier to compare mortgage rates, a new interest rate page was added for the external mortgage offer, where you can fill in information on your home and easily find out the rate you would pay with Avanza.

Avanza Ränta Kort, which was launched at the end of the year, is Sweden's cheapest short-term fixed income fund and gives our customers an opportunity to benefit from the high interest rate environment in a short-term time horizon.

The procedure for refunding foreign withholding tax on pension and insurance accounts was improved so that withheld tax is refunded as soon as the following year, rather than after three years as had been the case before. Refunds were also paid for the years 2020, 2021 and 2022.

Stock lending customers received a total of SEK 91 million.

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# A responsible organisation

Avanza should be the obvious choice for those who want to invest sustainably. Our ESG decision support is continually improved and we strive to offer our customers the best tools to factor sustainability preferences into their investment decisions. As a responsible bank, we also work to minimise all direct and indirect emissions tied to our operations.

## Minimise environmental and climate impacts

Climate change is one of the greatest challenges of our time. Avanza works actively to stop and mitigate our own negative impact and invests in climate solutions that are considered to have the greatest positive impact. For the investments made in the platform, we try to inspire sustainable choices and provide decision support to enable customers to include climate aspects in their investment decisions.

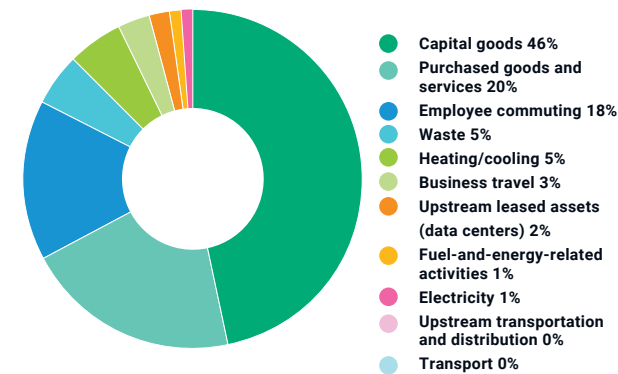
Avanza operates within the framework of the planetary boundaries and, like all responsible actors, we must reduce our direct and indirect impacts in the short term in order to reach net zero greenhouse gas emissions in the longer term. To ensure that we have an implementable plan and method to reach our emissions reduction targets, we have signed onto Business ambition for 1.5°C and set science-based targets (SBTs). The targets, which were validated by the Science Based Targets initiative (SBTi) in November 2023, are: to reduce emissions by 50 per cent by 2030 with 2021 as a baseline, that Avanza will continue to buy 100 per cent renewable energy and that 65 per cent of the capital in the funds Avanza Fonder manages will be invested in companies with their own SBTs by 2027. Currently, 60 per cent (51) of the capital in the funds is invested in companies with their own SBTs. Our overarching and most important climate target is to reach net zero, which means an emissions reduction of at least 90 per cent. This will be achieved as soon as possible, but by 2040 at the latest. We are still awaiting guidelines, however, on how financial institutions will calculate net zero.

## Minimise our own environmental and climate impacts

Avanza's environmental impact consists of direct emissions from our own operations as well as indirect emissions that arise in our value chain. In accordance with the Paris Agreement and Avanza's own climate targets, both will be reduced over time. To minimise our environmental impact and reach our targets, internal environmental work is continuously improved. We strive to maximise resource

efficiency and recycling and to take environmental impacts into account in our procurement and travel. Avanza is a resource-efficient organisation and our environmental impact is low. The head office is our only physical office and our business model is to maintain contact with customers digitally and by phone. The aim is to run our office on 100 per cent renewable energy and, to the extent possible, to source renewable energy for our server rooms.

Emissions by scope according to GHG Protocol, tonnes CO<sub>2</sub>e



Avanza's environmental impact mainly comes from purchases of IT equipment for employees and server rooms as well as employees' commute. To promote a circular economy and resource efficiency, we resold old IT equipment such as computers, laptops and monitors in 2023; 89 per cent was in good enough condition to be reused, while 11 per cent was recycled. This saved 24,243 kg of CO<sub>2</sub>,

which is reported by the buyer and not included in Avanza's climate report. See the complete table on the following page.

Avanza tries to reduce water consumption and to sort and recycle waste. Water consumption for Avanza's office was 1,856 m<sup>3</sup> in 2023, up from 1,681 m<sup>3</sup> in 2022, which can be attributed to an increased number of employees in the office. In 2023, 12,371 kg of waste was sorted. There is no figure for unsorted household waste, but it is estimated at 45,126 kg, which is entered in the climate report to calculate total emissions.

Waste, kg	2023	2022	2021
<b>Combustible</b>			
Household waste	45,126 <sup>1)</sup>	11,220	23,550
Confidential	3,257	-	-
<b>Recycled</b>			
Paper	8,256	17,318	19,020
Plastics	1,542	3,489	450
Glass	1,922	1,472	570
Metal	173	138	360
Electronics	478	927	570
Bulk waste	4,758	7,916	-

<sup>1)</sup> Estimate since Stockholm Vatten och Avfall no longer weighs the waste.

Water consumption, m <sup>3</sup>	2023	2022	2021
Water consumption	1,856	1,681	1,068

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### Supply chain

The large share of our emissions is in the supply chain. In 2023, we established a supplier policy and raised the demands on our suppliers in terms of sustainability. This is a focus area we will continue to develop in 2024.

### Climate finance

Total carbon emissions from Avanza's operations amounted to 494 tonnes for 2023. We have been buying carbon credits for our emissions since 2019. For 2023 we chose instead, in accordance with the guidelines from the SBTi, to invest in solutions with the biggest positive impact on climate change and the environment. The focus is on positive impacts rather than claiming climate neutrality through carbon credits. As a result, Avanza is now fully compliant with the recommendations in the WWF/BCG Corporate Climate Mitigation Blueprint that companies should: account and disclose emissions, reduce emissions in line with a science-based target pathway, quantify a financial commitment by pricing remaining emissions, and invest the financial commitment for climate and nature impact.

Avanza is committed for its scope 1 and 2 emissions and for its business travel to finance climate solutions with USD 100 per tonne of CO<sub>2</sub>. For other scope 3 emissions we finance USD 10 per tonne. For our 2023 emissions the contribution went to the Milkywire Climate Transformation Fund, a charitable fund that invests in projects and solutions necessary for the world to reach climate targets. The fund invests in projects with three themes: permanent carbon removal, restoring and protecting nature, and decarbonisation.

**Öppna sparkonto – och få 3,50% ränta**

Ligger dina pengar på ett konto med låg (eller ingen) ränta? Hos oss kan du öppna ett sparkonto på någon minut. Nu har vi dessutom höjt räntan på vårt eget sparkonto till hela 3,50%. Självklart med insättningsgaranti och fria uttag.

Öppna direkt

### Emissions by scope according to GHG Protocol, tonnes CO<sub>2</sub>e<sup>1)</sup>

	2023	2022	2021
<b>Scope 1</b>			
Transport	–	–	0
<b>Total Scope 1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Scope 2</b>			
Electricity	4	4	5
Heating/cooling	27	20	27
<b>Total Scope 2, location based</b>	<b>31</b>	<b>24</b>	<b>32</b>
<b>Scope 2</b>			
Electricity	–	–	–
Heating/cooling	27	20	27
<b>Total Scope 2, market based</b>	<b>27</b>	<b>20</b>	<b>27</b>
<b>Scope 3</b>			
Purchased goods and services	98	115	358
Capital goods	229	31	70
Fuel-and-energy related activities	7	6	7
Upstream transportation and distribution	2	10	47
Waste	27	6	12
Business travel	15	38	5
Employee commuting	73	70	67
Upstream leased assets (data centers)	12	–	–
<b>Total Scope 3, emissions</b>	<b>463</b>	<b>276</b>	<b>566</b>
<b>Total Scope 1, 2 &amp; 3, location based</b>	<b>494</b>	<b>300</b>	<b>598</b>
<b>Total Scope 1, 2 &amp; 3, market based</b>	<b>490</b>	<b>296</b>	<b>593</b>

### Avanza's energy consumption, MWh (location based)

	2023	2022	2021
Electricity	323	369	379
Whereof renewable	84	84	75
District heating	678	693	642
Whereof renewable	72	82	86
Whereof renewable or recycled energy	97	97	98
<b>Total</b>	<b>1,001</b>	<b>1,062</b>	<b>1,021</b>

### Avanza's energy consumption, MWh (market based)

	2023	2022	2021
Share of renewable electricity	100%	100%	100%

<sup>1)</sup> Some of the comparative figures for 2021 and 2022 have been adjusted due to changes in the calculation of total emissions.

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## Responsible tools & investments

We want Avanza to be the obvious choice for those who want to invest sustainably. As a financial company, Avanza plays an important role as the financial industry, through its ability to steer capital to sustainable businesses, has a key role to achieve the Sustainable Development Goals and the Paris Agreement's climate targets. We are also convinced that investments in responsible and sustainable business models that operate within the planetary boundaries generate the highest returns over time.

On Avanza's platform customers make their own investment decisions, and we do not offer advice. While we do not control how customers choose to invest, our job is to make it easy to find and invest in sustainable products. This requires that our fund range can be analysed based on sustainability criteria, and over the years we have developed and implemented a number of tools and made sustainability data available on the platform.

Our fund company, Avanza Fonder, is the only part of the Group with its own management and which therefore can integrate sustainability itself in its investment decisions. Below we describe how we utilise sustainability tools on the platform and how Avanza Fonder works with responsible investments.

### Sustainability on the platform

When it comes to our customers' savings, our sustainability work is focused on providing tools and decision support for sustainable investments and on educating our customers on the issues.

We offer over 1,380 funds. The funds on the platform annually undergo due diligence to analyse each company's sustainability work. To be included on our platform, a fund company must have signed the Principles for Responsible Investments (PRI) and integrate sustainability issues in its investment and decision-making processes in line with PRI's guidelines. The fund company must also have a sustainability strategy and take concrete action to reduce sustainability related risks.

At year-end, 3 (4) per cent of the total fund volume on Avanza's platform was invested in Article 9 funds according to the EU's Sustainable Finance Disclosure Regulation, i.e. funds that have sustainable investments or the reduction of carbon emissions as their objective; 72 (73) per cent was invested in Article 8 funds, i.e. funds which promote environmental or social characteristics.

Examples of our decision support and tools to facilitate sustainable fund investments:

- **Filters** make it possible to identify funds based on whether their investments align with the SDGs and whether a fund has embraced sustainability as a stated investment goal or that it promotes sustainability, i.e. whether it is a so-called Article 9 or 8 fund according to the EU's Disclosure Regulation.
- **ESG Score** is a visualisation tool in the fund list where customers can clearly and easily compare funds. Scores are on a scale of 0–100, where a lower number means a lower sustainability risk. The score a fund receives depends on whether it invests in companies that embrace sustainability and report their ESG work. The analytics firm Sustainalytics provides the company analyses and Morningstar then calculates an aggregate score for the fund.
- **Morningstar's Sustainability Globes** are based on analyses from Sustainalytics, which Morningstar then uses to generate an aggregate score between one and five, where five globes means the highest sustainability score and lowest sustainability risk. The score is a gauge of how the companies in a fund manage ESG risks relative to other funds in the same global category.
- **Sustainability Label** enables customers to choose funds based on their personal sustainability preferences. Customers can filter what is important to them in four areas: Environment & Climate, Controversial Industries, Social Responsibility, and Corporate Governance. In this way, they can find funds that match their personal choices.
- **Nordic Swan ecolabel** is the official ecolabel of the Nordic countries and is displayed on the platform for funds that qualify. The Swan was established by the government as an unaffiliated non-profit. The label ensures that a fund is committed to working with sustainability. By year-end there were 13 funds on the platform with the Nordic Swan ecolabel.
- **Fund portfolio analysis** is a tool where customers can analyse their existing fund holdings by sector and individual holding, as well as how the fund companies work with ESG issues.

A great deal is happening in the sustainability area, not least in terms of data quality and comparability, and the sustainability data on the platform is continuously being improved. In 2023, we developed a number of tools and decision support on the stock pages to facilitate sustainable equity investments. For example, we added information on whether companies generate revenue from economic activities that contribute to the SDGs, divided up by goal. Information is also provided on whether a company has revenue from controversial industries divided up by industry. We have also added sustainability data on how far the companies have come in terms of the gender equality of their boards, management and workforce in general.

We also try to educate on sustainable investments and want to build interest and engagement in the issues. On the platform and in the blogs and Avanza Academy there are sections on saving sustainably and the Avanza podcast features a steady stream of guest experts in various sustainability related areas.

### Responsible investments in our fund company

Avanza Fonder's goal is to be a responsible investor and support businesses and initiatives that make the world more sustainable. The fund company takes into account sustainability risks and the investments' negative consequences for sustainable development.

The fund company has signed PRI, the UN's responsible investment initiative. This means that Avanza Fonder has committed to incorporating environmental, social and governance aspects in its investments.

Avanza Fonder manage a total of 23 funds with diverse management strategies and investment approaches. Of these funds, 18 are so-called light green funds according to Article 8, which are funds that promote environmental or social characteristics; 2 of the funds are classified as Article 9 and are dark green funds that have sustainable investment as their objective. One of the dark green funds also has the Nordic Swan label, which means that it meets the stringent requirements for Nordic Swan funds.

To limit the investments' negative impact on sustainability factors, as well as sustainability risks as a whole, and to contribute to more sustainable development while creating better opportunities for higher fund returns, Avanza Fonder utilises the Opt-in, Opt-out and Impact methods. The method, or combination of methods, that

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is applied to mitigate and limit the impact on sustainability factors and sustainability risks varies depending on the fund's management approach, which asset classes it invests in and which specific strategy for responsible investments that the fund applies.

Avanza Fonder seek to invest in – opt-in – companies and financial products that promote sustainable development. All Article 8 and 9 funds exclude companies whose products and services are likely to cause significant negative consequences for sustainability factors and significant sustainability risks. The exclusions can take various forms depending on the specific fund's character, but on an overarching level include companies that are involved in controversial businesses which are considered to have especially high sustainability risks as well as companies that violate international norms and conventions. To limit sustainability risks as well as the negative impacts on climate change, the environment, people and society, the fund company opts out of certain investments based on established criteria, where at a minimum businesses associated with the following products and services will be avoided:

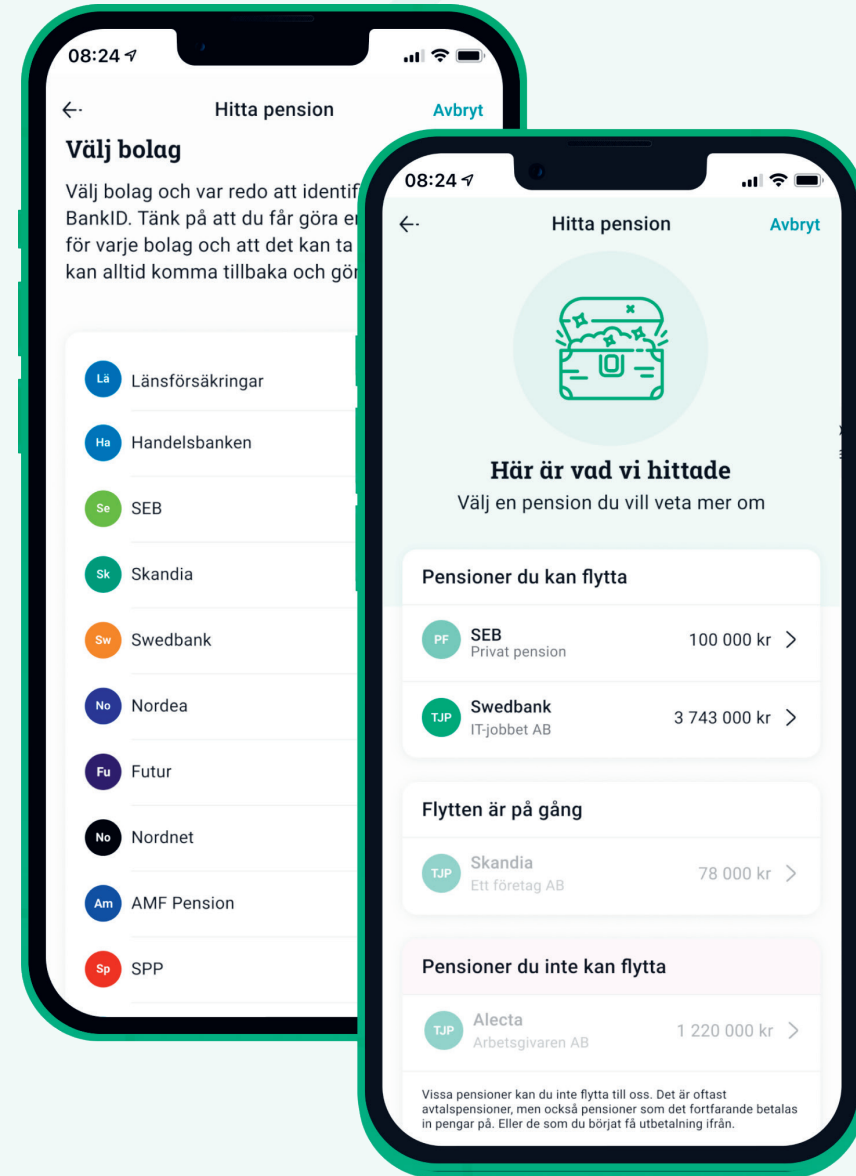
- Companies with revenue from controversial weapons
- Companies with revenue from nuclear weapons
- Companies that generate over 5 per cent of their revenue from tobacco, gambling, pornography and fossil fuels (coal, oil and gas, and at a minimum thermal coal as well as unconventional oil and gas)
- Companies that fail to comply with the UN Global Compact and the OECD Guidelines for Multinational Enterprises (at least companies that are not considered to be taking action to address identified problems)

#### Active ownership

Avanza Fonder engage in advocacy in relation to companies that its funds are direct investors in. The focus is mainly on companies where the fund company has a large holding and the advocacy includes voting at general meetings as well as direct dialogue with managements. The fund company is also an active owner in relation to the managers of the underlying funds in Avanza Fonder's funds-of-funds. In the case of feeder funds, advocacy work is done by the fund company that manages the master fund.

#### Science Based Targets

Avanza Fonder's target is that 65 per cent of the capital that the fund company has directly invested in shares will be in companies with science-based climate targets that align with the Paris Agreement; SBTs. Currently, 60 per cent of the capital is in companies that have set SBTs. In 2023, the fund company was in contact with selected companies in which its funds own shares to encourage them to set their own SBTs.



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# Good corporate ethics and governance is central in everything we do

To achieve our goal of creating a better future for millions of people, we must act responsibly in everything we do and maintain transparency, continuous dialogue and high ethical standards.

## Responsible banking

Avanza encourages good ethical behaviour, and good corporate governance is an integral part of our core business. Our governance is based on thorough processes, effective control and clear lines of responsibility. This gives our employees the best opportunity to act ethically and ensures a sound risk culture.

Avanza has a number of internal policies adopted by the Board of Directors and the CEO which describe our shared view of and approach to various issues. Avanza's internal rules are available to all employees and all employees are responsible for staying updated on the laws and internal rules that impact and are relevant to their work. Avanza's control functions regularly monitor operations and annually review the internal policy documents.

Avanza is a member of the Swedish Bankers' Association, the Swedish Securities Markets Association and the Swedish Investment Fund Association and actively participates in the work of these associations. We are also affiliated with SwedSec, which strengthens competence and consumer protection in the financial industry by maintaining high proficiency, compliance and ethical standards. By year-end, 132 of Avanza's employees were licensed in one of the following categories: mortgages, advisors, information providers, specialists, management and control functions. Licensees receive annual knowledge updates and pledge to follow Avanza's and SwedSec's regulations and applicable external rules. Avanza is politically independent. The bank does not provide financial support to any political party or in any other way make political donations.

## Fighting financial crime

As an active participant in the financial market, Avanza faces a risk that the Group's products and services will be exploited by criminals for money laundering or terrorist financing, fraud, undue influence or insider trading. Financial crime is a serious threat to the financial system and thereby to society as a whole. As a responsible bank, preventing financial crime and mitigating this risk is our highest priority.

The work to prevent Avanza from being exploited for money laundering or terrorist financing is risk-based and begins with the Board of Directors, who at least once a year conducts a general risk assessment to identify, analyse and manage the various risks that the bank faces.

A specially appointed executive named by the bank's Board of Directors is responsible for annually implementing and updating the general risk assessment of how the bank's products and services can be exploited for money laundering or terrorist financing. Based on this risk assessment, the CEO and the Board of Directors adopt Group-wide policies for combating money laundering and terrorist financing, which serve as the framework for Avanza's work.

The Board of Directors has appointed the Head of Compliance as the officer responsible for controlling and reporting obligations, who monitors and controls that Avanza is compliant with internal and external regulations and is responsible for reporting to the Financial Intelligence Unit of the Swedish police (FIPO). An independent audit function regularly reviews and evaluates Avanza's internal processes and procedures as well as the work of other control functions, and is part of the internal audit function.

An important preventive activity is the KYC ("Know Your Customer") process, which precedes every business relationship and continues on an ongoing basis to ensure that the information is up-to-date and sufficient. The process is risk-based and more extensive controls are performed for customers in areas where the bank identifies higher risk, e.g. when the customer is identified as a politically exposed person (PEP). As needed, customers are escalated to an authorised decision-maker, specially appointed executive or to Avanza's Customer Committee, where cases that are identified as high risk are managed. Avanza's risks are limited since we exclusively serve the Swedish market and our customers are required to have an account with another Swedish bank.

Another important activity is the monitoring of financial sanctions and transactions to detect suspicious or unusual customer behaviour. The Financial Crime Intelligence (FCI) department is

responsible for updating and developing the Group's risk assessment models. Transaction monitoring is continuously improved and suspicious transactions or behaviour are reported to FIPO. FCI is also responsible for investigating and reporting suspicions of market abuse as well as coordinating Avanza's response if it suspects that a customer has been exposed to, or is currently being exposed to, fraud.

For financial crime prevention to succeed, all employees must share responsibility as far as possible for preventing the company from being exploited by criminals. This requires competence and awareness, and annual internal training programmes are available to ensure that employees have sufficient knowledge. The training programmes are adapted to each employee's duties and function and contain relevant sections of the content on current regulations, the business operator's general risk assessment, procedures and guidelines to prevent money laundering and terrorist financing.

## IT and information security

Avanza's operations are largely digital with high demands on security, stability and availability. Protecting customer privacy, our information assets and our IT environment and exercising control of outsourced activities are critical to maintain the trust of customers.

The policies established by the Board of Directors on IT operations as well as Management and control of operational risk provide a framework for this work. Furthermore, Avanza's CEO establishes an information security instruction that sets out the division of responsibilities for maintaining information security operations in accordance with the policies. The bank's information security management system is based on the current standards of the NIST cybersecurity framework.

IT and information security work is conducted in a structured and systematic way in accordance with current laws and industry standards. The work is integral to business operations and all employees at Avanza are responsible for maintaining information quality and security. To ensure employees' competence and awareness

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in this area, all employees, including consultants, annually receive security training based on relevant parts of Avanza's Security Handbook and governing policies. IT and information security are also included in the introductory training for new employees. The Board of Directors and management receive periodic training as well.

A prerequisite to counter cyberattacks is our use of secure coding practices. To ensure that employees are properly skilled in this area, Avanza, together with an external supplier, has developed a specific training in secure coding for software developers. All software developers at Avanza at least once a year receive the training, which is updated continuously and where theory is blended with practical application.

The high availability to the platform and Avanza's services is ensured in part by having redundant, geographically dispersed data centres. During the year, we modernised our network infrastructure and expanded and modernised our storage infrastructure for higher availability and performance. We work proactively to continuously replace hard- and software with more modern solutions in order to avoid technical debt. Performance and new functionality are thoroughly tested before production releases. Moreover, continual updates and improvements, along with weekly launches of the website, help to further reduce operational risks. This applies to the apps as well. The availability of Avanza's platform was 99.8 per cent (99.9) during the year.

Russia's invasion of Ukraine, increased geopolitical tensions and Sweden's NATO process are expected to lead to an elevated threat to systemically critical infrastructure, including the financial system. The threat is not deemed to be directly targeted at Avanza, but could have an indirect impact since Avanza is part of the Swedish and European financial system. This is taken into consideration in Avanza's cybersecurity work. We continuously invest to develop our competencies and capabilities. We also cooperate with industry colleagues through the Swedish Bankers' Association to share experiences, insights and advice. The goal of our work 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.

#### Data protection

Avanza's customers, employees and partners should feel secure with how Avanza handles their personal data. Avanza's work with data protection and personal data is a continuous process to ensure compliance with the General Data Protection Regulation (GDPR).

Avanza's internal governance organisation is established to meet its legal requirements. Our policy and instruction on personal data

clarify the basic principles and requirements that apply to data protection work in the company. To tie governance to the day-to-day work, processes and procedures have been put in place in order to provide guidance on how personal data is processed. Employees receive continuous training on issues related to data protection and processing personal data.

In addition to a clear distribution of roles within the company, Avanza has appointed a data protection ombudsman. The ombudsman monitors the processing of personal data and compliance in the organisation. The role is independent and has a mandate to carry out inspections and reviews. An important part of the work is also to train, inform and provide advice to the organisation.

Transparency in the processing of personal data is of utmost importance to Avanza, and customers and employees have access to clear information on how Avanza processes personal data as well the rights they have.

During the year, Avanza reported 2 personal data incidents to the Swedish Authority for Privacy Protection (IMY), which both have been closed. Avanza has an ongoing previously reported case with IMY, for more information see page 80.

#### Conflicts of interest, corruption, bribes and undue influence

Avanza has established procedures to address conflicts of interest in order to avoid negatively affecting the interests of customers.

Avanza's business requires processing of sensitive personal data and, consequently, to maintain public trust. Avanza strongly opposes all types of corrupt behaviour and works continuously to promote sound business practices and fight corruption. The bank's policy on bribes sets out the guidelines of the Avanza Group for fighting corruption. Employees may never engage in actions that could entail bribes or other undue influence. The policy and Avanza's code of conduct are included in the mandatory regulatory training for new employees and can be found at [avanza.se/ir](http://avanza.se/ir).

#### Whistleblower protection

Acting ethically and taking measures to prevent unethical or illegal behaviour are an important part of Avanza's culture. In Avanza's code of conduct, adopted by the Board of Directors, all employees are encouraged to report actions that could be considered unethical or illegal. Moreover, Avanza's CEO lays down a more detailed whistleblower instruction to ensure that responsibility is delegated and to clarify how incoming reports are handled. Reports can be submitted anonymously through an external whistleblower tool where the information is encrypted. The system is available to everyone within Avanza regardless of their type of employment. During the year, 0 (0) potential violations were reported through this system.

#### Suppliers, Third Party Players and significant counterparties

Avanza's efforts to promote high ethical standards, sustainability, respect for human rights, and fair and safe working conditions stretch beyond the organisation. By setting demands, influencing and evaluating, we encourage high ethical standards in society.

In 2023, Avanza improved its procurement process, which is utilised in all procurement situations within the Group. This is done to ensure that employees act professionally and ethically.

Avanza also established its code of conduct for suppliers during the year. The code is based on internationally accepted standards such as the UN Global Compact and the OECD Guidelines for Multi-national Enterprises and defines the expectations we place on our suppliers. The code also states that suppliers in turn are responsible for applying the same principles to their subcontractors.

The majority of Avanza's counterparties are providers of financial products and services, which are governed by the Swedish FSA or similar foreign authorities and/or are subject to the rules of various stock exchanges. To better understand the counterparty, and thereby identify and minimise any business, sustainability or reputational risks, we work systematically to control and monitor Third Party Players and other significant counterparties. We have established routines for evaluating and selecting suppliers based on economic, environmental, social, and governance-related aspects. Counterparty assessments are conducted for among other reasons to ensure that the counterparty has the correct authorisation for its business and is not involved in any legal disputes or face financial risks due to enforcement actions, and that it has a strong focus on IT and information security. In certain cases, more detailed reviews and supplier visits are also carried out. Follow-ups are done according to a risk-based approach and always when there is an indication of a change in risk level. Among the most significant Third Party Players are external fund companies, savings account and mortgage partners and Avanza Markets.

We have established processes to evaluate and select suppliers based on financial, environmental, social and governance-related aspects. In connection with transactions such as an IPO or rights issue, Avanza works exclusively with established counterparties in the Swedish financial market. In transactions where Avanza is the lead and only advisor, thorough due diligence is performed to ensure that the company's operations align with Avanza's sustainability view, that its representatives have not been sanctioned or convicted of serious or financial crime, and that the company is in compliance with stock exchange rules and listing requirements.

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# Sustainability risks

Avanza operates in an industry built on trust and our customers expect a high level of availability and security on our digital platform. Clearly defined risk ownership and a sustainable risk culture are essential to our business.

## Identified sustainability-related risks

Sustainability risks are risks associated with environmental, social or governance related events or conditions which, if not managed properly, can negatively impact Avanza operationally, financially or reputationally. Sustainability risks span over many areas and can rarely be separated from other risks such as credit risk, financial risks and/or compliance risks. Identification of sustainability risks is an integral part of risk assessment within Avanza and aligns with our generally low risk appetite. Read more about financial risks on page 27.

A number of sustainability-related risks that Avanza has identified and works actively to prevent are listed below.

### Financial crime and corruption

Risks associated with financial crime and corruption are mainly tied to the risk that the bank's products and services will be exploited for criminal purposes. This includes money laundering, corruption, undue influence, insider trading, fraud of various types and other serious financial crime. The potential impacts on Avanza include both legal consequences with significant fines, other sanctions or damages, but also reputational damage and a weaker financial position.

Avanza manages risks through extensive internal regulations and control processes. Among the measures are risk classification and daily monitoring of customers and transaction flows, the KYC ("Know Your Customer") process and annual employee training. Relevant policy adopted in these areas is the Policy on anti-money laundering and counter-terrorism financing.

Avanza complies with Sweden's anti-corruption laws and practices and under no circumstances accepts active or passive bribery or other illegal payments. We work continuously to fight corruption and have an anti-bribery policy that complies with Swedish law. The policy and Avanza's Code of Conduct are included in the mandatory regulatory training.

For more information on Avanza's efforts to prevent financial crime, corruption and bribes, see page 44.

### Availability of Avanza's products and services

If Avanza suffers disruptions or intrusions in its IT environment, it can have a severe impact on customers' trust and Avanza's brand as well as financial consequences in the form of costs for recovery, compensation to customers and lost income. In the event of recurring disruptions or if Avanza were to have insufficient IT protection, it could also lead to warnings or sanctions from the Swedish FSA.

The availability of the platform and Avanza's services is ensured in part by having redundant, geographically dispersed data centres. We work proactively to replace hardware and software with more modern solutions in order to avoid technical debt. Performance and new functionality are thoroughly tested before production releases. Avanza invests continuously to ensure adequate protection against cyberthreats. Technical and organisational protections are tested and evaluated on a continuous basis. To ensure that every employee has the knowledge they need, all employees periodically receive training in risk management and security. IT and information security is part of the mandatory introductory training for new employees.

Relevant policies in the area include the Policy on governance and control of operational risk and the IT policy. For more information on Avanza's work with IT and information security, see pages 44–45.

### Compliance risks

The financial sector is tightly regulated, which places high demand on active compliance. Avanza operates under the supervision of the Swedish FSA and if the bank were to have systematic or serious deficiencies, it could be sanctioned or have its license revoked. Avanza places the highest priority on lawful and ethical conduct and has established internal rules, routines and processes to ensure that it complies with regulations. All employees have a clearly delineated 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.

Relevant policies are the Guideline on internal governance for the

Avanza Group and the Instruction on internal regulations in the Avanza Group.

### Risks associated with data protection

Within the framework of its operations, Avanza processes the personal data of customers and employees. Risks in this area are associated with shortcomings in how this data is processed in terms of availability, accuracy, confidentiality and/or traceability. If Avanza fails to live up to the basic requirements on data protection, it could negatively impact our brand and/or lead to sanctions from the Swedish Authority for Privacy Protection.

Avanza's processing of personal data is ultimately governed through the Board of Directors' Privacy policy, with more detailed requirements and distribution of responsibilities in the CEO's Instruction on processing of personal data. Avanza has established processes and routines to ensure compliance with the core principles. Avanza's Data Protection Officer (DPO) provides support to operations in interpreting, implementing and monitoring compliance with a risk-based approach. The DPO conducts periodic reviews and annually compiles a report for management and the Board of Directors to inform them what is happening in the data protection area and how well Avanza is following GDPR.

Relevant policies in the area include the Privacy policy and the Instruction on processing of personal data.

### Risks associated with social conditions and employees

Avanza's success is highly dependent on our corporate culture and strong employee engagement. They are essential in order to attract and retain developers and other employees in stiff competition. The risks in this area are that we will not be able to recruit employees at the desired rate, that competent employees leave and risks associated with health and safety, workload, discrimination and harassment. There is also a risk of a lack of gender equality at Avanza, since the finance and tech fields are to a large extent male-dominated.



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Avanza's works systematically with occupational health and safety, diversity and gender equality largely based on our occupational health and safety policy, diversity and gender equality policy, recruiting policy and code of conduct. For more information on our occupational health and safety and gender equality work, see pages 33–37.

#### Risks associated with human rights

Avanza's own operations are not deemed to pose a significant risk of human rights violations. Operations are concentrated in Sweden, which makes the likelihood of human rights violations relatively low. Strong protection is afforded through the constitution and other laws and regulations. Since the '90s, Sweden adopted as its law the European Convention on Human Rights and Fundamental Freedoms. Avanza has no lending to companies outside margin lending.

There is an indirect risk that investments are made through Avanza Fonder in companies that violate human rights. To minimise this risk, the fund company excludes companies that do not follow international norms and conventions with respect to the environment, human rights, working conditions and business ethics such as the UN Global Compact and OECD Guidelines for Multinationals. All external funds that the fund company's funds invest in must comply with PRI and have a policy on responsible investing and shareholder engagement.

#### Detailed information on climate risks based on the TCFD recommendations

Climate change poses a risk to many parts of society and also impacts the financial sector. It is important to understand how climate change can affect Avanza's operations and our customers' savings in the short and long term. Besides the risk, there are also 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 also affect Avanza's reputation.

Climate risks are usually divided into physical and transition risks. Physical risks are the risks of physical destruction due to the effects of climate change such as droughts, floods and forest fires. Transition risks are risks of negative financial consequences from society's transition to greater sustainability.

Avanza's climate and sustainability-related financial and non-financial risks are reported in accordance with the recommenda-

tions of the Task Force for Climate-related Financial Disclosures (TCFD).

#### Governance

Governance of climate-related risks and opportunities begins with the Board of Directors, 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 for Avanza's sustainability work. The CEO is responsible for day-to-day management, and to support the sustainability work the CEO has appointed a head of sustainability and 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 aligns with among other things the Paris Agreement. The climate- and sustainability-related risks that Avanza has identified are described below, as well as how they are assessed and managed.

#### Climate and sustainability risks associated with the balance sheet

On the asset side, Avanza has exposure to municipalities in the form of the municipal bonds in the company's management of surplus liquidity. If a municipality incurs higher climate-related costs, thereby affecting its credit worthiness and credit spread, it could adversely impact the market value of the bonds.

The exposure to municipal bonds is limited in terms of both amount (max 20 per cent) and rating (AAA/A1). The duration of the holdings normally is short and is maximised at three months on average. If a municipality incurs higher climate-related costs, affecting its credit worthiness and credit spread, it would have a very limited impact on the portfolio.

Also in the credit portfolio, sustainability- and climate-related risks are considered low. The loan value in the mortgage portfolio continues to be 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 an amortisation requirement.

If the underlying collaterals for Avanza's mortgages are in geo-

graphically vulnerable areas, climate-related events such as recurring floods or elevated water levels could adversely impact the value of the collateral.

Avanza also has lending collateralised by securities. Transition- and climate-related risks that an issuer is exposed to through its business model could have a negative impact on the collateral's value. Furthermore, political risks and more stringent regulatory requirements could potentially have major consequences for an issuer's business model, growth and profitability, and thereby impact the value of the collateral. These are therefore taken into account in the assessment of the value of the collateral. Increased volatility triggers a re-evaluation of the LTV ratio, which if necessary is lowered for the individual issuer.

The relevant governing documents in the area are the Guidelines on liquidity and market risk management, the Instruction on liquidity and market risk management, the Guidelines on lending and the Instruction on lending.

#### Risk that customers reduce the green investments in their portfolios

Customers of Avanza make their own investment decisions and therefore also responsible for their own investment risk. Avanza strives to promote green investments by providing decision support, information and inspiration, but ultimately we are not able to determine how customers choose to invest. Not having an easily accessible sustainable offering that meets the expectations of customers and other stakeholders can pose a reputational risk. More information on the sustainability support available to customers is provided on page 42, and what we have done during the year to simplify sustainable savings is provided on page 39. Currently, Avanza's customers do not have large amounts invested in brown investments.

The relevant policy in the area is the Policy on responsible business.

#### Stress tests ensure that Avanza's strategy and business model are resilient in the event of more negative climate scenarios

Within the framework of Avanza's work with stress tests, the strategy and business model are challenged based on various climate scenarios. The results are reported to the Board's Risk, Capital and Audit Committee and are included in the annual own risk and solvency assessment (ORSA), which the Board establishes and which

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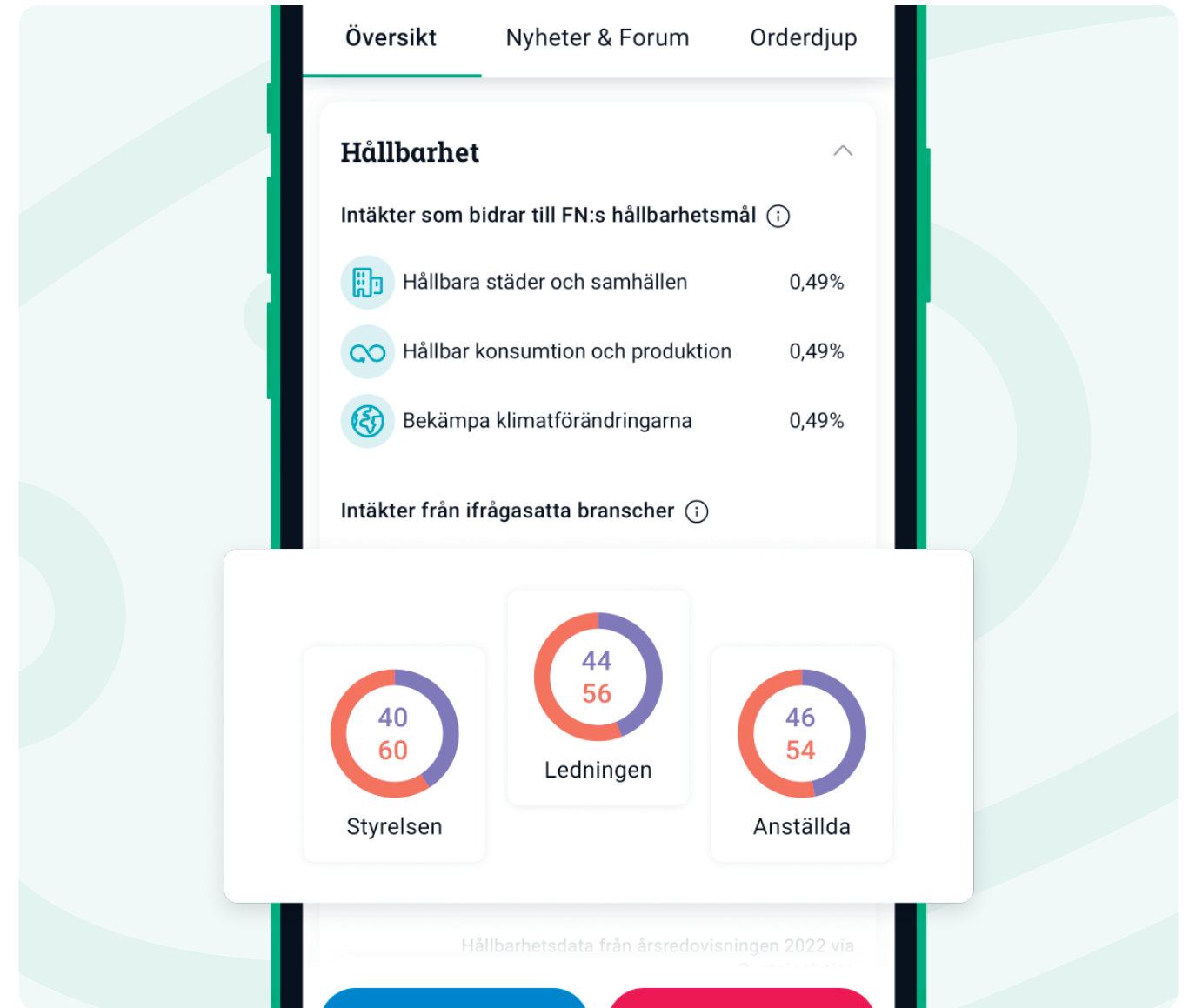
is sent to the Swedish FSA. The Paris Agreement Capital Transition Assessment (PACTA), an open platform to measure whether an investment portfolio aligns with the commitments of the Paris Agreement, is used for the stress test. With the help of PACTA, customers' investments are categorised into climate-related sectors such as energy, oil & gas, and coal mining.

The various scenarios have been articulated based on one assumption where customers are passive and hold onto the same assets and another assumption where they are active and act rationally by reweighting over a five-year period from the four categories: Energy/Other, Oil & Gas, Coal, and Materials production to more sustainability categorised assets. Since Avanza's business plan does not stretch to either 2030 or 2050, the outcomes from the two climate scenarios are compared against each other. The business plan is followed to 2025 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 2025 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 they trade. In both the passive and active scenarios, the stress test showed very little effect. The low exposure to directly affected industries is an important reason. Even if the analysis itself shows very little effect, sustainable assets are likely to generate fairly different returns in each scenario. While this is only marginally captured in the analysis, it is considered to have a relatively big impact on customers' savings capital and Avanza's earnings over this long period of time period. The scope 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 to inform and inspire customers to make sustainable choices.

#### Target and measure

Avanza tracks a number of key performance indicators linked to our operations and sustainability work, which are based on three focus areas. For more information, see page 32.



# Reporting according to the EU Taxonomy

One of the key elements of the EU's action plan on financing sustainable growth is the EU Taxonomy (EU) 2020/852, a uniform classification system for environmentally sustainable economic activities. The Taxonomy entails information requirements at a company and product level, and its aim is to enable investors to identify environmentally sustainable investments.

## Avanza's Taxonomy reporting 2023

According to the Non-financial reporting directive (NFRD), public interest entities, with more than 500 employees, since 2021 report in accordance with the Taxonomy Regulation. The disclosure requirements are being implemented gradually and for the financial year 2023 financial institutions such as Avanza must report the percentage of assets on their balance sheet that align with the Taxonomy's first two environmental targets: Climate Change Mitigation and Climate Change Adaptation.

For an economic activity to be defined as environmentally sustainable under the EU Taxonomy and, consequently, as Taxonomy-aligned, it must meet all of the following criteria:

- Substantially contribute to at least one of the EU's six environmental objectives
- Do no significant harm to any of the other environmental objectives
- Meet the minimum safeguards

If an economic activity is not included in the technical screening criteria, the activity cannot be assessed under the EU Taxonomy and therefore is not eligible for the regulation.

## The EU Taxonomy in Avanza's business strategy and the impact on products

Avanza's vision of a better future for millions of people is the basis of our business and the foundation for our approach to sustainability. A significant part of this is our goal to promote a net zero economy aligned with the Paris Agreement's 1.5°C target. This is a sustainability target established by the Board of Directors and requires our own organisation to operate within the planetary boundaries, but even more importantly that we make responsible investments in Avanza Fonder and that we design products and services that enable our customers to reallocate their investments. The target is scientifically based and approved by the Science Based Targets initiative. For more information, see pages 40-43.

As for the EU Taxonomy specifically, we see it as one of several tools to identify environmentally sustainable investments and increase transparency. Transparency is a cornerstone to Avanza and our ambition is to be a leader in offering support that enables customers to integrate ESG aspects in their investment decisions. Currently, however, the Taxonomy is not developed or complete enough to alone provide adequate decision support for customers. Taxonomy information is embedded in the sustainability-related product information that the majority of the funds on the platform provide in keeping with the Sustainable Finance Disclosure Regulation (SFDR), however. Funds can also be filtered based on the sustainability characteristics they have in accordance with SFDR.

Avanza's sustainability work is continuously developing, and as the Taxonomy changes it could potentially impact more of Avanza's product areas.

## Methodology description

Avanza's Taxonomy reporting relates to the consolidated situation, which excludes Försäkringsaktiebolaget Avanza Pension and Placera Media Stockholm AB. This conforms to Regulation (EU) No 575/2013 of the European Parliament. The Taxonomy report is based on the requirements in the Commission Delegated Regulation (EU) 2021/2178, which complements Article 8 of the Taxonomy Regulation. The Taxonomy reporting has been based on Avanza's interpretation of the regulatory requirements, and we continuously monitor changes in the requirements and the clarifications that are presented.

## Substantially contribute to Climate Change Mitigation

Lending to energy class A housing is the only exposure on Avanza's balance sheet that meets the technical screening criteria and is considered to contribute to climate change mitigation.

One possible interpretation is that the green bonds included in Avanza's bond portfolio, both covered mortgage bonds and municipal bonds, should also be counted as holdings that substantially

contribute to climate change mitigation, as it is stated in each issuer's framework and in the bond prospectus that the holdings are closely aligned with the Taxonomy. Due to the absence of precise, quantitative figures on Taxonomy alignment, however, Avanza has taken a cautious approach and therefore considers the Taxonomy alignment of the bond portfolio to be zero per cent.

## Do no significant harm to any of the other environmental objectives

Only lending to households collateralised by energy class A housing is considered to contribute to climate change mitigation. The climate-related risks for this lending are considered low, even in cases where the underlying collateral is located in geographically vulnerable areas. The loan value in the portfolio remains low and mortgage customers are usually over-collateralised. If the underlying collateral decreases significantly in value, this is captured in the annual revaluation, which can trigger an amortisation requirement.

## Minimum safeguards

Households are not required to meet the minimum safeguards and on this point there is therefore nothing to report.

## Limitations of the data

Financial undertakings that are eligible for NFRD have not yet begun reporting their Taxonomy alignment. The percentage of a financial undertaking's balance sheet that is Taxonomy eligible is based on reported data for the financial year 2022.

For the financial year 2023 manufacturing companies begin reporting their economic activities' alignment with environmental targets three to six, which means that Avanza, as a financial company, cannot report similar data until the financial year 2024.

For more information on the limitations of the data, see the *Presentation of activities that are eligible for and potentially aligned with the Taxonomy*.

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**Presentation of activities that are eligible for and potentially aligned with the Taxonomy**

The following table provides explanations and assumptions behind the calculations of the economic activities that are eligible for and potentially aligned with the Taxonomy.

Reporting by exposure category	Explanation of reported gross carrying amount	Taxonomy-eligible activities	Taxonomy-aligned activities	Limitations of the data
Exposures to financial undertakings	Avanza's exposure to financial undertakings refers to the book value of loans to credit institutions as well as bonds and other interest-bearing securities issued by financial undertakings eligible for NFRD.	The reported gross carrying amount multiplied by each company's percentage of Taxonomy-eligible assets according to reported data for 2022.	No data available.	The bonds that Avanza buys are covered and issued by mortgage lenders that do not have their own Taxonomy reporting, so the calculations are based on Taxonomy data from each lender's parent company.  For 2022 financial undertakings have not reported Taxonomy alignment.  For green bonds issued by mortgage lenders there is no way to ensure that the issue proceeds finance economic activities that are fully Taxonomy aligned.
Exposures to non-financial undertakings eligible for NFRD	Avanza has no loans to undertakings eligible for NFRD and, consequently, no exposure to non-financial NFRD undertakings.  Avanza's corporate lending consists solely of loans collateralised by securities which in accordance with contractual terms may only be used for margin lending. An activity not eligible for the Taxonomy.	N/A	N/A	The assessment that Avanza does not have any exposure to NFRD undertakings is based on information from external databases. In individual cases additional information has been obtained directly from the counterparties' annual reports.
Exposures to households	The book value of loans to households collateralised by residential immovable property or securities.	Loans to households collateralised by residential immovable property.	Loans to households collateralised by energy class A residential immovable property.	As an alternative to basing the calculations of Taxonomy alignment on meeting energy class A criteria, one method is to base them on the 15 per cent most energy-efficient residential properties in Sweden. However, reliable data on this is lacking at the time of reporting.  In the coming years, Avanza's risk analysis of the requirement that the properties do not harm other environmental targets will be further refined.
Exposures to local governments	Gross carrying amount is comprised of the book value of bonds issued by local governments, where the use of proceeds is known. For bonds and other interest-bearing securities issued by local governments where the use of proceeds is not known, the gross carrying amount is reported under Central governments and supranational issuers, which is not included in covered assets.	No data available.	No data available.	Municipalities and counties do not report according to Taxonomy.  For green bonds issued by municipalities and counties there is no way to ensure that the issue proceeds finance economic activities that are fully Taxonomy aligned.

**The Taxonomy's quantitative indicators**

Total green asset ratio = Taxonomy-aligned exposures in relation to all covered assets.

Total covered assets = Gross carrying amount of total assets excluding exposures to central banks, central governments and supranational issuers, and regional issuers where use of the proceeds is unknown.

Coverage ratio = Taxonomy-aligned exposures in relation to gross carrying amount of all assets.

**Tables for Taxonomy reporting**

The reporting on the following pages is presented in accordance with Annex VI of the delegated regulations (EU) 2021/2178 and (EU) 2023/2486. Avanza does not offer financing to companies that are eligible for the non-financial reporting directive, because of which the calculations of the KPIs turnover and capex are identical. The absence of corporate financing also makes Table 2 irrelevant, so it is omitted from the reporting. Table 5 is also omitted as Avanza does not have any off-balance sheet exposures.

Since this is the first year for the expanded reporting requirements, no comparable information from 2022 is published. The columns for the four environmental targets that entered into force in 2023 are omitted from the tables since there is no data and since environmental target one, climate change mitigation, is considered the most relevant for Avanza's balance sheet exposures.

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## Disclosures according to Annex VI - templates for the KPIs of Credit institutions

### 0. Summary of KPIs to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation

	2023	Total environmentally sustainable assets*, SEK m	KPI turnover, %	KPI CAPEX, %	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	41	0.08	0.08	76.16	6.51	23.84
	2023	Total environmentally sustainable activities, SEK m	KPI turnover, %	KPI CAPEX, %	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	11	0.13	0.13	5.12	0.76	94.88
	Trading book	N/A	N/A	N/A			
	Financial guarantees	N/A	N/A	N/A			
	Assets under management	N/A	N/A	N/A			
	Fees and commissions income	N/A	N/A	N/A			

\* Total environmentally sustainable assets are identical for KPIs turnover and CAPEX.

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**1. Assets for the calculation of GAR**

As a result of Avanza not having any lending to corporations covered by NFRD, the calculations regarding GAR assets are identical for the turnover and CAPEX KPIs, and therefore only one version of the table is presented.

		31-12-2023																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Total (CCM + CCA)						
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)						
		of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)						
		of which Use of Proceeds			of which transitional		of which Use of Proceeds			of which enabling		of which Use of Proceeds			of which transitional		of which enabling	
SEK m	Total gross carrying amount																	
<b>GAR – Covered assets in both numerator and denominator</b>																		
1	<b>Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation</b>	<b>48,067</b>	<b>22,125</b>	<b>41</b>	<b>41</b>	<b>41</b>	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>Financial undertakings</b>	<b>29,286</b>	<b>10,638</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	29,286	10,638	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,314	336	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	27,972	10,302	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>Non-financial undertakings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>Households</b>	<b>18,681</b>	<b>11,486</b>	<b>41</b>	<b>41</b>	<b>41</b>	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	11,486	11,486	41	41	41	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Local government financing</b>	<b>100</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data

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		31-12-2023								
		Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Total (CCM + CCA)		
		of which towards taxonomy relevant sectors (Taxonomy-eligible)			of which towards taxonomy relevant sectors (Taxonomy-eligible)			of which towards taxonomy relevant sectors (Taxonomy-eligible)		
		of which environmentally sustainable (Taxonomy-aligned)			of which environmentally sustainable (Taxonomy-aligned)			of which environmentally sustainable (Taxonomy-aligned)		
SEK m		of which Use of Proceeds	of which transitional	of which enabling	of which Use of Proceeds	of which transitional	of which enabling	of which Use of Proceeds	of which transitional	of which enabling
Total gross carrying amount										
<b>GAR – Covered assets in both numerator and denominator</b>										
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	4,491	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	2,273	-	-	-	-	-	-	-	-
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,094	-	-	-	-	-	-	-	-
35	Loans and advances	901	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-	-
39	Equity instruments	192	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,179	-	-	-	-	-	-	-	-
41	Loans and advances	1,179	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-	-
44	Derivatives	-	-	-	-	-	-	-	-	-
45	On demand interbank loans	-	-	-	-	-	-	-	-	-
46	Cash and cash-related assets	-	-	-	-	-	-	-	-	-
47	Other categories of assets (e.g. Goodwill, commodities etc.)	2,219	-	-	-	-	-	-	-	-
48	<b>Total GAR assets</b>	<b>52,559</b>	<b>22,125</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>
49	Assets not covered for GAR calculation	16,452	-	-	-	-	-	-	-	-
50	Central governments and Supranational issuers	7,822	-	-	-	-	-	-	-	-
51	Central banks exposure	8,630	-	-	-	-	-	-	-	-
52	Trading book	-	-	-	-	-	-	-	-	-
53	<b>Total assets</b>	<b>69,011</b>	<b>22,125</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations</b>										
54	Financial guarantees	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-
56	of which debt securities	-	-	-	-	-	-	-	-	-
57	of which equity instruments	-	-	-	-	-	-	-	-	-

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data

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3. GAR KPI stock based on turnover

		31-12-2023													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					
		of which Use of Proceeds of which transitional of which enabling				of which Use of Proceeds of which enabling				of which Use of Proceeds of which transitional of which enabling					
%		of which Use of Proceeds of which transitional of which enabling				of which Use of Proceeds of which enabling				of which Use of Proceeds of which transitional of which enabling					
Proportion of total covered assets in the denominator															
GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	46.03	0.09	0.09	0.09	-	-	-	-	46.03	0.09	0.09	0.09	-	91.45
2	<b>Financial undertakings</b>	<b>36.33</b>	-	-	-	-	-	-	-	<b>36.33</b>	-	-	-	-	<b>55.72</b>
3	Credit institutions	36.33	-	-	-	-	-	-	-	36.33	-	-	-	-	55.72
4	Loans and advances	25.59	-	-	-	-	-	-	-	25.59	-	-	-	-	2.50
5	Debt securities, including UoP	36.83	-	-	-	-	-	-	-	36.83	-	-	-	-	53.22
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>Non-financial undertakings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>Households</b>	<b>61.49</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	-	-	-	-	<b>61.49</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	-	<b>35.54</b>
25	of which loans collateralised by residential immovable property	100.00	0.36	0.36	0.36	-	-	-	-	100.00	0.36	0.36	0.36	-	21.85
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Local government financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0.19</b>
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.19
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>Total GAR assets</b>	<b>42.10</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	-	-	-	-	<b>42.10</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	-	<b>100.00</b>

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data



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### 3. GAR KPI stock based on CAPEX

		31-12-2023													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					
		of which Use of Proceeds of which transitional of which enabling				of which Use of Proceeds of which enabling				of which Use of Proceeds of which transitional of which enabling					
%		of which Use of Proceeds of which transitional of which enabling				of which Use of Proceeds of which enabling				of which Use of Proceeds of which transitional of which enabling					
Proportion of total covered assets in the denominator															
GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	46.03	0.09	0.09	0.09	-	-	-	-	46.03	0.09	0.09	0.09	-	91.45
2	<b>Financial undertakings</b>	<b>36.33</b>	-	-	-	-	-	-	-	<b>36.33</b>	-	-	-	-	<b>55.72</b>
3	Credit institutions	36.33	-	-	-	-	-	-	-	36.33	-	-	-	-	55.72
4	Loans and advances	25.59	-	-	-	-	-	-	-	25.59	-	-	-	-	2.50
5	Debt securities, including UoP	36.83	-	-	-	-	-	-	-	36.83	-	-	-	-	53.22
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>Non-financial undertakings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>Households</b>	<b>61.49</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	-	-	-	-	<b>61.49</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	-	<b>35.54</b>
25	of which loans collateralised by residential immovable property	100.00	0.36	0.36	0.36	-	-	-	-	100.00	0.36	0.36	0.36	-	21.85
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Local government financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0.19</b>
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.19
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>Total GAR assets</b>	<b>42.10</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	-	-	-	-	<b>42.10</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	-	<b>100.00</b>

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data

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4. GAR KPI flow based on turnover

	2023																	
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered		
	Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)							
	Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)							
% (compared to flow of total eligible assets)																		
	Use of Proceeds	of which transitional	of which enabling		Use of Proceeds	of which transitional	of which enabling		Use of Proceeds	of which transitional	of which enabling							
<b>GAR - Covered assets in both numerator and denominator</b>																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	44.92	0.16	0.16	0.16	-	-	-	-	-	-	-	44.92	0.16	0.16	0.16	-	85.18
2	<b>Financial undertakings</b>	<b>36.67</b>	-	-	-	-	-	-	-	-	-	-	<b>36.67</b>	-	-	-	-	<b>56.31</b>
3	Credit institutions	36.67	-	-	-	-	-	-	-	-	-	-	36.67	-	-	-	-	56.31
4	Loans and advances	41.56	-	-	-	-	-	-	-	-	-	-	41.56	-	-	-	-	-4.70
5	Debt securities, including UoP	37.05	-	-	-	-	-	-	-	-	-	-	37.05	-	-	-	-	61.00
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>Non-financial undertakings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>Households</b>	<b>63.58</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	-	-	-	-	-	-	-	<b>63.58</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	-	<b>27.70</b>
25	of which loans collateralised by residential immovable property	100.00	0.75	0.75	0.75	-	-	-	-	-	-	-	100.00	0.75	0.75	0.75	-	17.61
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Local government financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>1.17</b>
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.17
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>Total GAR assets</b>	<b>38.26</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	-	-	-	-	-	-	-	<b>38.26</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	-	<b>100.00</b>

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data

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**4. GAR KPI flow based on CAPEX**

		2023														
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total new assets covered	
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)						
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)						
% (compared to flow of total eligible assets)		of which Use of Proceeds of which transitional of which enabling				of which Use of Proceeds of which enabling				of which Use of Proceeds of which transitional of which enabling						
<b>GAR - Covered assets in both numerator and denominator</b>																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	44.92	0.16	0.16	0.16	-	-	-	-	-	44.92	0.16	0.16	0.16	-	85.18
2	<b>Financial undertakings</b>	<b>36.67</b>	-	-	-	-	-	-	-	-	<b>36.67</b>	-	-	-	-	<b>56.31</b>
3	Credit institutions	36.67	-	-	-	-	-	-	-	-	36.67	-	-	-	-	56.31
4	Loans and advances	41.56	-	-	-	-	-	-	-	-	41.56	-	-	-	-	-4.70
5	Debt securities, including UoP	37.05	-	-	-	-	-	-	-	-	37.05	-	-	-	-	61.00
6	Equity instruments	-	-		-	-	-		-	-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-	-		-	-	-
20	<b>Non-financial undertakings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-	-		-	-	-
24	<b>Households</b>	<b>63.58</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	-	-	-	-	-	<b>63.58</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	-	<b>27.70</b>
25	of which loans collateralised by residential immovable property	100.00	0.75	0.75	0.75	-	-	-	-	-	100.00	0.75	0.75	0.75	-	17.61
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Local government financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>1.17</b>
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.17
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>Total GAR assets</b>	<b>38.26</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	-	-	-	-	-	<b>38.26</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	-	<b>100.00</b>

The columns for environmental targets three to six (WTR, CE, PPC, and BIO) are not reported due to lack of data

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# Chairman's comment

## A Gen Z grows up

In 2024, our company turns 25. Avanza was born in 1999 and that makes it a Gen Z. They were born with a mobile phone in hand, headphones on their head and impatience to spare. Entrepreneurship is embedded in their DNA. Born with these traits, our 25-year-old took its first fumbling steps, with the idea that stock trading and savings didn't have to be hard, expensive, impersonal or limited to the few who knew how and could afford it. It is hard today to believe that just 25 years ago, if you wanted to follow the market, you had no choice but to read the news through media that before you had it in front of your nose had been a tree. A tree that was chopped down, ground into sludge and rolled out by machines made in Finland that cost billions of kronor before then having news printed on it. Then that news had to be shipped out by truck, so that someone could run up six flights of stairs and place this former tree in your mailbox to let you know what had happened. If you then wanted to act on that news, you had to make your way to a bank branch and talk to a man (always a man) in a grey flannel suit to place an order. When you look back at it, it feels like sailing with the Swedish East India Company's frigates to trade tea.

**"It is difficult to imagine today that just 25 years ago, to keep up with the market, one read news printed on paper"**

These days, stock trading and savings are a popular movement, in no small part thanks to our Avanza, which today has over 1.9 million customers. In the last parliamentary election, the Social Democrats received 1,964,474 votes, so soon we will be an even bigger movement than they are. As we all now know, savings can be fun, easy, personal and rewarding. Since those first unsteady steps

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with stock trading, our Gen Z has grown to become a platform and a partner to our members, which we prefer to call our customers, in fund savings, mortgages, pensions and much more. With 80,000 possibilities to invest in, there is now extensive support to help them make informed decisions, including the portfolio generator, podcasts, blogs and the financial website Placera. Stock trading has been democratised and is no longer reserved for pros, and many people have taken their first saving steps with us. This gives me great pleasure.

Avanza's lifetime has been one of the most exciting periods in human history. Never before has development been so rapid. Who today can imagine going into a travel agency to book a trip, and how many think it would be reasonable not to be able to make bank transaction after 3 pm? Every type of music, film and investment opportunity is now three seconds away through a few clicks. The revolution has come storming in at the same time that it has crept up on us. The small, incremental steps are hardly noticeable, but if you think back a few years, everything has changed. This applies to Avanza as well. Every week lots of small improvements are made, but the overall trend over the company's lifetime and its impact on the savings market and for our customers is quite spectacular. The most interesting thing is that this spectacular development is far from over. Artificial intelligence (AI) is creating the Digital Revolution 3.0, where everything can change again. Here too we will see sensational new advancements, though they will probably be outnumbered by the opportunities for small, gradual improvements. The opportunities for improvements to manual work such as programming, customer service and money laundering controls are huge, and many monotonous and repetitive tasks will be handled better by AI. We are sharply focused on this today. This is not a revolution we want to miss.

**"The small, incremental steps are hardly noticeable, but if you think back a few years, everything has changed"**

We should also add that the unthinkable happens more often than you think. During Avanza's lifetime, we have seen everything from a financial crisis where centuries-old banks went up in smoke to

a global pandemic where practically the world's entire population had to change how we live from one month to the next, not to mention the dot-com bubble in 2000, the year after Avanza's birth. This was perhaps one of the best things that could have happened. Growing up during a difficult period created a culture of frugality and entrepreneurship, where we were forced to improvise. This culture lives on today, which benefits our customers. A low cost structure enables us to keep prices low.

**"Difficult times have fostered a culture of frugality and entrepreneurship, which still lives on and benefits our customers today"**

The second event that affected us the most is probably the financial crisis in 2007–2008. In contrast with the old banks, Avanza managed to get through it with very low credit impairments while continuing to grow our customer base. When the crisis began to near an end, the stock price took off like a rocket. The big change, however, was that it led to a tornado of new banking and financial market regulations, which had to happen. They were largely beneficial, but have meant higher expenses and greater complexity for every company on the market.

Over a lifetime, you are also bound to face personal crises, both big and small. Avanza had one at the end of 2023, when we had to reverse a CEO hiring. This was very unfortunate, of course, but you have to learn from crises, not fall apart, and I feel both reassured and pleased that we have Gunnar Olsson with us, who with his experience, knowledge and deep understanding of Avanza was quickly able to take on the role of Acting CEO.

For the moment, the world in which our 25-year-old is growing up in is far from joyful. Russia's aggression is creating a real security threat in our immediate neighbourhood, and war in the Middle East with its uncontrolled consequences are sparking tensions between groups here as well. On top of this, interest rates and the market's volatility are leading to uncertainty. We really have to hope that better times are ahead. For our part, it feels comforting in a situation like this to have already handled 25 years of change and to have a

secure, stable foundation. We are watching as several companies with just a few years of experience are struggling far more right now.

Life for our 25-year-old has been exciting and sometimes challenging, but most of all very enjoyable. While we cannot quite compare to Alexander the Great, who by 25 had conquered Babylonia and Persia, Avanza, with nearly two million customers who have entrusted us with nearly SEK 800 billion, still has to be considered a high performer. Unlike Alexander the Great, Avanza's story won't end at age 32, however. Middle-age can be just as fun and valuable as adolescence, provided you decide it should be – and that's what we have done!

Happy birthday to our 25-year-old today!

Stockholm February 2023

Sven Hagströmer  
Chairman of the Board

*P.S.: The annual report is usually only read by those with a vested interest such as shareholders, employees and customers. They are naturally the target audience, and they are the ones we have the best and closest dialogue with. Still, it was rewarding that last year's report was cited by the Financial Times as the first example of a company that took a position on issues outside its own interests, in this case on Russia's aggression. Companies and people do not live in a vacuum, and in my mind it is obvious that you have to participate in society, not just be a spectator. I was happy and actually a little proud of our commitment was praised. For those who are interested, the article was published on 26 July 2023.*

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# 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 (1995:1554) 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 (2005:551), 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 FSA, 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.

The Avanza Group is driven by a strong customer focus and ambition to provide a world-class user experience and customer service. We believe our offering must stand the test of time. We do not offer investment advice and instead inspire and educate customers to make informed savings and investment decisions. The promise to our customers is that they will have more money left over with Avanza than with any other bank or pension company. 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 financial inclusion, gender equality and diversity, and an increased share of sustainable investments. This is achieved through transparency, low thresholds, by educating and challenging, and by enabling sustainable investment choices. Another

important part of the work is to be a sustainable organisation with thorough oversight and control. We work actively to increase gender equality and diversity.

The ability to achieve our vision of creating a better future for millions of people and promoting a better savings market in the long term is based on a dialogue with and listening to our stakeholders. We have to earn their trust every day and ideally 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 2023 amounted to SEK 78,618,474.50, represented by 157,236,949 shares and votes. An ownership distribution is presented on page 26. 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 a total of 3,600,000 new shares with a maximum dilution of approximately 2.3 per cent. Of the total number of outstanding warrants, 79 per cent had been transferred to employees at year-end. For further information on the Avanza share, see pages 25–26 and Note 28 Equity.

## B. Nomination Committee

The AGM 2023 decided on an instruction for the Nomination Committee in which the nomination process for the election of Board members and the auditor as well as the procedure to appoint the Nomination Committee are specified. The instruction applies until further notice.

The names of the Nomination Committee's members, and the shareholders they represent, were made public on 4 October 2023, just over six months before the date of the AGM 2024. 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 the shareholders' governing body with the sole purpose of preparing the AGM's resolutions on elections and fees.

The Nomination Committee is mandated to serve until a new committee is appointed. In accordance with the instruction for the Nomination Committee, the Chairman of the Committee is the member representing the largest shareholder, unless the Nomination Committee has agreed otherwise. A shareholder who after the announcement 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 that have appointed 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 publicly announced.

The Nomination Committee's proposals for resolution leading up to the AGM include:

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

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### Valberedningens sammansättning

Name	Representing	Holding 31-08-2023	Holding 31-12-2023
Erik Törnberg (Chairman of the Nomination Committee)	Creades AB	15,760,000 (10.1%)	15,862,000 (10.1%)
Sven Hagströmer (Chairman of the Board of Avanza)	Hagströmer family and companies	15,860,000 (10.1%)	15,960,000 (10.2%)
Dick Bergqvist	AMF Tjänstepensioner & Fonder	15,511,811 (9.9%)	15,511,811 (9.9%)
Magnus Dybeck	Sten Dybeck with family and companies	6,489,208 (4.1%)	6,490,308 (4.1%)

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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, which prior to AGM 2024 should be not later than 15 January 2024. Nomination proposals are reviewed as part of the nomination process. Proposals shall be sent to [valberedningen@avanza.se](mailto:valberedningen@avanza.se) or to:

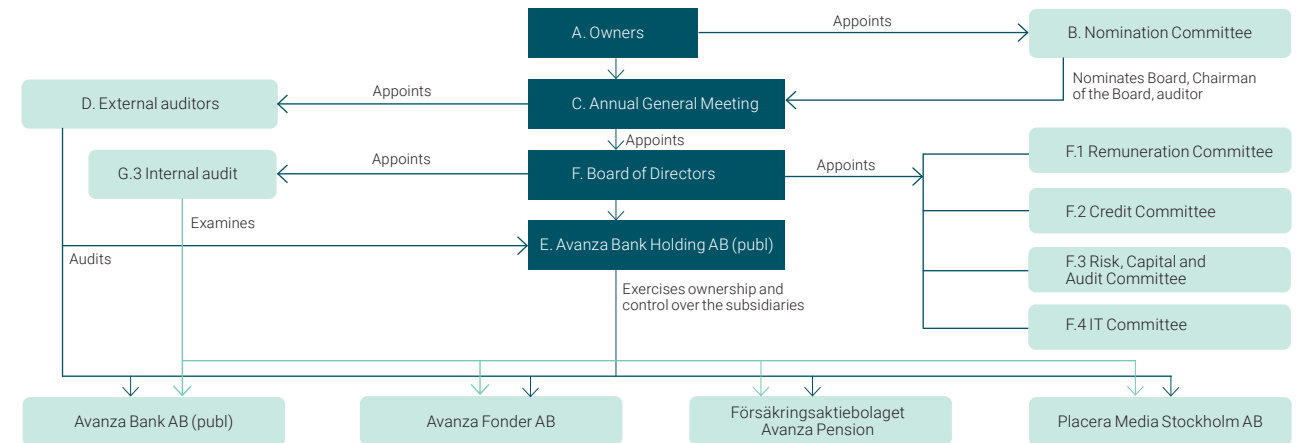
Avanza Bank Holding AB  
F.A.O.: Valberedningen  
Box 1399  
111 93 Stockholm

Although Committee members are not remunerated for their work, Avanza refunds reasonable costs deemed necessary for them to fulfil their duties. The Committee has agreed that Erik Törnberg, Creades AB, will remain in the position of Chairman of the Committee. Erik Törnberg is also a member of the board of the wholly owned subsidiary Avanza Fonder AB. While this does not deviate from point 2.4 of the Code, Avanza is disclosing the situation for the sake of transparency.

The Nomination Committee's proposal, 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 similar size and complexity. Proposed fees will be market rate based on the responsibility and work required and on the contribution that the Board can make to the Company's development.

As a diversity policy, the Nomination Committee has applied point 4.1 of the Code. The Nomination Committee's aim in applying the diversity policy has been to achieve an appropriate board composition distinguished by diversity and breadth, and to achieve a gender balance among AGM-elected Board members. As of AGM 2023, the Board of Directors consisted of six men and four women. For more information, see section F. Board of Directors.

The Nomination Committee held 3 meetings in 2023, at which all members were present, in addition to regular contact. The Nomination Committee also conducted an evaluation of the Board and its work, which included the Board's size, composition, industry experience and competence



### C. Annual General Meeting (AGM)

Shareholders exercise influence over Avanza through participation in the AGM, Avanza's most senior decision-making body. In accordance with the Articles of Association, the AGM elects the Company's Board and appoints Avanza's auditor. Additionally, 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 instruction for the Nomination Committee, remuneration guidelines for senior management, and other important issues.

To exercise their vote at the AGM, shareholders either have to be present at the meeting in person or by proxy or have exercised their voting rights by voting in advance by mail. Additionally, 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.

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.se/ir](https://www.avanza.se/ir), which for the AGM 2024 was 22 February 2024. Requests are 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.se/ir](https://www.avanza.se/ir) 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 2023, 412 shareholders were represented with a holding corresponding to approximately 66 per cent of the total number of shares and votes.

Besides the annually recurring items, the following resolutions were adopted by the AGM 2023:

- authorisation for the Board of Directors to acquire the company's own shares and transfer the company's own shares as well as resolve on new share issues
- approval of instructions for the Nomination Committee
- approval of guidelines for remuneration to senior executives

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### 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 2023 re-elected KPMG AB as the auditor until the conclusion of AGM 2024 and noted that KPMG AB appointed Dan Beitner as Auditor-in-Charge.

The auditor presents the AGM with an audit report on Avanza’s Annual and Sustainability 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 2023, fees paid to KPMG for auditing services totalled SEK 3,464 thousand. Total remuneration paid is shown in Note 9 Auditors’ fees and reimbursement of expenses.

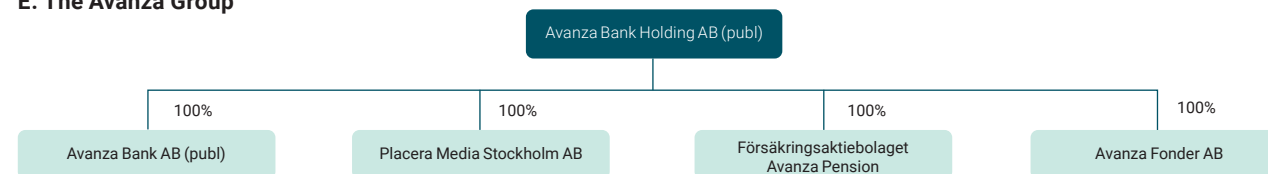
### E. Avanza Group

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 the subsidiary Avanza Bank AB. 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.

#### E. The Avanza Group



In April 2023, Rikard Josefson informed the Board of Directors that he intended to leave Avanza as CEO by 30 June 2024. In September 2023, the Board of Directors appointed Knut Frängsmyr as the new CEO and on 6 November 2023 he took up the post. On 13 November 2023, after a dialogue with the Swedish FSA regarding previously issued penalties connected to reconstruction of a private property, Avanza decided to withdraw the suitability assessment of Knut Frängsmyr, and the Board of Directors appointed Gunnar Olsson as Acting CEO.

- Avanza’s Group Management consisted at year-end 2023 of:
- Gunnar Olsson, Acting CEO of Avanza Bank Holding AB (publ)/ Avanza Bank AB (publ) and Chief Operating Officer (COO)
  - Anna Casselblad, Chief Financial Officer (CFO)
  - Peter Almqvist, Chief Information Officer (CIO)
  - Jesper Bonnivier, CEO of Avanza Fonder AB
  - Camilla Hedenfelt, Chief Human Resources Officer (CHRO)
  - Anders Karlsson, Chief Product & Technology Officer (CPTO)
  - Åsa Mindus Söderlund, CEO of Försäkringsaktiebolaget Avanza Pension
  - Teresa Schechter, Chief Legal Officer (CLO)
  - Sofia Svavar, Chief Communications & IR Officer (CCIO) and Group Head of CSR

More information on Group Management is available on the website, [avanza.se/ir](https://www.avanza.se/ir), and on pages 70–71.

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

#### 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 Deputy CEO and at least every two years as regards other members of Group Management, the heads of control functions, the appointed officer for controlling and reporting obligations and the specially appointed executive. 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.

#### 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 as part of outstanding incentive programmes. 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](https://www.avanza.se/ir) under Governance, along with the remuneration report approved at the latest AGM.

The remuneration report presented at the AGM 2024 will be published after the AGM has approved it. 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 8 Employees and personnel costs.

#### Corporate culture and policies

The Avanza Group’s corporate culture is based on a vision to create a better future for millions of people. The key is to 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, which can be found



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at [avanza.se/ir](http://avanza.se/ir). For Avanza, diversity means 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 equally in accordance with labor laws and that there is no discrimination. The CEO has overarching responsibility for diversity and gender equality. The work is done systematically with updated documentation, analyses, active measures, evaluations and monitoring. 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 Group management at the end of 2023 was comprised of 5 women and 4 men. Among managers, 45 per cent are women.

Occupational health and safety is a priority within the Avanza Group. Healthy and engaged 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 and equality issues.

The Avanza Group has low total absenteeism rate of 2.6 per cent, equally divided by gender, and a high recommendation rate among employees as indicated by an eNPS score of 58. The high level of engagement is reflected in a very high response rate of around 90 per cent in all pulse surveys during the year.

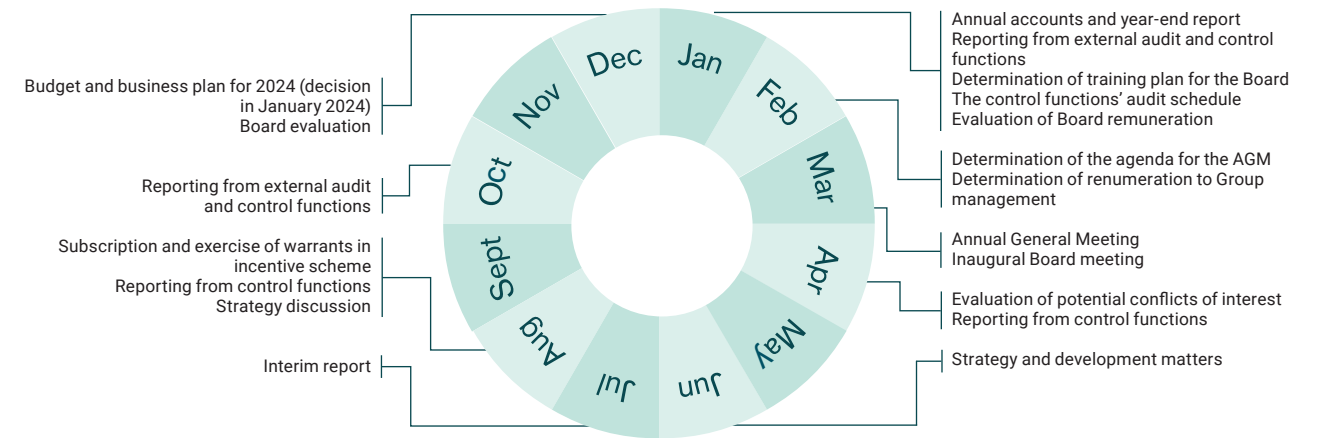
For more information, see pages 33–37.

### Regulatory training

All new employees receive training on relevant regulations, which is followed up on a regular basis to ensure that the employees stay updated on the regulations and any revisions. Compliance training includes anti-money laundering and terrorist financing, central laws and rules for the regulated operations of Group companies, and other key internal rules. Additionally, individual departments arrange targeted, in-depth training in specific areas. All employees undergo regular web-based training in GDPR, IT and information security, anti-money laundering and counter-terrorist financing, and anti-corruption. Supplemental training is provided every three years for all employees.

The Avanza Group's internal regulations are easily available to all employees on the intranet. All employees of the Avanza Group 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 strengthens competence and consumer protection in the financial industry by maintaining high

### Board meetings 2023



proficiency, compliance and ethical standards. At the start of the year, around 132 of the Avanza Group's employees were licensed in one of the following categories: mortgages, advisors, information providers, specialists, management and control functions. Furthermore, 75 of the Avanza Group's employees were licensed for insurance distribution. Licenced employees receive annual knowledge updates and pledge to follow Avanza's and SwedSec's regulations and applicable external rules.

### 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, acquisitions and divestments. Furthermore, each Group company's board establishes policies and guidelines, as well as the rules of procedure for the CEO. Where applicable, subsidiaries also establish rules of procedure for the control functions Risk Management, Compliance, Internal Audit and the Actuarial function.

The AGM 2023 re-elected all previously elected Board members. Additionally, John Hedberg 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 ten members. Avanza's Board consisted by year-end 2023 of ten AGM-elected members and no deputies, who elected until the next AGM. The Chairman of the Board is Sven Hagströmer. The Board held its first meeting following election on 31 March 2023.

### 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 conducted in conjunction with new appointments and followed up at least annually. Based on the suitability assessments and the Board evaluation, annual training plans are formulated. Background checks were made of all Board members in 2023. Information on the Board's composition, age and background is shown on pages 68–69.

The boards of the subsidiaries Avanza Bank AB, Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension follow their own guidelines on suitability assessments adapted to the requirements

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of a suitable composition and collective competence for the board of each company. The subsidiary boards consist of members with varying experience and education, which contributes to a suitable composition of competencies for the business in question.

### Work of the Board in 2023

During the year, the Board held a total of 30 meetings, including 12 regular meetings, 1 inaugural meeting, 11 extra and 6 by telephone/mail. Board meetings by telephone/mail mainly address decisions relating to Avanza's incentive scheme.

At scheduled meetings, the following are 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.

In addition to the recurring items on the agenda, the Board addressed during the year the matters shown 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 aspects of its operations. Furthermore, the Board worked during the year on recruiting a new CEO.

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

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 having the Board members evaluate 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 operating areas, relevant rules and risks that affect the business as well as new products and services that 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 2023, the Board underwent training focused on guidelines for managing information and communica-

### Members of the Board of Directors 2023

StyrelseMember	Elected to the Board	Risk, Capital and Audit Committee	Remuneration Committee	IT Committee	Credit Committee	In relation to the company and its management	In relation to the company's largest shareholders
Sven Hagströmer, Chairman	1997		Member	Member	Member	Independent member	Not independent member
Magnus Dybeck	2020			Chairman		Independent member	Independent member
Catharina Eklöf	2020		Chairman			Independent member	Independent member
Jonas Hagströmer	2015	Member				Independent member	Not independent member
John Hedberg	2023		Member			Independent member	Not independent member
Linda Hellström	2022					Independent member	Independent member
Johan Roos	2020	Chairman	Member		Member	Independent member	Independent member
Sofia Sundström	2022			Member		Independent member	Independent member
Hans Toll	2014	Member			Chairman	Independent member	Independent member
Leemon Wu	2021					Independent member	Independent member

### Attendance at recorded Board meetings 2023

Board member	Board meetings	Risk, Capital and Audit Committee	Remuneration Committee	IT Committee	Credit Committee****
Sven Hagströmer, Chairman	29/30		8/10	3/8**	9/9
Magnus Dybeck	30/30			8/8	
Catharina Eklöf	26/30		10/10		
Jonas Hagströmer	30/30	10/10		4/8***	
John Hedberg*	26/30*		6/10**		
Linda Hellström	30/30				
Johan Roos	30/30	10/10	10/10		9/9
Sofia Sundström	30/30			4/8**	
Hans Toll	30/30	10/10			9/9
Leemon Wu	28/30				

\* Joined the Board at the AGM 2023

\*\* Appointed a member of the committee at inaugural Board meeting on 31 March 2023

\*\*\* Was member of the committee up until inaugural Board meeting on 31 March 2023

\*\*\*\* The committee is only for Avanza Bank AB

tion technology risks (ICT), the EU's Digital Operational Resilience Act (DORA) and cloud services; actuarial information and analysis; sustainability (incl. the Corporate Social Responsibility Reporting Directive, CSRD); the fund market and central regulations; outsourcing; regulations on anti-money laundering and counter-terrorism financing; insurance; and the Market Abuse Regulation (MAR). New Board members receive introductory training to gain an overview of the Group and its operations and an understanding of Avanza's governance, control and risks as well as 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, 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 an annual plan that meets the Board's information needs and is otherwise governed by established procedures for dividing duties between the Board and the CEO. Additionally, the Company's auditor presents the audit and observations

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to the Board. The Company's auditor attended and reported to the Board at 1 Board meeting and attended 8 meetings of the Risk, Capital and Audit Committee in 2023. Company employees participate in the Board's meetings as rapporteurs and secretary.

#### Remuneration for Board members and attendance at Board meetings

The AGM 2023 resolved to pay annual remuneration of SEK 396,000 each to the Chairman of the Board and Board members Jonas Hagströmer, John Hedberg and Magnus Dybeck. The fee paid to other Board members was set at SEK 494,000 each, combined with a recommendation to invest one third of the net fee in shares in Avanza. Additionally, a fee of SEK 58,500 was set for members of Avanza Bank's Credit Committee, SEK 47,500 for members of the Company's Remuneration Committee and SEK 56,000 for members of the Company's IT Committee. For the Risk, Capital and Audit Committee, SEK 257,000 was set for the Chairman and SEK 114,000 for each member. Board members who receive a salary through their employment with the Company are not entitled to Board fees. In 2023, no Board members were employed by the company. For more information, see Note 8, 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. The committee meetings and decisions are recorded in the minutes and shared with the Board at each subsequent Board meeting.

On issues that require specific expertise and independence, the Board discusses which of its members are the best 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 at the end of 2023 consisted of Catharina Eklöf (Chairman), Sven Hagströmer, John Hedberg and Johan Roos. 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 2023, the Remuneration Committee held 9 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 at the end of 2023 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 decides on. Minutes are kept of the Committee's meetings and decisions and are distributed to the Board at its next meeting.

In 2023, the Credit Committee held 9 meetings and also maintained regular contact.

#### F.3 Risk, Capital and Audit Committee

The Board appoints the Risk, Capital and Audit Committee, which at the end of 2023 consisted of Johan Roos (Chairman), Jonas Hagströmer and Hans Toll. In its capacity as risk and capital committee, the committee supports the Board on risk and capital issues and serves 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 external auditor attended 8 of the Risk, Capital and Audit Committee's 8 regularly scheduled meetings and reported on the audit on 2 occasions in 2023. Internal Audit 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 10 meetings in 2023 and also maintained regular contact.

#### F.4 IT Committee

The Board of Directors appoints the IT Committee, which at the end of 2023 consisted of Magnus Dybeck (Chairman), Sven Hagströmer and Sofia Sundström. 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 10 meetings in 2023 and also maintained regular contact.

## G. Internal control and risk management

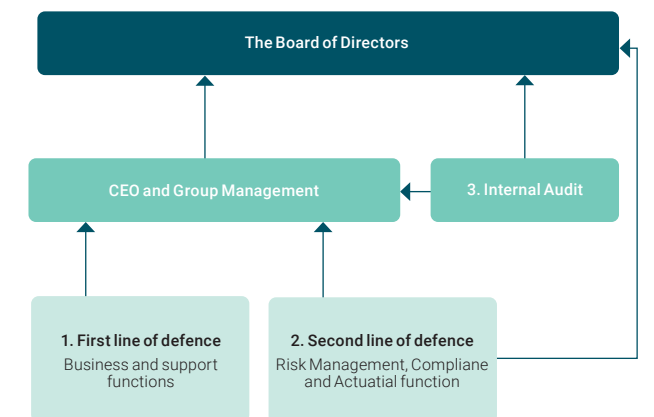
The Avanza Group is distinguished by good internal governance, risk management and control, and operates in an ethically responsible and professional manner with clearly defined roles and areas of responsibility. The risk management framework is effective and purposeful and is managed by an independent risk management function with responsibility for governance, monitoring and reporting on the Group's collective risks.

As a rule, the subsidiaries apply the same principles for governance, risk management and control at a company 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, as well as where specific types of risk exist only 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 business and support functions. The second line of defence is comprised of the Risk Management function and Compliance as well as, 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



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## 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.

## 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 governance and decision-making by the Board and management. 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, evaluate, manage, monitor and report every type of risk that the Company and its subsidiaries are exposed to.

Risk control and monitoring are performed in among other ways by limiting and measuring financial risks, self-assessments of non-financial risks, incident reporting and monitoring, and risk analysis and opinion statements from the control functions before management decides on major changes. 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. Additionally, the Chief Risk Officer reports on a continuous basis directly to the CEO and the Chairman of the Board as needed. The Chief Risk Officer (CRO) is directly subordinate to the CEO and regularly reports at the Board's scheduled meetings and to Group management, as well as directly to the CEO and the Chairman of the Board as needed.

### 2.2 Compliance

Compliance is responsible for verifying that businesses subject to licensing requirements comply with applicable laws, regulations and internal directives, and that the internal directives are appropriate and effective. Compliance is also responsible for supporting operations by providing advice on compliance issues and by identifying relevant compliance risks related to the operations in question. Furthermore, Compliance is responsible for keeping the persons concerned informed and educated on new or revised rules for businesses subject to licensing requirements.

Compliance is directly subordinate to the CEO of each subsidiary and reports on a monthly basis to management and on a quarterly basis to the Board, 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 Försäkringsaktiebolaget Avanza Pension meet established limits, and assists 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 is subordinate to the insurance company's CEO. The Actuarial function regularly reports at the board meetings of 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 verifies 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 meetings of the Board and the Audit Committee as well as to the CEO. Internal Audit also reports on a continuous basis directly to the CEO, the Chairman of the Risk, Capital and Audit Committee, and the Chairman of the Board as needed.

## 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 Govern-

ance ("the Code"), for internal control for both Avanza and the entire Avanza Group. This description is limited to internal control over financial reporting.

## 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 this 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 the risks that can affect the 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.

## 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 the risk of errors and their impacts. Each department 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

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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.

#### Monitoring

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 monitor 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 audit plan includes reviewing and evaluating governance and internal control, reviewing and evaluating that the Company's organisation, governance processes, IT systems, models and routines are appropriate and effective, as well as issuing recommendations and monitoring that the recommendations are implemented.

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# Board of Directors and Auditors

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## Sven Hagströmer, Chairman

Born: 1943

Elected: 1997

**Committees:** Remuneration Committee, Credit Committee, IT Committee

**Education:** Studies at Stockholm University

**Contribution to Board's work:** 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 2023** (incl. family and companies): 31,822,000 (of which Creades 15,862,000)



## Magnus Dybeck

Born: 1977

Elected: 2020

**Committees:** IT Committee

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

**Contribution to Board's work:** 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 and DBT Capital AB

**Holdings on 31 December 2023** (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

**Contribution to Board's work:** 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 2023** (incl. family and companies): 3,339



## Jonas Hagströmer

Born: 1982

Elected: 2015

**Committees:** Risk, Capital and Audit Committee

**Education:** MBA, Lund University. Studies at Hong Kong University of Science and Technology

**Contribution to Board's work:** 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–present 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 2023** (incl. family and companies): Indirect holdings via Biovestor and Creades



## John Hedberg

Born: 1972

Elected: 2023

**Committees:** Remuneration Committee

**Education:** M.Sc. Business Administration and Economics, Stockholm School of Economics

**Contribution to Board's work:** Extensive experience and knowledge in capital markets and strategy, and from executive positions. Thorough understanding of Avanza's operations from following Avanza closely for many years as CEO of Creades AB and as a board member of Försäkringsaktiebolaget Avanza Pension and former board member of Avanza Fonder AB.

**Relevant employment history:** 2021–present CEO of Creaspac AB. 2016–present CEO of Creades AB. 2011–2016 Director/Principal/Partner, Nordic Capital. 2007–2011 Senior Vice President/CEO Relacom AB, Relacom Group. 2003–2006 Director/Head of Business Development, Bonnier Newspapers. 1997–2002 Associate Principal, McKinsey & Co

**Other significant assignments:** Chairman of the board of StickerApp Holding AB; Board member of Instabee Holding AB, Mentimeter AB, LOTS Group AB and MARGE Arkitekter Aktiebolag

**Holdings on 31 December 2023** (incl. family and companies): 25,000



## Linda Hellström

Born: 1974

Elected: 2022

**Committees:** –

**Education:** M.Sc. in Business Administration from the Stockholm School of Economics

**Contribution to Board's work:** Highly experienced in creating growth through customer centricity and data-driven marketing for Nordic and global companies. Focus on personalisation at scale, customer acquisition, engagement and loyalty through leveraging customer data, marketing technology, new media channels and strategy. Has driven a number of digital transformation programs within retail, telecom, media and finance during the last 20 years.

**Relevant employment history:** 2013–2022 Kaplan (part of Accenture Interactive), Co-CEO/Managing Director. 2009–2012 Lernia, CMO. 2004–2009 Differ, Partner. 2003–2004 Henkel Norden AB, Nordic Brand Manager, Consumer Retail. 2000–2003 Accenture, Management Consultant

**Other significant assignments:** CEO and Board member of Sift Lab AB

**Holdings on 31 December 2023** (incl. family and companies): 1,006

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### Johan Roos

Born: 1968

Elected: 2020

**Committees:** Credit Committee, Risk, Capital and Audit Committee, Remuneration Committee

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

**Contribution to Board's work:** 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–present Independent consultant. 2016–2018 RSA Scandinavia (Codan/TryggHansa), 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 and Stabelo Group AB

**Holdings on 31 December 2023** (incl. family and companies): 8,856



### Sofia Sundström

Born: 1985

Elected: 2022

**Committees:** IT Committee

**Education:** M.Sc. in Engineering: Industrial Engineering and Management, KTH Royal Institute of Technology in Stockholm

**Contribution to Board's work:** Experience from leading organisations in high growth companies within Fintech, with focus on operational excellence (in particular for product & development teams and customer experience teams). Deep domain knowledge in Open Banking and Payments. Broad experience of M&A and international expansion.

**Relevant employment history:** 2019–present Tink AB, of which 2019–2022 Vice President Connectivity and Vice President Product Area Aggregation and 2022–Senior Vice President Connectivity & Platforms. 2016–2019 Bambora, of which 2016–2017 Head of Customer Experience & Operations, 2017–2019 Managing Director SMB Nordics and 2019 Managing Director Nordics. 2012–2015 Bain & Company, Management Consultant

**Other significant assignments:** Senior Vice President Connectivity & Platforms at Tink AB

**Holdings on 31 December 2023** (incl. family and companies): 2,539



### Hans Toll

Born: 1970

Elected: 2014

**Committees:** Credit Committee, Risk, Capital and Audit Committee

**Education:** M.Sc. Business Administration and Economics, Stockholm School of Economics

**Contribution to Board's work:** 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 Creaspac AB and WeMind AB

**Holdings on 31 December 2023** (incl. family and companies): 155,000



### Leemon Wu

Born: 1975

Elected: 2021

**Committees:** –

**Education:** M.Sc. Business Administration and Economics, Stockholm School of Economics

**Contribution to Board's work:** Extensive experience in equity research, portfolio management and investments, as well as board experience from fund companies and digital business models.

**Relevant employment history:** 2022–present C WorldWide Asset Management, Portfolio Manager. 2018–2022 Moor Holding, Chief Investment Officer. 2007–2016 C Worldwide Asset Management, Portfolio manager. 2001–2007 Carnegie Investment Bank, Equity analyst. 1999–2001 AB Custos, Investments analyst

**Other significant assignments:** Board member of Acast AB

**Holdings on 31 December 2022** (incl. family and companies): 12,160



### Auditors

#### KPMG AB

Auditor-in-Charge:

Dan Beitner

Born: 1974

Authorised Public Accountant

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## Gunnar Olsson, Acting CEO, COO

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 Stock Republic AB

**Holdings on 31 December 2023** (incl. family and companies):

**Shares:** 10,750

**Warrants** (corresponding number of shares): 48,000



## Peter Almqvist, CIO

Born: 1975

Employed: 2011

**Education:** M.Sc. Information Technology, Linköping Technical University

**Employment history:** 2011–2022 Avanza Bank AB, Head of IT Operations. 2008–2010 Nasdaq, Project/Program Director. 2001–2007 OMX, Project Manager and Solutions Architect

**Other significant assignments:** —

**Holdings on 31 December 2023** (incl. family and companies):

**Shares:** 500

**Warrants** (corresponding number of shares): 26,633



## Jesper Bonnivier, 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:** Board member Swedish Investment Fund Association

**Holdings on 31 December 2023** (incl. family and companies):

**Shares:** 500

**Warrants** (corresponding number of shares): 21,026



## Anna Casselblad, CFO

Born: 1981

Employed: 2012

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

**Employment history:** 2012–2020 Avanza Bank AB, of which 2012–2017 Operational responsibility Compliance, 2016–2017 Group leader Compliance and 2017–2020 Head of Compliance for the Avanza Group. 2005–2012 PwC AB, Auditor in Financial Services.

**Other significant assignments:** —

**Holdings on 31 December 2023** (incl. family and companies):

**Shares:** 2,750

**Warrants** (corresponding number of shares): 31,005



## 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 2023** (incl. family and companies):

**Shares:** 304

**Warrants** (corresponding number of shares): 15,689



## Anders Karlsson, Chief Product & Technology Officer (CPTO)

Born: 1974

Employed: 2023

**Education:** Informatics, Computer Science & Psychology, Linköping University

**Employment history:** 2018–2023 Klarna, Product Director. 2016–2018 Handelsbanken, Head of New Ventures. 2014–2016 Ecster, CEO. 2007–2014 Handelsbanken, of which 2007–2011 Head of Business & IT Strategy; 2012–2014 VP Head of Products and Online Banking. 2006–2007 Acando, Senior Manager. 2001–2005 Nasdaq, of which 2001–2003, Technical Account Manager; 2003–2005 Head of User Experience and Business Solutions. 1998–2001 Suitcom AB Kebne AB, Information Manager and och Project Manager. 1996–1999 K-media, Founder

**Other significant assignments:** —

**Holdings on 31 December 2023** (incl. family and companies):

**Shares:** 0

**Warrants** (corresponding number of shares): 10,885

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**Åsa Mindus Söderlund, CEO Försäkringsaktiebolaget Avanza Pension**

Born: 1965

Employed: 2017

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

**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 2023** (incl. family and companies):

*Shares:* 334

*Warrants* (corresponding number of shares): 21,446



**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 Council

**Other significant assignments:** –

**Holdings on 31 December 2023** (incl. family and companies):

*Shares:* 500

*Warrants* (corresponding number of shares): 26,156



**Sofia Svavar, Chief Communications & IR Officer, Group responsible for CSR**

Born: 1972

Employed: 2015

**Education:** DIHM Business Communication, IHM Business School, and Business administration, FEI

**Employment history:** 2015-2022 Avanza Bank AB, Head of Investor Relations. 2009-2015 Swedbank AB, Investor Relations Manager. 2000-2009 Carnegie Investment Bank, Corporate Communications and Investor Relations with responsibility for the Group's internal communication, branding as well as external and internal websites.

**Other significant assignments:** –

**Holdings on 31 December 2023** (incl. family and companies):

*Shares:* 15,999

*Warrants* (corresponding number of shares): 17,356

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**Stockholm, 22 February 2024**

Sven Hagströmer  
Chairman of the Board

Magnus Dybeck  
Board member

Catharina Eklöf  
Board member

Jonas Hagströmer  
Board member

John Hedberg  
Board member

Linda Hellström  
Board member

Johan Roos  
Board member

Sofia Sundström  
Board member

Hans Toll  
Board member

Leemon Wu  
Board member

Gunnar Olsson  
Acting 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 60–70 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, 22 February 2024

KPMG AB

Dan Beitner  
Authorised Public Accountant

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# 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 2023. A Corporate governance report is provided separately from the Administration report on pages 60–72. Avanza's Annual report is available on [avanza.se/ir](https://avanza.se/ir).

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## 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), Försäkringsaktiebolaget Avanza Pension ("Avanza Pension") and Avanza Fonder AB, the operations of which are supervised by the Swedish 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.

## 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 11,000 billion as of 31 December 2023, an increase of 5 per cent since year-end 2022. The occupational pension market increased by 3 per cent to nearly SEK 3,810 billion.<sup>1)</sup> During the same period, Avanza's savings capital increased by 18 per cent and the occupational pension capital with 27 per cent.

<sup>1)</sup> Statistics from the Savings barometer and Swedish Insurance as of 31-12-2023.

<sup>2)</sup> Statistics from SCB as of 31-12-2023.

<sup>3)</sup> Based on statistics from Swedish Insurance as of 31-12-2022.

<sup>4)</sup> Swedish Investment Fund Association as of 31-12-2023.

Avanza's share of the Swedish savings market in terms of savings capital and net inflow for 2023 increased compared to the end of 2022, mainly as a result of an increase in shares and mutual funds.

Market shares	2023 Jan–Dec	2022 Jan–Dec
<i>The Swedish savings market <sup>1)</sup></i>		
Market share at the end of the period, %	7.1	6.4
Net inflow, %	22.5	5.8
<i>The Swedish life insurance market</i>		
Premium inflow, %	9.2	9.6
Premium inflow for non collectively agreed occupational pension insurance, %	8.5	8.5

<sup>1)</sup> The market share for the fourth quarter 2022 was negatively affected by an outflow of SEK 4,4 billion related to a cooperation with an asset management firm.

Pension and insurance savings, i.e. the life insurance market, is the single largest savings segment and amounts to nearly SEK 5,120 billion, corresponding to just under half of the Swedish savings market. The occupational pension market, where Avanza had a market share of 1.5 per cent (1.2)<sup>1)</sup>, can be divided into traditional life and unit-linked insurance. Avanza is active within unit-linked insurance outside of collectively agreed occupational pensions, which at the end of 2022 amounted to just under SEK 728 billion according to statistics from Insurance Sweden. Avanza's market share was 6.3 per cent (5.8).<sup>2)</sup> The premium inflow was SEK 57 billion, an increase from SEK 53 billion during 2022, which reflects the stability in this segment of the savings market. With respect to premium inflows to the competitive pension and life insurance market, including endowment insurance, the market share decreased to 9.2 per cent.<sup>3)</sup> The decrease was mainly due to lower inflows to endowment insurance.

Sweden's residential mortgage market amounted to just over SEK 4,070 billion as of 31 December 2023. Avanza offers internally financed mortgages to Private Banking customers and since 2018 is also 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 0.8 per cent (0.9). The downturn is a result of increased competition and amortisation.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow for the full-year of SEK 67 billion compared to the net outflow of SEK 4 billion in the previous year. Avanza's net inflow to funds rose and amounted to nearly SEK 24 billion.<sup>4)</sup>

Similarly to last year, 2023 was distinguished by war, geopolitical uncertainty, inflation and policy rate hikes. Volatility decreased compared to 2022 while OMX Stockholm Gross Index grew by 19 per cent. The uncertainty in the market contributed to lower trading activity and the number of transactions on the Stockholm Stock Exchange and First North decreased by 26 per cent and turnover fell by 18 per cent compared to the previous year. Among Avanza's customers, the number of transactions decreased by 19 per cent and turnover by 28 per cent on these marketplaces. This resulted in higher market shares regarding transactions while turnover decreased. Avanza remained the largest Swedish player in terms of both transactions and turnover.

Market shares	2023 Jan–Dec	2022 Jan–Dec
<i>Nasdaq Stockholm and First North</i>		
No. transactions %	19.1	17.3
Turnover, %	7.0	8.1
<i>The Swedish fund market (excl. PPM)</i>		
Net savings, %	35.2	NM

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The policy rate was raised several times during the year with the first raise to 3 per cent in february followed by rate hikes in May, July and September to end the year on 4 per cent. The Riksbank's assessment is that contractionary monetary policy is still needed to stabilise inflation close to the target while at the same time indicating that the policy rate probably will be cut sooner than what was previously indicated. More information on market conditions can be found on pages 16–21.

The total number of customers increased by 124,400 to 1,901,100 as of 31 December. In occupational pensions the number of customers increased by 17,000, which corresponds to a growth of 11 per cent to 165,300.

Customers' savings capital increased in 2023 mainly driven by net inflows but also by higher valuations due to the upturn in share prices. As of 31 December, the savings capital amounted to nearly SEK 782 billion, an increase of 18 per cent from the beginning of the year. The net inflow to Avanza was SEK 72.3 billion, which was 207 per cent higher than in 2022. Fund capital increased as well. Deposits as a share of the savings capital was marginally affected and amounted to 14 per cent as of 31 December. The savings capital in occupational pensions increased by 27 per cent.

Lending decreased by 8 per cent during the year, mainly as a result of lower external mortgage volume due to increased competition and amortisations. Margin lending volumes remained on just over SEK 8 billion.

Net inflow, SEK m	2023	2022	Change %
Standard	65,870	35,350	87
Private Banking	4,770	–11,500	–
Pro	1,660	–250	–
<b>Net inflow</b>	<b>72,300</b>	<b>23,600</b>	<b>207</b>
Equity-, fund-, and savings accounts	62,100	18,560	236
Pension- & insurance-based accounts	10,200	5,040	101
of which, endowment insurance	3,510	1,760	99
of which, occupational pensions	6,340	5,740	10
<b>Net inflow</b>	<b>72,300</b>	<b>23,600</b>	<b>207</b>

No. customers, savings capital and lending, SEK m (unless otherwise stated)	31-12-2023	31-12-2022	Change %
Standard, no.	1,865,590	1,741,530	7
Private Banking, no.	31,900	31,700	1
Pro, no.	3,610	3,470	4
<b>No. customers</b>	<b>1,901,100</b>	<b>1,776,700</b>	<b>7</b>
of which occupational pension customers, no	165,300	148,300	11
Standard	446,500	377,200	18
Private Banking	285,600	257,900	11
Pro	49,600	28,800	72
<b>Savings capital</b>	<b>781,700</b>	<b>663,900</b>	<b>18</b>
Equity-, fund-, and savings accounts	559,600	476,200	18
Pension- & insurance-based accounts	222,100	187,700	18
of which, endowment insurance	147,400	127,800	15
of which, occupational pensions	58,300	45,800	27
<b>Savings capital</b>	<b>781,700</b>	<b>663,900</b>	<b>18</b>
Equities, bonds, derivatives, etc.	432,500	377,700	15
Mutual funds	243,100	191,700	27
Deposits	106,100	94,500	12
of which, savings account	26,800	3,400	688
of which, external deposits (Savings account+)	42,700	36,000	19
<b>Savings capital</b>	<b>781,700</b>	<b>663,900</b>	<b>18</b>
Internally financed lending	19,600	19,300	2
of which, margin lending	8,100	8,040	1
of which, mortgages (for Private Banking)	11,500	11,200	3
External mortgages (Bolån+)	20,300	24,100	–16
<b>Lending</b>	<b>39,900</b>	<b>43,400</b>	<b>–8</b>
Deposits/Savings capital, %	14	14	3
Return, average account since 1 Jan, %	7	–21	–
OMX Stockholm GI since 1 Jan, %	19	–22	–

For definitions see pages 134–135.

### Information in response to Russia's invasion of Ukraine

Russia's invasion of Ukraine and the imposed sanctions have affected the financial markets. At the same time, the increased geopolitical tensions due to Russia's invasion have led to an elevated threat to systemically critical infrastructure, including the financial system, which is taken into account in Avanza's cyber security work. The financial impact on Avanza is very limited and there are no credit losses. Avanza holds no Russian or Ukrainian collateralised securities, nor any other exposure to these countries. Avanza's own fund company has no exposure to Russia or Ukraine. Some customers have holdings in Russia funds on the platform, which are managed in accordance with industry practice.

### Seasonal effects

Avanza has no major seasonal variations, except that the third quarter is typically characterised by lower personnel costs due to the summer vacation as well as normally lower Corporate Finance activity. Avanza's financial results are impacted more by the stock market, volatility and the policy rate. Customer growth and net inflow are normally higher at the beginning of the year.

### Business development and investments

Avanza's offering is continuously updated with new features and improvements. Among the major additions are five new funds from our own fund company. Through Avanza Disruptive Innovation by ARK Invest, our customers have a unique opportunity to access ARK Investment Management's products, which previously had not been available in the Swedish market. Avanza Impact by Circulus and Avanza Healthcare by Samuelsson and Hult are the first of our own funds to be classified as "dark green" Article 9 funds. Avanza Ränta Global and Avanza Ränta Kort give our customers the opportunity to benefit from higher interest rates to earn a return over both a short- and long-term savings horizon, where Avanza Ränta Kort is also Sweden's cheapest short-term fixed income fund.

Our own savings account was opened up at the beginning of the year to all customers after having only been available to corporate customers who had not been able to benefit from our external savings account offer. We also added the option of automatic monthly savings to the savings account, and made the savings account an option in the customer onboarding to make it easier for customers who do not want to invest in stocks or funds when market conditions are uncertain. Borgo was added as an external savings account partner on Avanza's platform.

Several updates have been made to the stock pages to better meet the needs of our more active customers. The old pages have been completely replaced to provide a more scalable solution with

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more room for further improvements. Stock analyses from Morningstar were added for over 1,000 U.S. and European companies, along with stock shorting data and history for Swedish stocks, as well as pre- and aftermarket performance for U.S. stocks. Through a collaboration with Quartr, now there is also access to conference calls, presentations and quarterly reports directly through the stock pages.

To help find sustainable investments, sustainability data was added to the stock pages in the form of information on how far companies have come in terms of gender equality, as well as data on how their revenue contributes to the UN's Sustainable Development Goals (SDGs) and how large a percentage comes from controversial industries. The information is obtained from the companies' annual reports through Sustainalytics. For funds, sustainability data has been expanded to include information on whether a fund's investments align with the SDG's and whether the fund has sustainability as a stated priority of its investments. It is also possible to filter funds based on these criteria.

To further increase motivation to save, the "Savings Target" feature was expanded to allow customers to share their targets with family and friends through a graph of their overall performance. They also have the choice whether to share specific holdings with each other.

Farm mortgages were launched in cooperation with Landshypotek, enabling Avanza's customers to apply digitally for mortgages for agricultural properties. This is a product that has been in demand mainly by Private Banking customers.

Several improvements have also been made to the "Pension Chase". We have improved filtering for funds and ETF's and updated our procedure for refunding foreign withholding tax on pension and insurance accounts. Now the withheld tax is refunded as soon as the following year, rather than after three years as had been the case before. Refunds were also paid for the years 2020, 2021 and 2022.

For more information, see page 39.

## Results

Operating profit increased by 18 per cent compared to 2022. Operating income as well as operating expenses increased.

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

Operating income increased by 16 per cent, a result of significantly higher net interest income. Net fund commissions also increased. Net brokerage income and net currency-related income decreased, as did other income.

Net brokerage income decreased by 24 per cent due to lower customer activity. Activity decreased in all customer segments.

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

Income Statements, SEK m	2023	2022	2021	2020	2019
Net commission <sup>1)</sup>	1,864	2,181	2,980	1,998	1,028
Net interest income <sup>1)</sup>	1,574	789	321	283	165
Other income	-1	3	0	67	1
<b>Total income</b>	<b>3,437</b>	<b>2,973</b>	<b>3,301</b>	<b>2,349</b>	<b>1,193</b>
Operating expenses before credit losses	-1,148	-1,031	-864	-763	-666
Operating profit before credit losses	2,289	1,941	2,437	1,586	528
Credit losses, net	3	-1	0	-4	0
Profit/loss from participations in associated companies	-	-	-	-6	-8
<b>Operating profit</b>	<b>2,292</b>	<b>1,940</b>	<b>2,437</b>	<b>1,576</b>	<b>520</b>
Taxes	-310	-274	-390	-242	-73
<b>Profit for the year</b>	<b>1,982</b>	<b>1,666</b>	<b>2,047</b>	<b>1,335</b>	<b>447</b>

Balance Sheets, SEK m	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Cash and balances with central banks	8,630	4,915	2,939	1,428	1,340
Treasury bills eligible for refinancing	4,698	802	2,523	245	-
Loans to credit institutions	2,599	2,052	2,508	2,272	1,766
Loans to the public	19,583	19,259	20,300	16,287	13,106
Bonds	31,195	31,789	25,854	25,572	19,782
Shares and participations	154	237	237	244	0
Shares and participations in associated companies	-	-	-	-	108
Assets in insurance operations	213,713	180,337	218,990	155,931	116,369
Other assets	1,881	1,699	5,731	2,796	3,471
<b>Total assets</b>	<b>282,453</b>	<b>241,091</b>	<b>279,082</b>	<b>204,775</b>	<b>155,942</b>
Deposits and borrowing from the public	61,728	54,308	53,659	43,987	36,400
Liabilities in insurance operations	213,715	180,339	218,992	155,933	116,370
Other liabilities	1,178	1,493	1,732	1,683	1,127
Subordinated liabilities	-	-	-	-	100
Shareholders' equity	5,832	4,951	4,700	3,172	1,945
<b>Total liabilities and shareholders' equity</b>	<b>282,453</b>	<b>241,091</b>	<b>279,082</b>	<b>204,775</b>	<b>155,942</b>

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

For definitions see pages 134–135.

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

Key ratios	2023	2022	2021	2020	2019
Operating margin, %	67	65	74	67	44
Profit margin, %	58	56	62	57	37
Earnings per share before dilution, SEK	12.64	10.69	13.19	8.66	2.94
Earnings per share after dilution, SEK	12.64	10.67	13.00	8.58	2.94
Return on shareholders' equity, %	38	36	50	57	27
Return on assets, %	0.8	0.7	0.8	0.8	0.3
Credit loss level, %	0.02	0.00	0.00	-0.03	0.00
Income to savings capital ratio, %	0.48	0.42	0.47	0.51	0.34
Costs to savings capital ratio, % <sup>3)</sup>	0.16	0.15	0.12	0.17	0.19
Net brokerage income per trading day, SEK m	2.9	3.8	5.8	4.4	1.9
No. brokerage-generating notes/trading day	134,900	161,100	234,300	163,100	70,600
Turnover in brokerage-generating securities/trading day, SEK m	3,200	4,260	5,930	4,600	2,250
Turnover in brokerage-generating foreign securities/trading day, SEK m	510	610	1,040	570	180
Gross brokerage income/turnover in brokerage-generating securities, %	0.108	0.104	0.114	0.111	0.100
No. trading days	249.0	251.0	250.5	250.0	248.0
Average no. employees	654	622	560	478	429
Platform operational availability, %	99.8	99.9	99.9	99.9	99.9

Key ratios	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Shareholders' equity per share before dilution, SEK	37.09	31.61	30.21	20.47	12.65
Cash dividend per share, SEK (2023; proposal) <sup>1)</sup>	11.50	7.50	9.20	3.80	2.30
No. shares, thousand	157,237	156,619	155,572	154,954	153,786
Average no. shares before dilution, thousand	156,754	155,916	155,150	154,150	152,115
Average no. shares after dilution, thousand	156,838	156,209	157,456	155,581	152,115
Market capitalisation, SEK m	36,700	35,000	51,700	36,100	15,000
Share price, SEK	233.50	223.60	332.20	233.00	97.80
No. employees	661	635	603	510	445

<sup>1)</sup> Dividend for 2020 includes an extra dividend.

For definitions see pages 134–135.

The number of brokerage-generating notes was 17 per cent lower and brokerage-generating turnover decreased by 25 per cent. Gross brokerage income per brokerage-generating turnover increased to 10.8 basis points (10.4).

Net currency-related income decreased by 21 per cent as a result of lower turnover in brokerage-generating foreign securities and foreign funds, which decreased by 20 per cent.

Net fund commissions increased by 3 per cent due to 27 per cent higher fund capital, while average income per SEK of fund capital decreased from 30 to 28 basis points. This was a result of an increased share of capital in index funds. The share of fund capital in index funds was nearly 44 per cent, compared to just below 40 per cent a year earlier. As a result, income per SEK of fund capital was 26.4 basis points by the end of the year.

Net interest income increased by 99 per cent, mainly due to higher market interest rates and an increased return on surplus liquidity. Income from internally financed lending also increased, a result of higher lending rates. The average interest rate on internally financed lending increased to 4.12 per cent (2.38). Interest expenses increased after Avanza started paying interest on customers' deposits on 1 January 2023 and introduced its own savings account for all customers in February 2023. Interest expenses for deposits amounted to SEK 737 million (8). The average interest rate on deposits during 2023 was 1.21 per cent. The resolution fee and deposit guarantee fee amounted to SEK 36 million (44).

Other income decreased by 10 per cent. Mainly income from Avanza Markets decreased due to lower trading activity, while income from stock lending and external deposits increased. Income from Avanza Markets amounted to SEK 142 million (182) and income from stock lending to SEK 59 million (46).

Operating expenses increased by 11 per cent to SEK 1,148 million, mainly due to increased personnel costs and higher other expenses. Personnel costs increased by 11 per cent as a result of more employees and salary increases of 4 per cent. The average number of employees increased by 5 per cent, in accordance with the people plan for 2022 which has remained unchanged for 2023. Other expenses increased by 14 per cent, mainly because of higher costs for licenses and trading information. Amortisations increased due to the new backoffice system.

The costs to savings capital ratio increased to 16 basis points (15). The long-term target to spotlight efficiency and the focus on costs remain unchanged with a maximum costs to savings ratio of 12 basis points over time. During the last two years, market fluctuations have had a negative impact on the savings capital, which have affected the ratio. High cost efficiency is still prioritised and makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

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

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. For more information, see Note 18 Loans to the public.

The effective tax rate decreased to 13.5 per cent (14.1) as a result of a higher share of income generated in the insurance company, where most of the income is taxed according to the laws applicable to life insurance companies, which reduces the effective tax rate. The risk tax, or so-called bank tax, that was introduced for credit institutions in 2022, does not affect Avanza since the total liabilities in the bank fall below the threshold of SEK 150 billion.

#### Net interest income sensitivity

The policy rate was left unchanged at 4.00 per cent in November. Changes in the policy rate affects the return on surplus liquidity which mainly is invested in covered bonds, as deposits with the Riksbank as well as with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending is comprised of mortgage loans to Private Banking customers and margin lending. The mortgage rate is directly tied to the policy rate, but the increases in the mortgage rate to reflect the latest policy rate hikes have been postponed a few months. Half of the policy rate hike from May as well as the hike from July took effect on the mortgage on 1 November. The policy rate hike from September 2023, which was postponed until February 2024, will be postponed further. The interest rate on margin lending is based on demand and the competitive landscape.

The cost side of net interest income mainly consists of interest payments on customer deposits. On 1 January 2023, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK) and endowment insurance. Deposits in these accounts, including Avanza's own savings account which since February is available to all customers, represent 93 per cent of customers' total deposits excluding external savings accounts. Deposits in Avanza's own savings account amounted to SEK 26.8

billion as of 31 December 2023 and the interest rate is unchanged at 3.50 per cent since September.

All else being equal, without accounting for changes in volume or customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or raise of the policy rate would affect full-year net interest income by between SEK -210 million and SEK 650 million. The calculation is based on rates by the end of the fourth quarter and only highlights the sensitivity in the net interest income. On the upside, Avanza has absorbed the entire increase without sharing with customers, which would be implausible, and on the downside lowered rates on both deposits as well as lending.

#### Future outlook

Households' conditions for saving have changed due to high inflation and rising interest rates, while the understanding of as well as the need for saving is increasing in society. As a result of the macroeconomic conditions and market turbulence, market activity has decreased in the last two years. However, the economic situation has required adaptability and underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to parry, but also to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

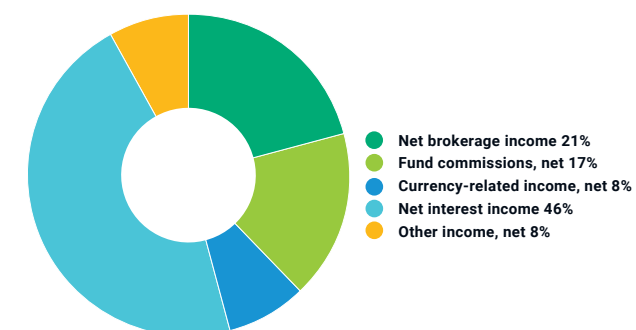
#### A strong savings tradition and good opportunities for growth

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

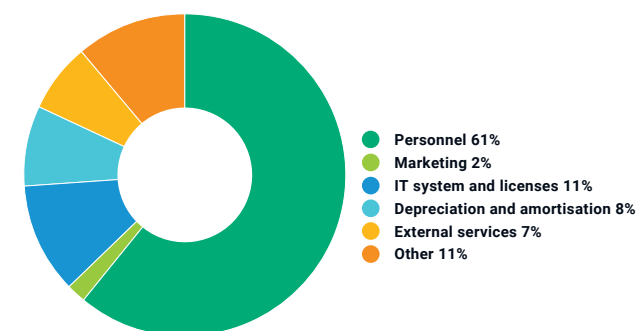
#### Greater responsibility for personal finances

For some time, we have been shifting toward a society where individuals are expected to take on greater responsibility for their financial well-being. Everyone needs a buffer for unexpected events, in addition to which savings are needed for every stage of life. There is a great need for private pension savings, and it will remain that way as long as the pension system is designed according to today's model where the level of compensation is expected to decline in

#### Breakdown of operating income 2023



#### Breakdown of operating expenses 2023



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the coming decades. For the individual this means either delaying retirement or offsetting for the difference through personal savings. Another example is the structure of the housing market, where nearly 80 per cent of homeowners have a mortgage. With rising mortgage rates, inflation and real wage cuts, the incentive to save for a home increases. In addition, there is a big savings gap between men and women. Women save less compared to men, and put more of their money into savings accounts. Avanza is actively working to reach a broader audience and promote women's savings.

#### Digitisation and increased competition

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

#### New regulations and stronger consumer protection

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

The government has for several years tried to make the transfer market in Sweden more efficient, which has been done by expanding transfer rights and limiting the fees charged on occupational pension transfers. At the same time, the complex and administratively time-consuming transfer process has not changed and more work is needed to create a well-functioning, freer pension market. Should the transfer market be simplified, Avanza has a competitive

pension offering without platform fees, a wide range of investment opportunities and a strong user experience.

Since its introduction in 2012, the Investment savings account have quickly become the most popular account form for saving in securities. The introduction of the account has simplified investing in the stock market and reduced barriers to entry. In late 2023, the government presented a proposal on a tax-exempt basic level of SEK 300,000, which would further reduce the barriers to begin investing in the stock market and is expected to have a positive impact on savings. It is still uncertain, however, when the proposal will be approved.

#### Intergenerational wealth transfers

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

#### The financial industry's role for sustainable development

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

Read more about Avanza's future outlook and risks in the Swedish savings market on pages 16–21. Read more about risks on pages 27 and 46–48.

## Financial position

Avanza's capital and liquidity situation is strong. Shareholders' equity amounted to SEK 5,832 million (4,951). Besides the net profit for the year, the change is due to the dividend of SEK 1,175 million paid to shareholders, as well as new share issues due to the exercise of warrants and issuance of warrants within the framework of employee incentive programmes.

Avanza is self-financed through equity and customer deposits. The majority of deposits and borrowings from the public are covered by the government deposit guarantee and are spread across a very large number of households. Deposits increased by 14 per cent since the beginning of the year and amounted as of 31 December 2023 to SEK 61.7 billion. The increase was a result of net inflows. Customers continued to net buy securities. Loans to the public increased by 2 per cent during the year to SEK 19.6 billion as of 31 December 2023. All lending is secured by listed securities or pledges on homes or tenant-owned apartments, and the credit quality is assessed to be good. The average loan-to-value ratio for mortgages by the end of the year amounted to 41 per cent and for margin lending to 26 per cent. Between 2001 and 31 December 2023, actual and expected credit losses amounted to SEK 12 million, or an average of 0.02 per cent per year.

Surplus liquidity, which as of 31 December 2023 amounted to SEK 47.8 billion, is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, and to a lesser extent bonds issued by the Swedish government and municipalities. All of Avanza's assets have high liquidity and all covered bonds have the highest bond rating with Standard & Poor's (AAA) or Moody's (Aaa). The average fixed interest term regarding interest-bearing securities is a maximum of 3 months. Interest-bearing securities with fixed interest terms, excluding Riksbank Certificates with just one week's fixed interest term, constituted 4 per cent of all interest-bearing securities as of 31 December 2023. Interest rate risk is limited as Avanza intends, and normally has the capacity, to hold its bonds to maturity. To cope with short-term fluctuations in deposits and lending from/to the general public, a significant share of the assets is held on account and is disposable immediately or the following business day. Avanza's bond portfolio has an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If



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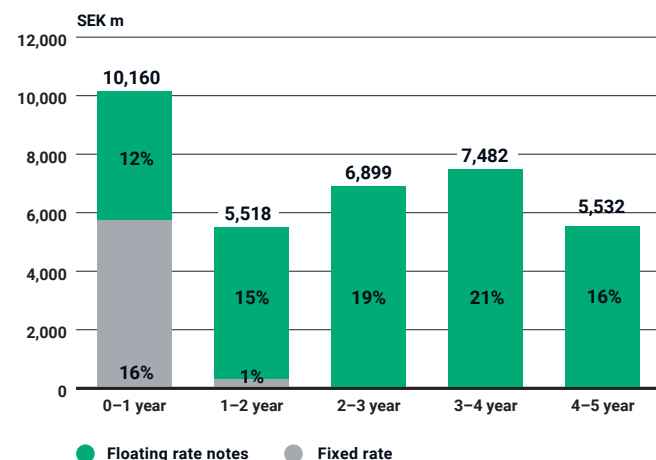
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Avanza still has to sell bonds in advance, the effect on earnings is limited. The amortised cost of the bonds as of 31 December was SEK 42 million higher than the fair value. Of the liquid assets of just over SEK 11.2 billion at the end of the year, SEK 19 million was pledged as collateral, mainly with Swedish credit institutions and the stock exchange.



## The Parent Company

Avanza Bank Holding AB (publ) is the parent company of the Avanza Group. The Parent Company does not report any revenues. Operating profit for 2023 was SEK -41 million (SEK -34m). The parent company's shareholders' equity as of 31 December 2023 amounted to SEK 2,642 billion (1,981 as of 31 December 2022) and liquid assets amounted to SEK 6 million (6m as of 31 December 2022). Anticipated dividends from subsidiaries of SEK 1,813 million (SEK 1,205m) were recognised.

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

## 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 128. See pages 49-57 for Avanzas' report in accordance with article 8, Taxonomy regulation (EU) 2020/852.

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's sustainability work is decentralised and integrated at an operating level. The work is coordinated by the company's Head of Sustainability, who is also chairman of Avanza's sustainability committee. The Board, together with management, is ultimately responsible for adopting Avanza's sustainability targets. The Board of Directors annually adopts the sustainability policy and the code of conduct. 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 2022 was published on 24 February 2023.

Additional information about Avanza's sustainability activities is provided on pages 28-49 and 126-129. Avanza's sustainability policy is published on [avanza.se/ir](https://www.avanza.se/ir).

## Employees

In 2023, the Avanza Group had, on average, a total of 654 (622) employees of whom 38 per cent (37) were women. The average age was 37 (36) years. The Parent Company had, on average, 6 (5) 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 2023 was 58 (58), which shows continued strong ambassadorship. Additional information about Avanza's employees is provided on pages 33-37 and in Note 8 Employees and personnel costs.

## Significant risks and uncertainty factors

Avanza has a conservative approach to risk and strives to keep risks low. Avanza's operations are largely digital with high demands placed on stability and availability. Protecting our information assets is critical to maintain the trust of customers. Avanza's financial risks, such as credit risks, market risks and liquidity risks, are limited. Avanza also strives to minimise operational risks by creating the most efficient and automated processes possible.

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

Increased cost of living risk affecting the ability of households to save. If such a savings pattern persists, there is a risk that it could hurt the financial sector. From a historical perspective, however, the household savings ratio has always recovered. Rising rates positively affect returns on Avanza's surplus liquidity, while declining rates have the opposite effect.

The Swedish financial market has performed strongly for many years. At the same time, the last few years' market turbulence has negatively impacted the willingness to take risk and, as a result, stock market activity has decreased, which has negatively affected and negatively affects Avanza's commission income. Reduced risk appetite together with higher deposit rates can also lead to capital transfers from risk assets to savings accounts and securities with lower risk and where Avanza's compensation is lower. Reduced risk appetite and higher interest rates could also affect households' willingness to amortise, which is happening. Furthermore, the higher policy rate has resulted in a rising government borrowing rate, which serves as the basis for the taxation of investment savings accounts. This has raised the tax in recent years from 0.375 per cent to 1.086 per cent. The tax is based on the total account value as well as deposits. In the short term, this could scare off stock investors.

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

In May, the EU Commission proposed a ban on commissions on all investment services without advice. Since Avanza does not offer advice, the external fund business and Avanza Markets would primarily be affected. At this point it is still a proposal, which has to be negotiated within the EU and introduced into Swedish law – if

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it reaches that point – which is expected to take several years at least. Avanza regards the proposal as regrettable and not in the best interest of savers and has voiced its opposition through the Swedish Securities Markets Association, among other ways. A critical counterproposal has also been presented by the EU parliament. If the proposal nevertheless does pass, Avanza has various alternatives for adapting its business model.

The EU is also planning to ban the sale of order flows. This does not affect Avanza, which does not sell order flows.

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

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 27, 46–48, and in Note 34 Financial risks.

### Remuneration guidelines for senior management

The Annual General Meeting of Avanza Bank Holding AB (publ) resolved on 30 March 2023 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 model is built on strong growth through satisfied customers, in combination with a scalable business model and the market's lowest costs to savings capital ratio. This creates long-term growth in operating income, facilitates further

development and builds shareholder value. The strategy is to create cheaper, better and simpler offerings. Through continuous innovation, and with a focus on doing what's best for the customer, better savings opportunities are created, trust is built and growth is created. Sustainability work has always been an important part of Avanza and is essential in order to maintain low risks, stay competitive and attract new customers and talented employees. The sustainability strategy is integrated in the overarching strategy, is based on international frameworks and guidelines, and is focused on three main areas: Sustainable investments, Educate & Challenge, and Sustainable organisation. The aim is to create the best tool for customers to successfully manage their finances. Further information on the company's business strategy is provided on pages 9–10.

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 such 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.

For more information about these programmes, including the criteria on which the outcome depends, please see [avanza.se/ir](http://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 things, 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. 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 one (1) year for other senior executives. 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. In the latest review of the guidelines, clarifications have been added of the company's strategy as well as of salary paid during the notice period and severance pay for senior executives other than the CEO.

### 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

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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 2023 resolved that the Board of Directors shall comprise ten members without deputies.

The Annual General Meeting in 2023 re-elected all previously elected members. In addition, John Hedberg was elected as new Board members 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 ten members. Avanza's Board of Directors consisted in 2023 of ten members elected by the Annual General Meeting with no deputies, who are elected until the next Annual General Meeting.

Peter Strömberg, formerly Chief Product & Tech Officer stepped down from Group Management in January 2023, was replaced by Anders Karlsson when he assumed his role as Chief Product and Tech (CPTO) and member of Group Management in June. Anders has extensive experience in the financial sector.

In the beginning of April, Rikard Josefson notified the Board of Directors that he intends to leave Avanza as CEO at the latest by the end of June 2024. In September, it was announced that Knut Frängsmyr had been appointed new CEO, but in November the management suitability assessment for Knut was withdrawn and the employment was terminated. Gunnar Olsson was appointed as Acting CEO on 13 November.

Additional information about the Board of Directors and Group Management is provided in the Corporate governance report on pages 60–72.

### 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 2023 there were a total of 157,236,949 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.

Capital surplus financial conglomerate, SEK m <sup>1)</sup>	31-12-2023	31-12-2022
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>2)</sup>	3,532	3,006
Own funds for regulated units within the banking and investment services sector	3,138	2,990
<b>Total own funds after dividends</b>	<b>6,670</b>	<b>5,996</b>
<b>Total own funds before dividends</b>	<b>8,478</b>	<b>7,171</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>3)</sup>	2,213	1,795
Capital requirement for regulated units within the banking and investment services sector	2,345	1,863
<b>Total capital requirement</b>	<b>4,557</b>	<b>3,658</b>
Deduction for non-distributable solvency capital <sup>2)</sup>	–532	–542
<b>Capital surplus after dividends</b>	<b>1,580</b>	<b>1,796</b>
<b>Capital surplus before dividends</b>	<b>3,388</b>	<b>2,971</b>
Capital surplus per share after dividend per share, SEK	10.05	11.47
Capital surplus per share before dividend per share, SEK	21.55	18.97

<sup>1)</sup> Capital surplus for the financial conglomerate. See also Note 33 Own funds and capital requirements.

<sup>2)</sup> Non-distributable solvency capital (future profits) = solvency capital – solvency capital requirement.

<sup>3)</sup> 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 leverage ratio, consolidated situation, SEK m	31-12-2023	31-12-2022
Leverage ratio total exposure measure	71,011	62,464
Tier 1 capital after dividends	1,156	3,402
Leverage ratio after dividends, %	5.0	5.5
Leverage ratio incl. Pillar 2-guidance <sup>1)</sup> , %	3.5	3.9
<b>Capital surplus after dividends and leverage ratio requirements incl. Pillar 2 guidance</b>	<b>1,089</b>	<b>966</b>

Capital surplus risk-based, consolidated situation, SEK m	31-12-2023	31-12-2022
Total own funds	3,574	3,402
Minimum own funds requirement (Pillar 1)	1,156	1,040
Combined buffer requirement	650	455
Additional own funds requirement (Pillar 2) <sup>1)</sup>	825	467
Pillar 2 guidance	–	–
Total risk-based capital requirement (desired level of own funds)	2,631	1,961
<b>Capital surplus after risk-based capital requirement</b>	<b>943</b>	<b>1,441</b>

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

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Avanza had two owners who each directly or indirectly represented at least one tenth of the voting rights for all shares on 31 December 2023: Sven Hagströmer including family and companies representing 10.2 per cent and Creades AB representing 10.1 per cent.

Outstanding warrant programmes include 3,600,000 warrants corresponding to a maximum dilution effect of 2.2 per cent if fully exercised. Of these warrants, 2,775,542 were transferred to employees at the end of the year.

For further information on the Avanza share, see pages 25–26 and 60 and in Note 28 Equity.

**Repurchase of the company's own shares**

The Annual General Meeting in 2023 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 2023 and the company holds no repurchased shares as of 31 December 2023.

**Capital planning**

Avanza has a strong capital position with good margins to the regulatory requirements as well as low risk in the balance sheet.

The Swedish Financial Supervisory Authority at the end of September announced the results from its 2023 Supervisory Review and Evaluation Process (SREP) for Avanza. The Pillar 2 guidance on the leverage ratio was reduced from 0.9 per cent to 0.5 per cent and the risk-based Pillar 2 requirement was raised from 3.6 per cent to 5.7 per cent. As a result, Avanza has to have a total leverage ratio of 3.5 per cent and total risk-based capital of 18.2 per cent. The decision means that the risk-based capital requirement could determine Avanza's capitalisation, although the leverage ratio is a more sensitive measure of deposit fluctuations. As of 31 December, Avanza's leverage ratio for the consolidated situation was 5.0 per cent, including the proposed dividend. This means that deposits can increase by SEK 31 billion without risking to fall short of the requirement of 3.5 per cent. Avanza's capital structure is continuously evaluated from a capital efficiency perspective in part to identify opportunities to issue Additional Tier 1 capital if market conditions improve.

See also Note 33 Own funds and capital requirements.

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

Peter Almqvist, Chief Information Officer and a member of Group Management, has announced that he will be leaving Avanza and resigned from his position in Group Management on 30 January.

**Proposed allocation of profits**

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting on 11 April 2024 resolve that the accumulated profit, including net profit for the year, share premium reserve and fair value reserve of SEK 2,563,516,557, in accordance with the established balance sheet, be allocated in such a way that a dividend of SEK 11.50 per share is distributed to the shareholders and the remainder is carried forward. This corresponds to a dividend of SEK 1,808 million (SEK 1,175m) and a payout ratio of 91 per cent (70). To be compared with Avanza's dividend policy, where the goal is to distribute 70 per cent of profit for the year to the shareholders, taking into account the risk-based capital requirement as well as 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 38 Proposed allocation of profits.

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# Consolidated income statement

SEK m	Note	2023	2022
Commission income	3, 4	2,176	2,512
Commission expenses	4	-311	-331
Interest income calculated using the effective interest method	5	2,537	935
Other interest income	5	3	1
Interest expenses	5, 10	-966	-147
Net result of financial transactions	6	-1	-1
Other operating income		0	4
<b>Total operating income</b>		<b>3,437</b>	<b>2,973</b>
General administrative expenses	7-9	-1,007	-900
Depreciation and amortisation	10, 22-23	-88	-81
Other operating expenses	11	-53	-50
<b>Total operating expenses before credit losses</b>		<b>-1,148</b>	<b>-1,031</b>
<b>Operating profit before credit losses</b>		<b>2,289</b>	<b>1,941</b>
Credit losses, net	12	3	-1
<b>Operating profit</b>		<b>2,292</b>	<b>1,940</b>
<b>Profit before tax</b>		<b>2,292</b>	<b>1,940</b>
Tax on profit for the year	14	-310	-274
<b>Profit for the year<sup>1)</sup></b>		<b>1,982</b>	<b>1,666</b>
Earnings per share before dilution, SEK	15	12.64	10.69
Earnings per share after dilution, SEK	15	12.64	10.67

<sup>1)</sup> The entire profit accrues to the Parent Company's shareholders.

# Consolidated statement of comprehensive income

SEK m	Note	2023	2022
<b>Profit for the year</b>		<b>1,982</b>	<b>1,666</b>
<b>Items that will be reversed to the income statement</b>			
Changes in value of financial instruments recognised at fair value via other comprehensive income	6	58	-116
Tax on changes in value of financial instruments recognised at fair value via other comprehensive income		-12	24
<b>Items that will not be reclassified to the income statement</b>			
Changes in value of shares and participations	20	-99	-
Tax on changes in value and of shares and participations		-	-
<b>Total other comprehensive income after tax</b>		<b>-53</b>	<b>-92</b>
<b>Total comprehensive income after tax<sup>1)</sup></b>		<b>1,929</b>	<b>1,574</b>

<sup>1)</sup> The entire profit accrues to the Parent Company's shareholders.

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# Consolidated balance sheet

SEK m	Note	31-12-2023	31-12-2022
<b>Assets</b>	30–32		
Cash and balances with central banks	16	8,630	4,915
Treasury bills eligible for refinancing	17	4,698	802
Loans to credit institutions	16	2,599	2,052
Loans to the public	18	19,583	19,259
Bonds	19	31,195	31,789
Shares and participations	20	154	237
Assets in insurance operations	21	213,713	180,337
Intangible fixed assets	22	87	107
Right-of-use assets	10	96	87
Tangible fixed assets	23	58	60
Other assets	14, 24	774	837
Prepaid expenses and accrued income	25	866	608
<b>Total assets</b>		<b>282,453</b>	<b>241,091</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>	30–32		
Deposits from the public	16	61,728	54,308
Liabilities in insurance operations	21	213,715	180,339
Lease liabilities	10	92	83
Other liabilities	14, 26	922	1,260
Accrued expenses and deferred income	27	164	150
<b>Total liabilities</b>		<b>276,621</b>	<b>236,140</b>
<b>Shareholders' equity</b>	28		
Share capital		79	78
Other capital contributed		701	579
Fair value reserve		12	65
Retained earnings		5,041	4,229
<b>Total shareholders' equity</b>		<b>5,832</b>	<b>4,951</b>
<b>Total liabilities and shareholders' equity</b>		<b>282,453</b>	<b>241,091</b>

# Changes in the Group's shareholders' equity

SEK m	Share capital	Other capital contributed	Fair value reserve	Retained earnings	Total
<b>Shareholders' equity, 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
Profit for the year	–	–	–	1,666	1,666
Other comprehensive income	–	–	–92	–	–92
Total comprehensive income	–	–	–92	1,666	1,574
<i>Transactions with owners</i>					
Dividend paid	–	–	–	–1,431	–1,431
Exercise of share warrants	1	90	–	5	96
Warrants issue	–	12	–	–	12
<b>Shareholders' equity, 31-12-2022</b>	<b>78</b>	<b>579</b>	<b>65</b>	<b>4,229</b>	<b>4,951</b>
Profit for the year	–	–	–	1,982	1,982
Other comprehensive income	–	–	–53	–	–53
Total comprehensive income	–	–	–53	1,982	1,929
<i>Transactions with owners</i>					
Dividend paid	–	–	–	–1,175	–1,175
Exercise of share warrants	0	114	–	–	115
Warrants issue	–	8	–	4	13
<b>Shareholders' equity, 31-12-2023</b>	<b>79</b>	<b>701</b>	<b>12</b>	<b>5,041</b>	<b>5,832</b>

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

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# Consolidated cash flow statement

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SEK m	Note	2023	2022
<b>Operating activities</b>			
Profit before tax		2,292	1,940
whereof interest payments received		2,540	935
whereof interest expenses paid		-966	-147
<i>Adjustment for items not included in cash flow</i>			
Depreciations	10, 22–23	88	81
Interest expenses on lease liabilities	10	2	2
Realised gains/losses		0	–
Income tax paid		-137	3,751
<b>Cash flow from operating activities before changes in operating activities' assets and liabilities</b>		<b>2,245</b>	<b>5,774</b>
<b>Changes in operating activities' assets and liabilities</b>			
Increase (-)/decrease (+) in loans to credit institutions	32	6	393
Increase (-)/decrease (+) in loans to the public		-323	1,041
Increase (-)/decrease (+) in shares and participations		99	0
Increase (-)/decrease (+) in other assets		-434	-10
Increase (+)/decrease (-) in deposits from the public		7,420	649
Increase (+)/decrease (-) in other liabilities		-270	-196
<b>Cash flow from operating activities' assets and liabilities</b>		<b>6,497</b>	<b>1,875</b>
<b>Cash flow from operating activities</b>		<b>8,743</b>	<b>7,649</b>
<b>Investment activities</b>			
Acquisition and disposals of treasury bills eligible for refinancing		-3,897	1,721
Acquisition and disposals of intangible fixed assets	22	–	-17
Acquisition and disposals of tangible fixed assets	23	-24	-27
Acquisition of shares and participations		-15	–
Acquisition and disposals of bonds		553	-6,052
<b>Cash flow from investment activities</b>		<b>-3,383</b>	<b>-4,374</b>

Continued in the right column

Continuation from the left column

SEK m	Note	2023	2022
<b>Financing activities</b>			
Amortisation lease liabilities		-43	-40
Cash dividend		-1,175	-1,431
Exercise of share warrants		115	96
Warrants issue		13	12
<b>Cash flow from financing activities</b>		<b>-1,091</b>	<b>-1,363</b>
<b>Cash flow for the year</b>		<b>4,269</b>	<b>1,912</b>
Liquid assets at beginning of year		6,942	5,030
Liquid assets at end of year		11,211	6,942
<b>Change</b>		<b>4,269</b>	<b>1,912</b>
<b>Composition of liquid assets, SEK m</b>			
		<b>31-12-2023</b>	<b>31-12-2022</b>
Cash and balances with central banks		8,630	4,915
Loans to credit institutions		2,599	2,052
Pledged assets		-19	-25
<b>Total</b>		<b>11,211</b>	<b>6,942</b>

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

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# Parent Company income statement

SEK m	Note	2023	2022
<b>Operating expenses</b>			
Administration expenses	8–9	–31	–21
Other operating expenses		–10	–13
<b>Operating profit/loss</b>		<b>–41</b>	<b>–34</b>
<b>Profit/loss from financial investments</b>			
Profit/loss from participations in Group companies	13	1,813	1,205
Interest income and similar items		2	0
Interest expenses and similar items		–1	0
<b>Profit/loss before appropriations and tax</b>		<b>1,774</b>	<b>1,171</b>
<b>Appropriations</b>			
Group contribution received		62	80
Group contribution paid		–13	–5
<b>Profit/loss before tax</b>		<b>1,823</b>	<b>1,245</b>
Tax on profit for the period	14	–2	–8
<b>Profit/loss for the period</b>		<b>1,820</b>	<b>1,237</b>

# Parent Company statement of comprehensive income

SEK m	2023	2022
<b>Profit/loss for the period</b>	<b>1,820</b>	<b>1,237</b>
<i>Items that will not be reversed to the income statement</i>		
Changes in value of shares and participations	–99	–
Tax on changes in value and of shares and participations	–	–
<b>Total other comprehensive income after tax</b>	<b>–99</b>	<b>–</b>
<b>Total comprehensive income after tax</b>	<b>1,721</b>	<b>1,237</b>

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# Parent Company balance sheet

SEK m	Note	31-12-2023	31-12-2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares and participations in Group companies	29	444	426
Shares and participations in other companies		138	237
<b>Total fixed assets</b>		<b>582</b>	<b>663</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		2,053	1,321
Current tax receivable		10	7
Prepaid expenses and accrued income		3	3
<b>Total current receivables</b>		<b>2,066</b>	<b>1,331</b>
Cash and bank balances		6	6
<b>Total current assets</b>		<b>2,072</b>	<b>1,337</b>
<b>Total assets</b>		<b>2,653</b>	<b>2,000</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital		79	78
Unrestricted shareholders' equity			
Share premium reserve		660	546
Fair value reserve		45	144
Retained earnings		1,859	1,213
<b>Total shareholders' equity</b>		<b>2,642</b>	<b>1,981</b>
<b>Current liabilities</b>			
Accounts payable		1	0
Liabilities to Group companies		0	-
Tax liability		-	11
Other liabilities		1	0
Accrued expenses and deferred income		10	7
<b>Total current liabilities</b>		<b>11</b>	<b>19</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,653</b>	<b>2,000</b>

# Changes in the Parent Company's shareholders' equity

SEK m	Share capital	Share premium reserve	Fair value reserve	Retained earnings	Total
<b>Shareholders' equity, 31-12-2021</b>	<b>78</b>	<b>450</b>	<b>144</b>	<b>1,408</b>	<b>2,080</b>
Net profit for the year	-	-	-	1,237	1,237
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,237	1,237
<i>Transactions with owners</i>					
Dividend paid	-	-	-	-1,431	-1,431
Exercise of share warrants	1	95	-	-	96
<b>Shareholders' equity, 31-12-2022</b>	<b>78</b>	<b>546</b>	<b>144</b>	<b>1,213</b>	<b>1,981</b>
Net profit for the year	-	-	-	1,820	1,820
Other comprehensive income for the year	-	-	-99	-	-99
Total comprehensive income for the year	-	-	-99	1,820	1,721
<i>Transactions with owners</i>					
Dividend paid	-	-	-	-1,175	-1,175
Exercise of share warrants	0	114	-	-	115
<b>Shareholders' equity, 31-12-2023</b>	<b>79</b>	<b>660</b>	<b>45</b>	<b>1,859</b>	<b>2,642</b>

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# Parent Company cash flow statement

SEK m	2023	2022
<b>Operating activities</b>		
Profit before tax	1,823	1,245
whereof interest payments received	2	0
whereof interest expenses paid	-1	0
<i>Adjustment for items not included in cash flow</i>		
Anticipated dividend	-1,813	-1,205
Income tax paid	-15	-17
<b>Cash flow from operating activities before changes in operating activities' assets and liabilities</b>	<b>-6</b>	<b>24</b>
<b>Changes in operating activities' assets and liabilities</b>		
Increase (-) / decrease (+) in other assets	1,081	1,311
Increase (+) / decrease (-) in other liabilities	4	1
<b>Cash flow from operating activities' assets and liabilities</b>	<b>1,085</b>	<b>1,312</b>
<b>Cash flow from operating activities</b>	<b>1,079</b>	<b>1,336</b>
<b>Investment activities</b>		
Disposals of shares and participations in associated companies	-	-
<b>Cash flow from investment activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Cash dividend	-1,175	-1,431
Exercise of share warrants	115	96
Shareholder contribution paid	-18	-
<b>Cash flow from financing activities</b>	<b>-1,078</b>	<b>-1,336</b>
<b>Cash flow for the year</b>	<b>1</b>	<b>0</b>
Liquid assets at beginning of year	6	5
Liquid assets at end of year	6	6
<b>Change</b>	<b>1</b>	<b>0</b>

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## 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 2023 – 31 December 2023 comprise the Parent Company and its subsidiaries, referred to collectively as "the Group". The Group offers a wide selection of savings products, a strong pension offering and mortgages in Sweden. The Group's operations are described in more detail in the Administration report. The consolidated accounts and the Annual report for Avanza Bank Holding AB (publ) for the 2023 financial year were approved on 22 February 2024 by the Board of Directors and the acting CEO. The consolidated accounts and the Annual report are adopted by the Annual General Meeting on 11 April 2024.

## 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 (t), 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 31 Financial instruments.

Certain parts of the Annual report have also been prepared according to the European Single Electronic Format (ESEF). The financial statements included in ESEF for 2023 are the consolidated income statement, balance sheet, cash flow statement, changes in the Group's shareholders' equity and the following notes.

The accounting principles have been applied consistently to all periods presented in the Group's financial statements, 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 2023 IAS 1 Presentation of Financial Statements

Updated rules in IAS 1 Presentation of Financial Statements apply to the financial year beginning on 1 January 2023. The new rules require companies to provide company-specific disclosures on the applicable accounting principles. Avanza's accounting principles have been partially revised on the assumption that a user of the financial statements is familiar with, or has access to, the IFRS. Disclosures tied to accounting principles for items which do not appear in Avanza's financial statements, or are insignificant, have been omitted since users of the financial statements are not considered to benefit from them.

### IFRS 17 Insurance contracts

IFRS 17 which entered into force on 1 January 2023, replaced IFRS 4 and entail significant changes for the companies that will apply IFRS 17. Avanza is not subject to IFRS 17. All contracts in Avanza's insurance operations are classified as investment contracts and recognised according to IFRS 9.

No new or amended IFRS, IFRIC interpretations or changes as a result of IASB's annual improvement project, which entered into force on 1 January 2023, are assessed to have had any significant impact on the Group.

### IFRS and interpretations applicable in 2024 or after

The new standards, amendments to standards and statements of interpretation entering into force during the financial year 2024 or after are not expected to have any significant impact on the group, and therefore, they are not described here.

### (d) Segment reporting

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.

In accordance with IFRS 3 Business Combinations, the acquisition method has been used for the accounting of the group's business combinations.

### Restrictions on the transfer of funds to the Parent Company

The subsidiaries Avanza Bank AB (publ), Försäkringsaktiefbolaget 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,

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*Note 2, cont.*

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, in accordance with IAS 21 Effects of Changes in Foreign Exchange Rates. 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 income**

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 corporate actions, 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. 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 primarily refer to deposits from the public, but also lease liabilities, as well as fees for the deposit guarantee fee and the resolution fee which are recognised expensed as incurred, meaning that interest expenses are allocated to the period to which they refer. Interest expenses regarding lending to credit institutions refer to interest fees for periods with negative interest, 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. For bonds, only realised gains or losses are reported within the net result of financial transactions, while unrealised gains or losses are reported as other comprehensive income. 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 Financial Instruments: Classification as agreements that give rise to a financial asset in a company and a financial liability or equity instrument in another company.

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 realise 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.

According to the classification and measurement requirements in IFRS 9, financial assets and liabilities 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 classified 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 (n) Insurance operations.

Instruments are measured at fair value ("fair value option") 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, accounts receivable and the part of the insurance assets that pertains to

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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, 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 (n) 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, tax liabilities, accounts payable and other liabilities.

**Impairment according to IFRS 9**

All assets measured at amortised cost and fair value via other comprehensive income 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 30 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 30 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 portfolios’ structures changes.

Note 2, cont.

**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 accordance with IAS 38 Intangible Assets as assets 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 amortisation are shown under (k) Depreciation and amortisation. The accounting principles for write-downs are shown under (l) Write-downs.

**Capitalised development expenditure**

Capitalised development expenditure comprises externally purchased services and capitalised personnel costs. Capitalised expenditure relates to the implementation of a backoffice system and the development of a trading system and other applications, which will generate long-term economic advantages for the Group through either increased income or cost savings.

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.

**(k) Depreciation and amortisation**

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

**(l) 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.

**(m) 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.

**(n) Insurance operations**

**Insurance contracts and investment contracts**

IFRS distinguishes between insurance contracts, which are recognised according to IFRS 17, 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 recognised 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.

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#### **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.

#### **(o) Dividend paid**

Dividends are recognised as liabilities once the Annual General Meeting has approved the Board's dividend proposal.

#### **(p) 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.

#### **(q) Taxes**

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.

According to IAS 12 Income Taxes, income taxes comprise current tax and deferred tax.

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 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 practice, 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. Fees for the yield tax is deducted from policyholders' assets.

#### **(r) Pledged assets and contingent liabilities**

Pledged assets can consist both of pledged assets for own liabilities as well as provisions and pledged assets for items other than liabilities reported in the balance sheet. Pledged assets refer to collateral held by Swedish credit institutions, clearing institutions and the Riksbank.

Avanza's commitments relate to granted but not disbursed mortgage loans.

#### **(s) Cash flow statement**

The cash flow statements for the Group and the Parent Company are prepared according to IAS 7 Statement of Cash Flows using the indirect method and show the payments received and made by the operating activities, investing activities and financing activities during the financial year.

#### **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.

#### **(t) 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.

#### **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.

#### **(u) Notes that have no direct reference to income statements or balance sheets**

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### Note 3 Revenue from contracts with customers

SEK m – The Group	2023	2022
Trading in commission-generating securities	1,125	1,438
Fund savings	639	635
Corporate services	16	11
Other commission income	395	429
<b>Total</b>	<b>2,176</b>	<b>2,512</b>
<i>Timing of revenue recognition</i>		
Service or goods transferred to customer at a specific point in time	2,176	2,512
Service or goods transferred to customer over time	–	–
<b>Total</b>	<b>2,176</b>	<b>2,512</b>

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 288 million (SEK 365m) 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 2023 generated brokerage income of SEK 2.3 million (SEK 2.1m) and interest income of SEK 4.0 million (SEK 2.7m). The largest customer in the corporate services category generated revenue of SEK 10.9 million (SEK 1.5m). 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 2023 Avanza received revenue of SEK 57.2 million (SEK 54m).

All operations are conducted in Sweden and both income from external customers and fixed assets are attributable to Sweden.

### Note 4 Net commission income

SEK m – The Group	2023	2022
Brokerage, gross	862	1,111
Fund commissions	615	596
Currency-related income	288	365
Other commissions <sup>1)</sup>	412	439
<b>Commission income</b>	<b>2,176</b>	<b>2,512</b>
Transaction costs <sup>2)</sup>	–138	–156
Payment services commissions	–94	–91
Other commission expenses <sup>3)</sup>	–80	–84
<b>Commission expenses</b>	<b>–311</b>	<b>–331</b>
<b>Net commission income</b>	<b>1,864</b>	<b>2,181</b>

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

<sup>2)</sup> Costs directly related to brokerage income.

<sup>3)</sup> Includes application costs related to mortgages, SEO costs, costs for trader systems, refund of fund commissions and a number of smaller costs.

### Note 5 Net interest income

SEK m – The Group	2023	2022
<b>Interest income</b>		
<i>Interest income using the effective interest method</i>		
Interest income from loans to credit institutions	389	86
Interest income from loans to the public	986	558
Interest income from interest-bearing securities	1,162	290
<b>Total interest income using the effective interest method</b>	<b>2,537</b>	<b>935</b>
<i>Other interest income</i>		
Other interest income	3	1
<b>Total other interest income</b>	<b>3</b>	<b>1</b>
<b>Total interest income</b>	<b>2,540</b>	<b>936</b>
<b>Interest expenses</b>		
Interest expenses for loans to credit institutions	0	–6
Interest expenses for deposits from the public	–922	–94
Interest expenses for lease liabilities	–2	–2
Other interest expenses	–42	–45
<b>Total interest expenses</b>	<b>–966</b>	<b>–147</b>
<b>Net interest income</b>	<b>1,574</b>	<b>789</b>

The average lending rate to account customers during the year was 4.1 per cent (2.3) and the average deposits rate from accounts with surplus liquidity during the year was 1.2 (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.



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### Note 6 Net result of financial transactions

SEK m – The Group	2023	2022
Realised profit/loss regarding shares, etc	–1	1
Exchange rate fluctuation	0	–2
Change in value of insurance operations assets	20,779	–46,700
Change in value of insurance operations liabilities	–20,779	46,700
<b>Total</b>	<b>–1</b>	<b>–1</b>
<b>Net profit/net loss per valuation category</b>		
Financial assets valued at fair value via income statement	20,777	–46,699
Financial liabilities valued at fair value via income statement	–20,779	46,700
Financial liabilities valued at amortised cost	0	–2
Financial assets valued at fair value via other comprehensive income	–41	–116
<b>Total</b>	<b>–42</b>	<b>–117</b>

### Note 7 General administration expenses

SEK m – The Group	2023	2022
Personnel costs	–704	–636
Consultancy services purchased	–82	–83
Market information costs	–79	–63
Other general administration expenses	–143	–118
<b>Total</b>	<b>–1,007</b>	<b>–900</b>

### Note 8 Employees and personnel costs

SEK m – The Group	2023	2022
Salaries and other remuneration	–467	–421
Pension costs	–64	–58
Social insurance charges	–145	–130
Other personnel costs	–28	–27
<b>Total personnel costs</b>	<b>–704</b>	<b>–636</b>

Note 8, cont.

The Group has no employees outside Sweden. At the end of the year there was a total of 661 (635) Group employees. Normal employment terms comprise salary and benefits.

Occupational pensions, through defined contribution pension plans, are obtained corresponding to the ITP 1-plan for all employees over 25 years. Pension costs refer to occupational pension premiums and special employer's contribution.

#### Salaries, other remuneration and social insurance charges

SEK m	2023		2022	
	Salaries and other remuneration	Social insurance charges (of which pension costs)	Salaries and other remuneration	Social insurance charges (of which pension costs)
The Group	467	209	421	188
		(64)		(58)
of which the Board of Directors and senior executives	33	19	32	18
		(8)		(8)
Parent Company	20	8	15	6
		(4)		(3)
of which the Board and CEO	9	5	9	4
		(2)		(2)

Average no. employees	2023		2022	
	No. employees	Of whom, men	No. employees	Of whom, men
Parent Company	6	2	5	2
Subsidiaries	648	406	618	391
<b>Total</b>	<b>654</b>	<b>408</b>	<b>622</b>	<b>393</b>

2023 SEK thousand – The Group	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	540	–	–	540
Members of the Board	4,850	–	–	4,850
CEO	8,857	–	3,462	12,318
Deputy CEO	2,755	–	710	3,465
Other senior executives	16,478	–	4,162	20,640
<b>Total</b>	<b>33,479</b>	<b>–</b>	<b>8,334</b>	<b>41,813</b>

2022 SEK thousand – The Group	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	481	–	–	481
Members of the Board	4,367	–	–	4,367
CEO	8,215	–	3,161	11,376
Deputy CEO	2,953	–	815	3,768
Other senior executives	15,578	–	4,125	19,703
<b>Total</b>	<b>31,593</b>	<b>–</b>	<b>8,102</b>	<b>39,695</b>

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Note 8, cont.

SEK thousand – Parent Company	2023		2022	
Board members	Directors' fees	Other remuneration	Directors' fees	Other remuneration
Sven Hagströmer	540	–	481	–
Magnus Dybeck	446	–	425	–
Catharina Eklöf	537	–	519	–
Jonas Hagströmer	516	–	528	–
John Hedberg	333	–	–	–
Linda Hellström	490	–	359	–
Johan Roos	846	–	796	–
Sofia Sundström	532	–	359	–
Hans Toll	660	–	633	–
Leemon Wu	490	–	474	–
Viktor Fritzen	–	–	140	–
Mattias Miksche	–	–	137	–
<b>Total</b>	<b>5,390</b>	<b>–</b>	<b>4,848</b>	<b>–</b>

The Board of Avanza Bank Holding AB (publ) has 10 (9) members, 6 (5) of whom are men. Fees have been paid to the Chairman of the Board and Board Members in accordance with the resolutions of the 2023 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 (9) other persons at the end of the year who hold senior positions. Together, they make up the Group Management. There were 9 (10) senior executives in the Group during the year, 4 (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 has been paid during the current or previous year to the CEO or other senior executives. There is thus no cost-bearing movable compensation related to the year, nor is there any previously deferred variable remuneration that has not fallen due for payment. The remuneration to the CEO for the 2023 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 70-71. 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 2021-2024	Warrants		Market value			
	SEK thousand	Number	Value <sup>1)</sup>	Acquisition	Benefit	31-12-2023
CEO	10,260	180	180	–	–	5
Other senior executives	35,330	620	620	–	–	18
<b>Total</b>	<b>45,590</b>	<b>800</b>	<b>800</b>	<b>–</b>	<b>–</b>	<b>24</b>

Subsidiary programme 2022-2025	Warrants		Market value			
	SEK thousand	Number	Value <sup>1)</sup>	Acquisition	Benefit	31-12-2023
CEO	21,050	205	205	–	–	835
Other senior executives	68,180	663	663	–	–	2,703
<b>Total</b>	<b>89,230</b>	<b>867</b>	<b>867</b>	<b>–</b>	<b>–</b>	<b>3,538</b>

Subsidiary programme 2023-2026	Warrants		Market value			
	SEK thousand	Number	Value <sup>1)</sup>	Acquisition	Benefit	31-12-2023
CEO	16,690	230	230	–	–	370
Other senior executives	66,686	919	919	–	–	1,479
<b>Total</b>	<b>83,376</b>	<b>1,149</b>	<b>1,149</b>	<b>–</b>	<b>–</b>	<b>1,849</b>

<sup>1)</sup> Market value on acquisition date.

Subsidiary programmes were acquired at market price in August 2021, August 2022 and August 2023 respectively. The market value has been calculated in accordance with the Black & Scholes valuation model, see Note 28 Equity where terms and exercise prices also appear.

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## Note 9 Auditors' fees and reimbursement of expenses

SEK thousand – The Group	2023	2022
<b>KPMG</b>		
Audit engagements	-3,465	-3,142
Audit business over and above audit engagements	-622	-662
Tax consultancy	-247	-
Other services	-	-
<b>Total</b>	<b>-4,333</b>	<b>-3,805</b>
<b>SEK thousand – Parent Company</b>	<b>2023</b>	<b>2022</b>
<b>KPMG</b>		
Audit engagements	-774	-769
Audit business over and above audit engagements	-24	-48
Tax consultancy	-	-
Other services	-	-
<b>Total</b>	<b>-798</b>	<b>-816</b>

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 10 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.

The existing lease agreement for premises has been extended during 2023, which is reflected in the right-of-use assets and lease liabilities as of December 31, 2023. Excluding this, no other right-of-use assets were added and no reassessments of lease terms or changes in interest rate levels were made in 2023. Indexation of leases related to leased premises is taken into account in right-of-use assets and lease liabilities as of 31 December 2023.

### Right-of-use-assets

SEK m – The Group	31-12-2023	31-12-2022
Right-of-use assets at the beginning of the year	87	120
New lease contract	40	-
Year's depreciation	-41	-37
Year's write-downs	-	-
Indexation	10	4
<b>Right of use assets at the end of the year</b>	<b>96</b>	<b>87</b>

### Lease liabilities

SEK m – The Group	31-12-2023	31-12-2022
Current liabilities	0	0
Long-term liabilities	92	83
<b>Total</b>	<b>92</b>	<b>83</b>

For an analysis of the remaining term of the lease liabilities, see Note 34 Financial risks, section Liquidity risk.

### Amounts in the income statement

SEK m – The Group	2023	2022
Depreciation of right-of-use-assets	-41	-37
Write-down of right-of-use-assets	-	-
Interest expenses on lease liabilities	-2	-2
<b>Total</b>	<b>-43</b>	<b>-39</b>

### 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 11 Other operating expenses

SEK m – The Group	2023	2022
Marketing costs	-28	-28
Other operating expenses	-24	-22
<b>Total</b>	<b>-53</b>	<b>-50</b>

## Note 12 Credit losses, net

SEK m – The Group	2023	2022
Year's write down of confirmed credit losses	0	-1
Year's write-down of expected credit losses	3	0
<b>Total</b>	<b>3</b>	<b>-1</b>

For more information on Avanza's management of impairment, see Note 2 Accounting principles section (i), Note 18 Loans to the public and Note 34 Financial risks.

## Note 13 Profit/loss on group participations

SEK m – Parent Company	2023	2022
Dividend received from Group companies	-	-
Anticipated dividend received from Group companies	1,813	1,205
<b>Total</b>	<b>1,813</b>	<b>1,205</b>

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## Note 14 Tax on profit/loss for the year

	The Group		Parent Company	
SEK m	2023	2022	2023	2022
<i>Current tax expense (-)/ tax income (+)</i>				
Tax expense (-)/tax income (+) for the period	-310	-274	-2	-8
<b>Total current tax</b>	<b>-310</b>	<b>-274</b>	<b>-2</b>	<b>-8</b>
<i>Deferred tax expense (-)/ tax income (+)</i>				
Deferred tax in respect of temporary differences	0	0	-	-
<b>Total deferred tax</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Total reported tax expense</b>	<b>-310</b>	<b>-274</b>	<b>-2</b>	<b>-8</b>
<i>Reconciliation of effective tax</i>				
Profit/loss before tax	2,292	1,940	1,823	1,245
Tax at current rate of taxation	20.6%	20.6%	20.6%	20.6%
Non-deductible costs	0.2%	0.2%	0.0%	0.0%
Non-taxable income	0.0%	0.0%	-20.5%	-19.9%
Other tax base in insurance operations	-7.2%	-6.6%	-	-
Other	0.0%	0.0%	-	-
<b>Effective tax</b>	<b>13.5%</b>	<b>14.1%</b>	<b>0.1%</b>	<b>0.7%</b>
<b>Deferred tax in temporary differences</b>				
<b>SEK m – The Group</b>	<b>31-12-2023</b>	<b>31-12-2022</b>		
Deferred tax receivable		1	1	
Deferred tax liability		-	-	
<b>Net</b>		<b>1</b>	<b>1</b>	

The temporary differences attributable to tax on profit/loss for the year refer to depreciation of leasehold improvements, which are depreciated for accounting purposes over 5 years and for tax purposes over 20 years. There are no loss carry forwards in the Group.

## Note 15 Earnings per share

The Group	2023	2022
Earnings per share before dilution, SEK	12.64	10.69
Earnings per share after dilution, SEK	12.64	10.67
Profit for the year after tax attributable to the Parent Company's shareholders, SEK m	1,982	1,666
Average no. shares before dilution	156,753,717	155,916,066
Average no. shares after dilution	156,837,612	156,208,550
Outstanding no. shares before dilution	157,236,949	156,619,027
Outstanding no. shares after dilution	157,362,705	156,994,168
No. shares on full dilution	160,836,949	161,269,027

Avanza's outstanding warrant programmes comprise a total of 3,600,000 shares, which if fully exercised represent a maximum dilution of 2.2 per cent. Of these warrants, 2,775,542 were transferred to employees, which represents a dilution of 1.7 per cent if the programme is exercised.

The warrant programme is divided into three sub-programmes. Each programme runs for three years: 2021–2024 the exercise price of which is SEK 380.47 per share and 2022–2025 the exercise price of which is SEK 209.03 per share and 2023–2026 the exercise price of which is SEK 258.95 per share. The market price, as of 31 December 2023 was SEK 231.20. For more information, see Note 28 Equity.

## Note 16 Client funds

The Group	31-12-2023	31-12-2022
Client fund receivables, attributable to banking business, amounted as of 31 December 2023 to SEK 716 million (SEK 1,667m), of which client funds at the Riksbank SEK – million (SEK –m), which are reported net against client fund payables of SEK 716 million (SEK 1,667m).		

## Note 17 Treasury bills eligible for refinancing

SEK m – The Group	31-12-2023	31-12-2022
Eligible government securities	4,698	802
<b>Total</b>	<b>4,698</b>	<b>802</b>

## Note 18 Loans to the public

SEK m – The Group	31-12-2023	31-12-2022
Margin lending	8,096	8,037
Mortgage lending	11,486	11,222
of which with collateral in the form of houses	7,967	7,660
of which with collateral in the form of tenant-owned apartments	3,519	3,562
<b>Total</b>	<b>19,583</b>	<b>19,259</b>

Loans to the public is secured through securities and real estate. Avanza does not offer any consumer loans. SEK 12,809 million (SEK 13,081m) in mortgage lending had been granted as of 31-12-2023, of which SEK 1,319 million (SEK 1,853m) was commitment for granted, undisbursed mortgage loans.

During the course of the year, there is lending that is fully covered by collateralised liquid assets on endowment insurance accounts and investment savings accounts. These lendings and deposits are excluded from the balance sheet and does not affect the net interest income since the interest rate on lending and deposits are equal.

Loans to the public are recognised after deducting confirmed and expected credit losses. As of 31 December 2023, the provision for expected credit losses amounted to SEK 6 million (SEK 9m), or only 0.03 (0.05) per cent of lending. Expected credit losses are calculated according to the methodology in IFRS 9. At the end of the year, the parameters in the models for expected credit losses (IFRS 9) were re-evaluated, resulting in a decrease in the provision for expected credit losses. Therefore, the change in the accumulated provision for expected credit losses has impacted profit for the year by SEK 3 million. See also Note 34 Financial Risks section IFRS 9 and expected credit losses, and Note 2 Accounting Principles section (i) Financial Instruments section Impairment lending to the public.

### Provisions for expected credit losses

SEK m – The Group	31-12-2023	31-12-2022
Reserve at beginning of year	-9	-9
Provision for expected losses	3	0
<b>Provisions at end of year</b>	<b>-6</b>	<b>-9</b>
Provision ratio at year-end	0.03%	0.05%

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Note 18, cont.

SEK m – The Group	31-12-2023	
	Lending <sup>1)</sup>	Reserve
<b>Mortgages</b>		
Category 1	10,873	–2
Category 2	606	–2
Category 3	11	0
<b>Total</b>	<b>11,490</b>	<b>–4</b>
Provision ratio		0,03%
<b>Margin lending</b>		
Category 1	8,096	–1
Category 2	0	0
Category 3	2	–1
<b>Total</b>	<b>8,099</b>	<b>–2</b>
Provision ratio		0,03%

<sup>1)</sup> Amortised cost less credit losses.

SEK m – The Group	31-12-2022	
	Lending <sup>1)</sup>	Reserve
<b>Mortgages</b>		
Category 1	10,273	–2
Category 2	942	–4
Category 3	13	0
<b>Total</b>	<b>11,228</b>	<b>–6</b>
Provision ratio		0,05%
<b>Margin lending</b>		
Category 1	8,013	–3
Category 2	1	0
Category 3	26	–1
<b>Total</b>	<b>8,041</b>	<b>–4</b>
Provision ratio		0,05%

<sup>1)</sup> Amortised cost less credit losses.

## Note 19 Bonds

SEK m – The Group	31-12-2023	31-12-2022
Issued by public authorities	3,028	1,714
Issued by other borrowers	28,168	30,076
<b>Total</b>	<b>31,195</b>	<b>31,789</b>
<b>SEK m – The Group</b>	<b>31-12-2023</b>	<b>31-12-2022</b>
Bonds, quoted	31,195	31,789
Bonds, unquoted	–	–
<b>Total</b>	<b>31,195</b>	<b>31,789</b>

As of 31 December 2023, 75.0 (73.4) per cent of the total nominal value was measured at amortised cost and 25.0 (26.6) per cent at fair value through other comprehensive income.

As of 31 December 2023, SEK 2,765 million (SEK 3,401m) 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 20 Shares and participations

SEK m – The Group	31-12-2023	31-12-2022
Shares and participations, quoted	1	0
Shares and participations, unquoted	153	237
<b>Total</b>	<b>154</b>	<b>237</b>

Unquoted holdings as of 31 December 2023 refers to Stabelo Group AB and Stock Republic AB. Unquoted holdings as of 31 December 2022 solely refers to Stabelo Group AB.

## Note 21 Assets and liabilities in insurance operations

SEK m – The Group	31-12-2023	31-12-2022
<i>Financial assets in insurance operations</i>		
Shares and participations	199,046	163,298
Interest-bearing securities	4,145	2,787
Liquid assets	10,523	14,253
<b>Total</b>	<b>213,713</b>	<b>180,337</b>
<i>Financial liabilities in insurance operations</i>		
Life insurance provisions	105	5
Provision for outstanding claims	2	2
Unit-linked insurance commitments	2,664	444
Conditional bonus	210,943	179,888
<b>Total</b>	<b>213,715</b>	<b>180,339</b>

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.

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## Note 22 Intangible fixed assets

SEK m – The Group	31-12-2023	31-12-2022
<b>Goodwill</b>		
<i>Acquisition values</i>		
At beginning of year	26	26
<b>At end of year</b>	<b>26</b>	<b>26</b>
<i>Write-downs</i>		
At beginning of year	–3	–3
<b>At end of year</b>	<b>–3</b>	<b>–3</b>
<b>Carrying amount at end of year</b>	<b>23</b>	<b>23</b>
<b>Other intangible assets</b>		
<i>Acquisition values</i>		
At beginning of year	165	148
Year's investments	–	17
Year's disposals	–12	–
<b>At end of year</b>	<b>153</b>	<b>165</b>
<i>Depreciation</i>		
At beginning of year	–80	–63
Year's depreciation	–21	–17
Year's disposals	12	–
<b>At end of year</b>	<b>–89</b>	<b>–80</b>
<b>Carrying amount at end of year</b>	<b>64</b>	<b>85</b>
<b>Total intangible fixed assets</b>	<b>87</b>	<b>107</b>

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, which are fully amortised, as well as capitalised development of SEK 72 million for a new trading system, which was accrued in 2014–2018, as well as expenses related to a new back-office system of SEK 64 million, accrued during 2020–2022. Amortisation of the trading system began at the end of 2017 and the amortisation period is 10 years. Amortisation of expenses related to the back-office system began in 2022 and the amortisation period is 5 years.

## Note 23 Tangible fixed assets

SEK m – The Group	31-12-2023	31-12-2022
<i>Acquisition value</i>		
At beginning of year	212	186
Year's investments	24	27
Year's disposals	–69	–
<b>At end of year</b>	<b>168</b>	<b>212</b>
<i>Write-downs</i>		
At beginning of year	–152	–125
Year's depreciation	–27	–27
Year's disposals	69	–
<b>At end of year</b>	<b>–110</b>	<b>–152</b>
<b>Carrying amount at end of year</b>	<b>58</b>	<b>60</b>

## Note 24 Other assets

SEK m – The Group	31-12-2023	31-12-2022
Securities trading receivables	379	434
Current tax assets	105	331
Deferred tax assets	9	21
Other	282	51
<b>Total</b>	<b>774</b>	<b>837</b>

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 liabilities are recognised gross in the balance sheet. The following table describes the balance sheet items that are used as a basis for netting.

31-12-2023 SEK m – The Group	Gross amount	Amount set off	Net amount
Securities trading receivables	3,130	–2,751	379
Securities trading liabilities	2,952	–2,751	201

31-12-2022 SEK m – The Group	Gross amount	Amount set off	Net amount
Securities trading receivables	2,744	–2,310	434
Securities trading liabilities	2,813	–2,310	503

## Note 25 Prepaid expenses and accrued income

SEK m – The Group	31-12-2023	31-12-2022
Prepaid expenses	117	124
Accrued income	749	484
<b>Total</b>	<b>866</b>	<b>608</b>

## Note 26 Other liabilities

SEK m – The Group	31-12-2023	31-12-2022
Tax deduction	6	6
Securities trading liabilities	201	503
Accounts payable	35	20
Current tax liabilities	586	640
Other	94	91
<b>Total</b>	<b>922</b>	<b>1,260</b>

Securities trading liabilities amounts to gross SEK 2,952 million (SEK 2,813m) see note 24 Other assets.

## Note 27 Accrued expenses and deferred income

SEK m – The Group	31-12-2023	31-12-2022
Personnel-related liabilities	93	85
Other	70	65
<b>Total</b>	<b>164</b>	<b>150</b>

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## Note 28 Equity

As of 31 December 2023, the registered share capital comprised 157,236,949 (156,619,027) ordinary shares with a quotient value of SEK 0.50 (SEK 0.50) per share. In 2023, Avanza did not acquire any of its own shares and did not hold any of its own shares as of 31 December 2023.

When new shares are issued due to the exercise of warrants, the share capital increases proportionate to the quota value of each newly issued share. Funds in excess of the quota value and proceeds received in connection with warrant issuance are classified as Other capital contributed.

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.

### Incentive programmes

In order to create a personal ownership commitment and motivate employees to take interest in the business, Avanza offers permanent employees participation in incentive programs.

Avanza's outstanding warrant programmes for all Group employees comprise warrants granting entitlement to subscribe for 3,600,000 shares, representing a maximum dilution of 2.2 per cent if fully exercised. Of these warrants, 2,775,542 were transferred to employees, which would represent a dilution of 1.7 per cent if fully exercised. The warrant programme has a term from August 2021 to November 2026, and outstanding subscription options entitle to the subscription of shares following the provisions in the table below. There is a risk for employees to lose invested capital if the company and the stock do not perform sufficiently well.

Programme	No. of shares	Exercise price per share, SEK	Exercise periods
2021–2024	1,200,000	380.47	29 August 2024 31 October 2024 28 November 2024
2022–2025	1,200,000	209.03	28 August 2025 30 October 2025 27 November 2025
2023–2026	1,200,000	258.95	27 August 2026 29 October 2026 26 November 2026

The previous warrant programme 2020–2023 had exercise periods on 31 August 2023, 26 October 2023, and on 23 November 2023. After recalculation of the warrant programme according to the terms taking into account actual dividends, the exercise price was SEK 185.30 per share and a total of 617,922 shares were subscribed and 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](http://avanza.se/ir).

Parent Company	No. outstanding shares
<b>31-12-2022</b>	<b>156,619,027</b>
Warrants issue due to exercise of share warrants	617,922
<b>31-12-2023</b>	<b>157,236,949</b>

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## Note 29 Shares and participations in Group companies

SEK m – Parent Company	31-12-2023	31-12-2022
<i>Acquisition value</i>		
At beginning of year	432	432
Shareholder contribution paid (Avanza Fonder AB)	3	–
Shareholder contribution paid (Placera Media AB)	15	–
<b>At end of year</b>	<b>451</b>	<b>432</b>
<i>Accumulated write-downs</i>		
At beginning of year	–7	–7
<b>At end of year</b>	<b>–7</b>	<b>–7</b>
<b>Carrying amount at end of year</b>	<b>444</b>	<b>426</b>

31-12-2023 Subsidiary <sup>1)</sup>	Corporate ID no	Registered office	No. shares	% of shares	Book value, SEK m
Avanza Bank AB (publ) <sup>2)</sup>	556573-5668	Stockholm	550,000	100	366
Avanza Fonder AB	556664-3531	Stockholm	31,000	100	24
Försäkringsaktiebolaget Avanza Pension	516401-6775	Stockholm	350,000	100	39
Placera Media Stockholm AB	556642-9592	Stockholm	1,000	100	15
Avanza Förvaltning AB	556840-0286	Stockholm	50,000	100	0
<b>Total</b>					<b>444</b>

<sup>1)</sup> Unquoted securities.

<sup>2)</sup> Holdings in credit institutions.



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## Note 30 Terms for assets and liabilities

Remaining term (undiscounted cash flows)							
31-12-2023 SEK m – The Group	Upon request	<3 months	3–12 months	1–5 years	>5 years	Perpetual	Total
<b>Assets</b>							
Cash and balances with central banks	8,630	–	–	–	–	–	8,630
Treasury bills eligible for refinancing	–	4,698	–	–	–	–	4,698
Loans to credit institutions	2,599	–	–	–	–	–	2,599
Loans to the public	–	8,099	–	–	11,490	–	19,589
Bonds	–	800	4,660	25,431	–	–	30,891
Shares and participations	–	–	–	–	–	154	154
Assets in insurance operations <sup>1)</sup>	–	7,465	26,125	82,022	98,101	–	213,713
Intangible assets	–	–	–	–	–	87	87
Right-of-use assets	–	–	–	–	–	96	96
Tangible fixed assets	–	–	–	–	–	58	58
Other assets	–	774	–	–	–	–	774
Prepaid expenses and accrued income	–	866	–	–	–	–	866
<b>Total assets</b>	<b>11,229</b>	<b>22,702</b>	<b>30,785</b>	<b>107,453</b>	<b>109,590</b>	<b>395</b>	<b>282,155</b>
<b>Liabilities</b>							
Deposits from the public	61,728	–	–	–	–	–	61,728
Liabilities in insurance operations <sup>1)2)</sup>	–	7,465	26,125	82,022	98,101	2	213,715
Lease liabilities	–	–	–	92	–	–	92
Other liabilities	–	922	–	–	–	–	922
Accrued expenses and deferred income	–	164	–	–	–	–	164
<b>Total liabilities</b>	<b>61,728</b>	<b>8,551</b>	<b>26,125</b>	<b>82,114</b>	<b>98,101</b>	<b>2</b>	<b>276,621</b>

<sup>1)</sup> Based on the expected development of each insurance contract, taking into account contractual options such as relocation, repurchase, and choice of payout time and age for the first payout. The method has been refined compared to the previous year when the maturity distribution in the various insurance products was based on a standardised method.

<sup>2)</sup> See also the section on Liquidity risks in Note 34 Financial risks.

## Remaining term (undiscounted cash flows)

31-12-2022 SEK m – The Group	Upon request	<3 months	3–12 months	1–5 years	>5 years	Perpetual	Total
<b>Assets</b>							
Cash and balances with central banks	4,915	–	–	–	–	–	4,915
Treasury bills eligible for refinancing	–	802	–	–	–	–	802
Loans to credit institutions	2,052	–	–	–	–	–	2,052
Loans to the public	–	8,041	–	–	11,228	–	19,269
Bonds	–	1,200	3,450	26,693	–	–	31,343
Shares and participations	–	–	–	–	–	237	237
Assets in insurance operations <sup>1)</sup>	–	75,676	2,567	12,223	89,872	–	180,337
Intangible assets	–	–	–	–	–	107	107
Right-of-use assets	–	–	–	–	–	87	87
Tangible fixed assets	–	–	–	–	–	60	60
Other assets	–	837	–	–	–	–	837
Prepaid expenses and accrued income	–	608	–	–	–	–	608
<b>Total assets</b>	<b>6,967</b>	<b>87,164</b>	<b>6,017</b>	<b>38,916</b>	<b>101,099</b>	<b>491</b>	<b>240,654</b>
<b>Liabilities</b>							
Deposits from the public	54,308	–	–	–	–	–	54,308
Liabilities in insurance operations <sup>1)2)</sup>	–	75,676	2,567	12,223	89,872	2	180,339
Lease liabilities	–	–	–	83	–	–	83
Other liabilities	–	1,260	–	–	–	–	1,260
Accrued expenses and deferred income	–	150	–	–	–	–	150
<b>Total liabilities</b>	<b>54,308</b>	<b>77,086</b>	<b>2,567</b>	<b>12,306</b>	<b>89,872</b>	<b>2</b>	<b>236,140</b>

<sup>1)</sup> 100 per cent of the distribution of endowment insurance terms are within <3 months. 0.9 per cent of the terms for endowment pensions is within <3 months, 2.6 per cent between 3–12 months, 76.8 per cent 1–5 years and 19.7 per cent >5 years. 0.7 per cent of private pension insurance terms is within <3 months, 2.0 per cent 3–12 months, 16.4 per cent 1–5 years and 80.9 per cent >5 years. 0.8 per cent of the terms for occupational pensions is within <3 months, 2.4 per cent 3–12 months, 9.2 per cent 1–5 years and 87.6 per cent is >5 years.

<sup>2)</sup> See also the section on Liquidity risks in Note 34 Financial risks.

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## Note 31 Financial instruments

### Classification of financial information

31-12-2023 SEK m – The Group	Fair value via Income Statement	Amortised cost	Fair value via Other compre- hensive income	Non financial instruments	Total
<i>Assets</i>					
Cash and balances with central banks	–	8,630	–	–	8,630
Treasury bills eligible for refinancing	–	4,698	–	–	4,698
Loans to credit institutions	–	2,599	–	–	2,599
Loans to the public	–	19,583	–	–	19,583
Bonds and other interest-bearing securities	–	23,391	7,805	–	31,195
Shares and participations	1	15	138	–	154
Assets in insurance operations	203,190	10,523	–	–	213,713
Intangible assets	–	–	–	87	87
Right-of-use assets	–	–	–	96	96
Tangible fixed assets	–	–	–	58	58
Other assets	–	774	–	0	774
Prepaid expenses and accrued income	–	749	–	117	866
<b>Total assets</b>	<b>203,191</b>	<b>70,962</b>	<b>7,943</b>	<b>357</b>	<b>282,453</b>
<i>Liabilities</i>					
Deposits from the public	–	61,728	–	–	61,728
Liabilities in insurance operations	213,713	–	–	2	213,715
Lease liabilities	–	–	–	92	92
Other liabilities	–	330	–	592	922
Accrued expenses and deferred income	–	79	–	85	164
<b>Total liabilities</b>	<b>213,713</b>	<b>62,137</b>	<b>–</b>	<b>772</b>	<b>276,621</b>

### Financial instruments valued at fair value in balance sheet

31-12-2023 SEK m – The Group	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	111,637	–	138	111,775
Fund units	87,409	–	–	87,409
Bonds and other interest-bearing securities	9,847	10	–	9,857
Other securities	2,089	3	–	2,093
<b>Total assets</b>	<b>210,983</b>	<b>13</b>	<b>138</b>	<b>211,134</b>
<i>Liabilities</i>				
Liabilities in insurance operations (investment contracts)	–	213,713	–	213,713
<b>Total liabilities</b>	<b>–</b>	<b>213,713</b>	<b>–</b>	<b>213,713</b>
<b>SEK m – The Group</b>				<b>Level 3</b>
<b>31-12-2022</b>				<b>237</b>
Change in value				–99
Reclassification				–
Sale				–
<b>31-12-2023</b>				<b>138</b>

### Financial instruments valued at amortised cost in balance sheet where fair value is given for information purposes

31-12-2023 SEK m – The Group	Carrying amount	Level 1	Level 2	Level 3	Total
<i>Assets</i>					
Cash and balances with central banks	8,630	8,630	–	–	8,630
Treasury bills eligible for refinancing	4,698	4,698	–	–	4,698
Loans to credit institutions	2,599	–	2,599	–	2,599
Loans to the public	19,583	–	19,583	–	19,583
Bonds	23,391	23,349	–	–	23,349
Assets in insurance operations	10,523	–	10,523	–	10,523
Other assets	774	774	–	–	774
Prepaid expenses and accrued income	749	749	–	–	749
<b>Total assets</b>	<b>70,947</b>	<b>38,202</b>	<b>32,704</b>	<b>–</b>	<b>70,906</b>
<i>Liabilities</i>					
Deposits from the public	61,728	–	61,728	–	61,728
Other liabilities	330	330	–	–	330
Accrued expenses and deferred income	79	79	–	–	79
<b>Total liabilities</b>	<b>62,137</b>	<b>409</b>	<b>61,728</b>	<b>–</b>	<b>62,137</b>

Note 31, cont.

**Classification of financial information**

31-12-2022 SEK m – The Group	Fair value via Income Statement	Amortised cost	Fair value via Other compre- hensive income	Non financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	–	4,915	–	–	4,915
Treasury bills eligible for refinancing	–	802	–	–	802
Loans to credit institutions	–	2,052	–	–	2,052
Loans to the public	–	19,259	–	–	19,259
Bonds and other interest-bearing securities	–	23,343	8,446	–	31,789
Shares and participations	0	–	237	–	237
Assets in insurance operations	166,085	14,253	–	–	180,337
Intangible assets	–	–	–	107	107
Right-of-use assets	–	–	–	87	87
Tangible fixed assets	–	–	–	60	60
Other assets	–	837	–	–	837
Prepaid expenses and accrued income	–	484	–	124	608
<b>Total assets</b>	<b>166,085</b>	<b>65,944</b>	<b>8,683</b>	<b>379</b>	<b>241,091</b>
<b>Liabilities</b>					
Deposits from the public	–	54,308	–	–	54,308
Liabilities in insurance operations	180,337	–	–	2	180,339
Lease liabilities	–	–	–	83	83
Other liabilities	–	614	–	645	1,260
Accrued expenses and deferred income	–	71	–	79	150
<b>Total liabilities</b>	<b>180,337</b>	<b>54,993</b>	<b>–</b>	<b>809</b>	<b>236,140</b>

**Financial instruments valued at fair value in balance sheet**

31-12-2022 SEK m – The Group	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	95,368	0	237	95,605
Fund units	67,930	0	–	67,930
Bonds and other interest-bearing securities	10,226	3	–	10,229
Other securities	1,000	4	–	1,003
<b>Total assets</b>	<b>174,524</b>	<b>7</b>	<b>237</b>	<b>174,768</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment contracts)	–	180,337	–	180,337
<b>Total liabilities</b>	<b>–</b>	<b>180,337</b>	<b>–</b>	<b>180,337</b>
<b>SEK m – The Group</b>				<b>Level 3</b>
<b>31-12-2021</b>				<b>237</b>
Change in value				–
Reclassification				–
Sale				–
<b>31-12-2022</b>				<b>237</b>

**Financial instruments valued at amortised cost in balance sheet where fair value is given for information purposes**

31-12-2022 SEK m – The Group	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Assets</b>					
Cash and balances with central banks	4,915	4,915	–	–	4,915
Treasury bills eligible for refinancing	802	802	–	–	802
Loans to credit institutions	2,052	–	2,052	–	2,052
Loans to the public	19,259	–	19,259	–	19,259
Bonds	23,343	23,224	–	–	23,224
Assets in insurance operations	14,253	–	14,253	–	14,253
Other assets	837	837	–	–	837
Prepaid expenses and accrued income	484	484	–	–	484
<b>Total assets</b>	<b>65,944</b>	<b>30,261</b>	<b>35,564</b>	<b>–</b>	<b>65,825</b>
<b>Liabilities</b>					
Deposits from the public	54,308	–	54,308	–	54,308
Other liabilities	614	614	–	–	614
Accrued expenses and deferred income	71	71	–	–	71
<b>Total liabilities</b>	<b>54,993</b>	<b>685</b>	<b>54,308</b>	<b>–</b>	<b>54,993</b>

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### 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). This category's stockholdings refer to an unlisted ownership in Stabelo Group AB. When there is a lack of active market, the choice of valuation model in level 3 is governed by what is deemed appropriate for the individual instrument. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then

based on experience and knowledge of valuation in financial markets. In cases where it is considered necessary, relevant adjustments are made to reflect fair value, in order to accurately reflect the parameters that exist in the financial instruments and that should be reflected in its valuation.

The level of the hierarchy for fair 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 32 Pledged assets and contingent liabilities

SEK m – The Group	31-12-2023	31-12-2022
<b>Pledged assets</b>		
<i>Pledges and comparable collateral for own liabilities and for provisions for recognised contingent liabilities</i>	None	None
<i>Other pledged collateral and comparable collateral</i>		
Liquid assets and interest-bearing securities	2,783	3,426
of which with the Riksbank	1,524	1,512
of which with credit institutions	810	1,472
of which with clearing institutions	449	441
<b>Total pledged assets</b>	<b>2,783</b>	<b>3,426</b>
<b>Contingent liabilities</b>		
Contingency guarantees	None	None
Commitments	1,319	1,853

### Pledged assets

Pledged assets total SEK 2,783 million (SEK 3,426m) and refer to pledged assets with the Riksbank, Swedish credit institutions and clearing institutions. The pledged assets are comprised of cash and cash equivalents of SEK 19 million (SEK 25m) and bonds of SEK 2,765 million (SEK 3,401m).

Avanza has no pledged assets for own liabilities as of 31 December 2023.

Pledged assets for other liabilities primarily refer to pledged assets with the Riksbank for settlement of Avanza's deposits and withdrawals via Dataclearing. Avanza also pledges collateral with Swedish banks to cover the requirement for CCP terminated transactions (EMCF). 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 to the counterparty, where risks and rights for these securities remain with Avanza, 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. For both of these, Avanza in turn places corresponding collateral requirements on third parties.

In the insurance business, registered assets pledged as collateral to cover technical provisions amounted to SEK 213,713 million (SEK 180,337m) as of 31 December 2023. The assets are pledged on behalf of the policyholders in the event of liquidation where preferential rights apply.

### Contingent liabilities

Contingent liabilities total SEK 1,319 million (SEK 1,853m) as of 31 December 2023 and refer to granted, undisbursed mortgage loans. There are no commitments for margin lending that entail risk taking since the unutilised portion of the margin lending is revocable.

SEK m – Parent Company	31-12-2023	31-12-2022
Pledged assets	None	None
Contingent liabilities	None	None

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### Note 33 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 FSA regulations and general guidelines (FFFS 2008:25) regarding annual reports in credit institutions and securities companies, regulations on prudential requirements and capital buffers (FFFS 2014:12) and the regulation (FFFS 2010:7) on managing liquidity risks for credit institutions and securities companies. The information relates to both the risk-based capital requirement, the leverage ratio requirement and liquidity. Other mandatory information is provided in Avanza's "Pillar 3 Report on capital adequacy and risk management 2023", 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 Swedish FSA (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	31-12-2023	31-12-2022
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector	3,532	3,006
Own funds for regulated units within the banking and investment services sector	3,138	2,990
<b>Total own funds</b>	<b>6,670</b>	<b>5,996</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector	2,213	1,795
Capital requirement for regulated units within the banking and investment services sector	2,345	1,863
<b>Total capital requirement</b>	<b>4,557</b>	<b>3,658</b>
<b>Capital surplus</b>	<b>2,113</b>	<b>2,338</b>
<b>Own funds/Capital requirement</b>	<b>1.46</b>	<b>1.64</b>

#### 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 Swedish FSA 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. The Swedish FSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2023. In conjunction, the Swedish FSA decided on a risk-based Pillar 2 requirement of total 5.71 per cent for the consolidated situation distributed between credit related concentration risk (0.9 per cent) and interest rate risk in the banking book (4.81 per cent). Three quarters of the capital requirement shall be covered by Tier 1 capital, of which at least three quarters must be Common Equity Tier 1 capital. Furthermore, the Swedish FSA has informed Avanza regarding the Pillar 2-guidance concerning leverage ratio, 0.5 per cent on group level, beyond the minimum requirement for the leverage ratio of 3.0 per cent. The guidance must be covered by CET1 capital.

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 Swedish FSA. 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.

Avanza calculates capital requirements according to the supervisory regulation's standardised approaches. Avanza's capital requirement 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 24.7 per cent as of 31 December 2023 and 25.2 per cent for Avanza Bank, which compares to a total risk-based capital requirement of 18.2 per cent for the consolidated situation and 18.7 percent for Avanza Bank. The leverage ratio was 5.0 per cent for the consolidated situation and 4.5 per cent for Avanza Bank as of 31 December 2023, which compares to the leverage ratio requirement of 3 per

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cent and the Pillar-2 guidance of 0.5 per cent. Capital ratios and leverage ratios have historically 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 December 2023, the EU Commission published the final regulatory acts on how parts of Basel 3 will be implemented in the capital requirements regulation (CRR3) and Directive 2013/36/EU (CRD6). A preliminary analysis shows that the revisions to the standardised approach for credit risk related to mortgages and the standardised approach for operational risk largely affect Avanza's capital requirements. Other changes are expected to have less impact. Avanza is sufficiently capitalised to handle future requirements that take effect on 1 January 2025 with transitional rules until 1 January 2030.

#### 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 Swedish FSA 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 2023. It is expected to be completed by the end of the first quarter 2024. Avanza's latest completed ICAAP was prepared as of 31 December 2022. 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 345 million for the consolidated situation and SEK 304 million for Avanza Bank. At the same time, the total capital requirement for the consolidated situation was SEK 1,961 million and for Avanza Bank SEK 1,841 million, while Avanza's actual own funds amounted to SEK 3,402 million and SEK 2,969 million, respectively. The ICAAP stated that Avanza was sufficiently capitalised and did not subject depositors' funds to risk.

Consolidated situation	31-12-2023	31-12-2022
<b>Own funds, SEK m</b>		
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Shareholders' equity according to the balance sheet	5,482	4,694
Forseeable dividend	-1,808	-1,175
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,674</b>	<b>3,519</b>
Additional value adjustments	-13	-9
Intangible assets (net of related tax liability)	-87	-107
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-99</b>	<b>-117</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,574</b>	<b>3,402</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,574</b>	<b>3,402</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>3,574</b>	<b>3,402</b>

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Consolidated situation Risk exposure amount, SEK m	31-12-2023	31-12-2022		
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,570	9,182		
of which exposures to institutions	499	396		
of which exposures to corporates	39	83		
of which retail exposures	237	320		
of which exposures secured by mortgages on immovable property	4,036	3,959		
of which exposures in default	17	44		
of which exposures to covered bonds	2,813	3,016		
of which exposures to equity	479	689		
of which exposures to other items	1,450	676		
Counterparty credit risk	1	2		
Market risk (position risk)	1	0		
Settlement risk	0	3		
Credit valuation adjustment risk according to the standardised method	–	–		
Operational risk according to the standardised approach	4,877	3,812		
<b>Total risk exposure amount</b>	<b>14,450</b>	<b>12,999</b>		
<b>Capital requirement</b>				
Credit risk according to the standardised approach	766	5.3%	735	5.7%
of which exposures to institutions	40	0.3%	32	0.2%
of which exposures to corporates	3	0.0%	7	0.1%
of which retail exposures	19	0.1%	26	0.2%
of which exposures secured by mortgages on immovable property	323	2.2%	317	2.4%
of which exposures in default	1	0.0%	4	0.0%
of which exposures to covered bonds	225	1.6%	241	1.9%
of which exposures to equity	38	0.3%	55	0.4%
of which exposures to other items	116	0.8%	54	0.4%
Counterparty credit risk	0	0.0%	0	0.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	–	–	–
Operational risk according to the standardised approach	390	2.7%	305	2.3%
<b>Capital requirement</b>	<b>1,156</b>	<b>8.0%</b>	<b>1,040</b>	<b>8.0%</b>

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Continuation from the left column

Consolidated situation Risk exposure amount, SEK m	31-12-2023	31-12-2022		
Total own funds	3,574	24.7%	3,402	26.2%
Minimum own funds requirement (Pillar 1)	1,156	8.0%	1,040	8.0%
Combined buffer requirement	650	4.5%	455	3.5%
Additional own funds requirement (Pillar 2) <sup>1)</sup>	825	5.7%	467	3.6%
Pillar 2 guidance	–	–	–	–
<b>Total risk-based capital requirement (desired level of own funds)</b>	<b>2,631</b>	<b>18.2%</b>	<b>1,961</b>	<b>15.1%</b>
Capital surplus after risk-based capital requirement	943	6.5%	1,441	11.1%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	71,011		62,464	
Leverage ratio, %	5.0%		5.5%	
Tier 1 capital	3,574	5.0%	3,402	5.5%
Minimum own funds requirement (Pillar 1)	2,130	3.0%	1,874	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	355	0.5%	562	0.9
<b>Total leverage ratio requirement (desired level of own funds)</b>	<b>2,485</b>	<b>3.5%</b>	<b>2,436</b>	<b>3.9%</b>
Capital surplus after leverage ratio requirement	1,089	1.5%	966	1.5%

<sup>1)</sup> The additional own fund requirement are equivalent to the Swedish FSA's estimated Pillar 2 requirements. The quarterly internally estimated capital requirement in Pillar 2 is reported in the Pillar 3 report on Capital adequacy and risk management.

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Consolidated situation		31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
Key metrics, SEK m						
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	3,574	3,696	3,572	3,504	3,402
2	Tier 1 capital	3,574	3,696	3,572	3,504	3,402
3	Total capital	3,574	3,696	3,572	3,504	3,402
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	14,450	12,718	12,676	13,314	12,998
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
6	Tier 1 ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
7	Total capital ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.7%	5.7%	3.6%	3.6%	3.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.2%	3.2%	2.0%	2.0%	2.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4.3%	4.3%	2.7%	2.7%	2.7%
EU 7d	Total SREP own funds requirements (%)	13.7%	13.7%	11.6%	11.6%	11.6%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%	1.0%	1.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	4.5%	4.5%	4.5%	3.5%	3.5%

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Continuation from the left column

Consolidated situation		31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
Key metrics, SEK m						
EU 11a	Overall capital requirements (%)	18.2%	18.2%	16.1%	15.1%	15.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.0%	15.4%	16.6%	14.7%	14.6%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	71,011	69,009	66,318	62,607	62,464
14	Leverage ratio (%)	5.0%	5.4%	5.4%	5.6%	5.5%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	22,390	19,328	17,339	16,370	17,464
EU 16a	Cash outflows – Total weighted value	6,591	6,552	6,598	6,650	6,687
EU 16b	Cash inflows – Total weighted value	2,893	2,904	2,891	3,225	4,303
16	Total net cash outflows (adjusted value)	3,699	3,648	3,707	3,586	3,075
17	Liquidity coverage ratio (%)	606%	531%	471%	469%	649%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	58,699	57,120	55,097	50,924	51,878
19	Total required stable funding	29,341	29,187	28,347	28,731	29,317
20	NSFR ratio (%)	200%	196%	194%	177%	177%

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Avanza Bank AB Own funds, SEK m	31-12-2023	31-12-2022
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Shareholders' equity according to the balance sheet	4,274	3,696
Forseeable dividend	-1,084	-633
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,191</b>	<b>3,063</b>
Additional value adjustments	-13	-9
Intangible assets (net of related tax liability)	-64	-85
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-77</b>	<b>-94</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>3,114</b>	<b>2,969</b>
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	3,114	2,969
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>3,114</b>	<b>2,969</b>
<b>Avanza Bank AB</b>		
<b>Risk exposure amount, SEK m</b>	<b>31-12-2023</b>	<b>31-12-2022</b>
<b>Risk exposure amount</b>		
Credit risk according to the standardised approach	8,223	8,387
of which exposures to institutions	495	394
of which exposures to corporates	39	83
of which retail exposures	237	320
of which exposures secured by mortgages on immovable property	4,036	3,959
of which exposures in default	17	44
of which exposures to covered bonds	2,813	3,016
of which exposures to equity	-	-
of which exposures to other items	595	571
Counterparty credit risk	1	2
Market risk (position risk)	1	0
Settlement risk	0	3
Credit valuation adjustment risk according to the standardised method	-	-
Operational risk according to the standardised approach	4,133	3,421
<b>Total risk exposure amount</b>	<b>12,369</b>	<b>11,813</b>

Continued in the right column

Continuation from the left column

Avanza Bank AB	31-12-2023		31-12-2022	
Risk exposure amount, SEK m				
<b>Capital requirement</b>				
Credit risk according to the standardised approach	659	5.3%	671	5.7%
of which exposures to institutions	40	0.3%	31	0.3%
of which exposures to corporates	3	0.0%	7	0.1%
of which retail exposures	19	0.2%	26	0.2%
of which exposures secured by mortgages on immovable property	323	2.6%	317	2.7%
of which exposures in default	1	0.0%	4	0.0%
of which exposures to covered bonds	225	1.8%	241	2.0%
of which exposures to equity	-	-	-	-
of which exposures to other items	48	0.4%	46	0.4%
Counterparty credit risk	0	0.0%	0	0.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	-	-	-	-
Operational risk according to the standardised approach	331	2.7%	274	2.3%
<b>Capital requirement</b>	<b>989</b>	<b>8.0%</b>	<b>945</b>	<b>8.0%</b>
Total own funds	3,114	25.2%	2,969	25.1%
Minimum own funds requirement (Pillar 1)	989	8.0%	945	8.0%
Combined buffer requirement	557	4.5%	413	3.5%
Additional own funds requirement (Pillar 2) <sup>1)</sup>	767	6.2%	483	4.1%
Pillar 2 guidance	-	-	-	-
<b>Total risk-based capital requirement (desired level of own funds)</b>	<b>2,314</b>	<b>18.7%</b>	<b>1,841</b>	<b>15.6%</b>
Capital surplus after risk-based capital requirement	800	6.5%	1,128	9.5%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	69,937		62,064	
Leverage ratio, %	4.5%		4.8%	
Tier 1 capital	3,114	4.5%	2,969	4.8%
Minimum own funds requirement (Pillar 1)	2,098	3.0%	1,862	3.0%
Additional own funds requirement (Pillar 2)	-	-	-	-
Leverage ratio guidance	-	-	-	-
<b>Total leverage ratio requirement (desired level of own funds)</b>	<b>2,098</b>	<b>3.0%</b>	<b>1,862</b>	<b>3.0%</b>
Capital surplus after leverage ratio requirement	1,016	1.5%	1,107	1.8%

<sup>1)</sup> The additional own fund requirement are equivalent to the Swedish FSA's estimated Pillar 2 requirements.

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Avanza Bank AB Key metrics, SEK m	31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	3,114	3,332	3,203	3,093	2,969
2 Tier 1 capital	3,114	3,332	3,203	3,096	2,969
3 Total capital	3,114	3,332	3,203	3,093	2,969
<b>Risk-weighted exposure amounts</b>					
4 Total risk-weighted exposure amount	12,369	11,683	11,516	11,559	11,813
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	25.2%	28.5%	27.8%	26.8%	25.1%
6 Tier 1 ratio (%)	25.2%	28.5%	27.8%	26.8%	25.1%
7 Total capital ratio (%)	25.2%	28.5%	27.8%	26.8%	25.1%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	6.2%	6.2%	4.1%	4.1%	4.1%
EU 7b of which: to be made up of CET1 capital (percentage points)	3.5%	3.5%	2.3%	2.3%	2.3%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	4.7%	4.7%	3.1%	3.1%	3.1%
EU 7d Total SREP own funds requirements (%)	14.2%	14.2%	12.1%	12.1%	12.1%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9 Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%	1.0%	1.0%
EU 9a Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10 Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11 Combined buffer requirement (%)	4.5%	4.5%	4.5%	3.5%	3.5%
EU 11a Overall capital requirements (%)	18.7%	18.7%	16.6%	15.6%	15.6%

Continued in the right column

Continuation from the left column

Avanza Bank AB Key metrics, SEK m	31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
12 CET1 available after meeting the total SREP own funds requirements (%)	11.0%	14.3%	15.7%	14.7%	13.1%
<b>Leverage ratio</b>					
13 Leverage ratio total exposure measure	69,937	68,659	65,931	61,639	62,064
14 Leverage ratio (%)	4.5%	4.9%	4.9%	5.0%	4.8%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value – average)	22,390	19,328	17,339	16,370	17,464
EU 16a Cash outflows – Total weighted value	6,546	6,506	6,553	6,604	6,641
EU 16b Cash inflows – Total weighted value	2,883	2,892	2,874	3,211	4,291
16 Total net cash outflows (adjusted value)	3,663	3,614	3,679	3,556	3,073
17 Liquidity coverage ratio (%)	608%	534%	473%	471%	653%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	58,239	56,756	54,728	50,512	51,445
19 Total required stable funding	28,258	28,837	27,947	27,749	28,905
20 NSFR ratio (%)	206%	197%	196%	182%	178%

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### Additional information on liquidity

Pursuant to FFFS 2010:7, Avanza reports its liquidity risk positions for the consolidated situation.

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

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

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

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

### Consolidated situation Liquidity reserve, SEK m

	31-12-2023	31-12-2022
Liquid assets	10,484	6,376
Covered bonds and securities issued by governments and municipalities	33,094	29,090
<b>Total liquid assets</b>	<b>43,579</b>	<b>35,466</b>

### Consolidated situation Sources of funding, SEK m

	31-12-2023	31-12-2022
Deposits from the public	61,728	54,308
Lease liability	92	83
Other liabilities	1,562	1,306
Accrued expenses and deferred income	146	140
Shareholders' equity	5,482	4,694
<b>Total liabilities and shareholders' equity</b>	<b>69,011</b>	<b>60,531</b>

### Avanza Bank AB Liquidity reserve, SEK m

	31-12-2023	31-12-2022
Liquid assets	10,484	6,376
Covered bonds and securities issued by governments and municipalities	33,094	29,090
<b>Total liquid assets</b>	<b>43,579</b>	<b>35,466</b>

### Avanza Bank AB Sources of funding, SEK m

	31-12-2023	31-12-2022
Deposits from the public	61,728	54,308
Lease liability	–	–
Other liabilities	1,779	1,976
Accrued expenses and deferred income	133	129
Shareholders' equity	4,274	3,696
<b>Total liabilities and shareholders' equity</b>	<b>67,914</b>	<b>60,108</b>

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## Note 34 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 life insurance risks.

Risks and risk management are also described on pages 27 and 46–48 and in the Corporate governance report on page 66.

### 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 19,583 million (SEK 19,259m). Average lending in 2023 was SEK 19,421 million (SEK 19,780m). 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 and 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. Mortgage lending is limited to Private Banking customers and employees, which, 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 2023 amounted to SEK 6 million (SEK 9m). Avanza has developed a model for

expected credit losses calculated according to the methodology in IFRS 9. The model is continuously reviewed and the parameters in the model were last updated in the fourth quarter 2023.

The IFRS 9 model is adapted to the loan products that are offered: 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) for longer than 30 calendar days or in breach of terms (margin lending) for longer than 10 calendar days. The following table shows how expected credit losses changed during the year. See also Note 2 Accounting principles (i) Financial instruments, section Impairment according to IFRS 9 and Note 18 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.

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 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 Avanza that are revised continuously. A reasonability and sensitivity assessment of their impact on ECL is performed. The macro variables that affect the ECL calculation for margin lending are the probabilities of a significant drop in stock prices, a significant price drop in individual securities, and unemployment. The macro variables that affect the ECL calculation for mortgage lending are the policy rate, unemployment and house price index.

### 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.

### Changes in expected credit losses, SEK thousands

Mortgage lending	31-12-2023	31-12-2022	Change, %
Category 1	-1,768	-1,659	-7
Category 2	-1,707	-3,730	-54
Category 3	-31	-161	-81
<b>Total</b>	<b>-3,506</b>	<b>-5,549</b>	<b>-37</b>
<b>Margin lending</b>			
Category 1	-1,384	-2,819	-51
Category 2	-1	-44	-98
Category 3	-974	-886	-10
<b>Total</b>	<b>-2,360</b>	<b>-3,749</b>	<b>-37</b>
<b>Total ECL</b>	<b>-5,865</b>	<b>-9,299</b>	<b>-37</b>

### 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 has diversified 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 can impact the margin lending risk, since Avanza's ability to collect receivables depends on the customers' repayment capacity, consisting of either external assets or incomes. Unemployment is stressed with various outcomes from a forward-looking perspective.

Unemployment presumably also can impact mortgage customers to some extent, even though they generally have 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. The mortgage portfolio's resilience with respect to unemployment is therefore considered very good, even though there is a theoretical pain threshold when a problem with interest payments arises, because of which forward-looking unemployment is used as a stress test for mortgages as well.

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#### Policy rate

The model also assumes that the risk in the mortgage portfolio risk increases with a higher policy 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. At higher interest rates Avanza still assumes that problems with interest payments could arise.

#### 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. Avanza uses forward-looking expected house price projections from other institutes as a basis for stress tests of the collateral in the mortgage portfolio.

#### Margin lending

All margin lending is secured against listed securities. As of year end, margin lending after deducting expected credit losses totalled SEK 8,096 million (SEK 8,037m). The market value of pledged securities was SEK 64,143 million (SEK 55,437m). 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. 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 2023, 106 (51) margin loans exceeded SEK 10 million. The combined total of these loans was SEK 2,070 million (SEK 1,217m) and the highest individual exposure was SEK 112 million (SEK 101m).

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 or the limit, the customer is contacted. The customer can rectify the excess leverage by depositing money or securities in the account or alternatively by 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 2023, excess leverage amounted to SEK 2.7 million (SEK 2.5m) or 0.03 (0.03) per cent of security-backed lending. Average excess leverage during the year amounted to SEK 4.0 million (SEK 5.5m) or 0.05 (0.06) 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) Financial Instruments, paragraph 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 2 million (SEK 4m). Avanza had confirmed credit losses on margin lending of SEK 0 million (SEK 1m) during the year. As of 31 December 2023, there were no past due loans that had not been written down where collateral had not been utilised and seized collateral that had not been sold. Exchange rate gains/losses or other revaluations do not arise. See also Note 12 Credit losses, net and Note 18 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 the customer's 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 693 (711) and the collateral requirement among them amounted to SEK 443 million (SEK 482m).

#### Pledged financial assets for margin lending

31-12-2023	Market value, SEK m	Credit exposure, SEK m	Share of balanced exposure, %
Shares	53,755	6,691	83
Funds	10,351	1,351	17
Other <sup>1)</sup>	37	54	1
<b>Total</b>	<b>64,143</b>	<b>8,096</b>	<b>100</b>

<sup>1)</sup> Market value excluding the value of currency positions.

#### Currency for pledged financial assets for margin lending

31-12-2023	Market value, SEK m	Credit exposure, SEK m	Share of balanced exposure, %
SEK	53,806	6,733	83
USD	6,790	879	11
EUR	1,370	192	2
DKK	1,063	119	1
NOK	773	106	1
Övrigt	341	67	1
<b>Total</b>	<b>64,143</b>	<b>8,096</b>	<b>100</b>

#### Largest concentration for pledged securities

31-12-2023	Share of exposure, %
Investor B	4
Volvo B	4
Evolution	3
Swedbank A	3
Sv. Handelsbanken A	2
<b>Total</b>	<b>16</b>

#### Mortgage lending

Since the end of 2013, Avanza offers mortgages. Avanza's mortgage offer targets Avanza's high net worth Private Banking customers. 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 2023, lending after deductions for expected credit losses amounted to SEK 11,486 million (SEK 11,222m)

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 4 million (SEK 6m). The decrease in ECL is largely due to the change in the threshold for category 2, which has been modified from 10 to 30 days. This means that a significant increase in credit risk is considered only when a customer has missed a mortgage interest payment for more than 30 calendar days. The modification is assessed to make the ECL model more accurate given the low risk associated with the product.

All mortgages are secured with pledges on houses and tenant-owned apartments in Sweden. Pledged properties are reassessed at least once a year through a statistical evaluation from external parties. The last reassessment occurred in the fourth quarter 2023. The average loan to value ratio was 40 (38) per cent at the end of the year. Avanza is required to act as the only pled-

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gee for the security. Normal credit assessment occurs, in which a remain-to-live-calculation (RTL) 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.

#### Pledged assets for mortgage lending

31-12-2023	Credit limit, SEK m	Lending, SEK m	Loan to value ratio (credit limit), %	Loan to value ratio (lending), %
Houses	8,620	7,967	41	40
Tenant-owned apartments	3,835	3,519	41	40
<b>Total</b>	<b>12,455</b>	<b>11,486</b>	<b>41</b>	<b>40</b>

#### Geographical distribution of mortgages

Region	Share of exposure, %
Stockholm	71
Göteborg	10
Malmö	6
Other	13
<b>Total</b>	<b>100</b>

#### 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 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 35,894 million (SEK 32,591m). Of these, securities issued by Swedish municipalities and county councils amounted to SEK 3,223 million (SEK 1,714m) and those issued by the Riksbank amounted to SEK 4,698 million (SEK 802m). Other liquidity at systematically important Nordic credit institutions and the Riksbank amounted to SEK 11,229 million (SEK 6,966m) 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 counterparties 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

31-12-2023	Book value, SEK m	Share, %
Cash and balances with central banks	8,630	18
Loans to credit institutions, including pledged assets	2,599	6
Interest-bearing securities, including pledged assets <sup>1)</sup>	35,894	76
of which Swedish government, municipalities and county councils (including the Riksbank)	7,922	22
of which covered bonds	27,972	78

<sup>1)</sup> Average duration of bondholdings is 0.16.

#### 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 unsecured credits, payment accounts or debit cards, and does not participate in payment transactions, 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 Swed-Sec 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.

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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 cyber security 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.

#### 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 33 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, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or raise of the policy rate would affect full-year net interest income by between SEK –210 million and SEK 650 million, based on volumes and rates by the

end of the year and depending on how much will be shared with customers. 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 33 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 policy rate changes by the Riksbank. Lending is financed only 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 a 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 44,340 million (SEK 36,132m) 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 normally has the capacity, to hold all reported bondholdings to maturity. 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, and about 3 per cent are fixed-interest bonds with individual maturities of less than two years. The average interest term on fixed rate bonds is approximately 3 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.

#### Valuation of assets and liabilities in foreign currency

SEKm – The Group	31-12-2023
<b>Assets</b>	
Loans to credit institutions	377
Loans to the public	35
Other assets	546
<b>Total assets</b>	<b>958</b>
<b>Liabilities</b>	
Deposits from the public	410
Other liabilities	544
<b>Total liabilities</b>	<b>954</b>

31-12-2023 SEKm – The Group	Assets	Liabilities	Net exposure	Currency rate risk <sup>1)</sup>
EUR	286	–283	3.3	0.33
USD	536	–536	0.1	0.01
NOK	72	–72	0.0	0.00
DKK	38	–38	0.0	0.00
Övriga	26	–26	0.0	0.05
<b>Total</b>	<b>958</b>	<b>–954</b>	<b>3.5</b>	<b>0.35</b>

<sup>1)</sup> Calculated as an adverse exchange rate movement of 10 per cent in each respective currency.

#### 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. 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

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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. 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 19 million (SEK 25) of lending to credit institutions has been pledged as security. Lending to credit institutions, excluding pled-

ged securities, of SEK 2,580 million (SEK 2,027m) and balances at the Riksbank of SEK 8,630 million (SEK 4,915m) are available by the next banking day at the latest. Besides 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 30 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.

### Life insurance risks

The life insurance 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 31-12-2023	Upon request	<3 months	3-12 months	1-5 years	>5 years	Perpetual	Total
Deposits from the public	61,728	-	-	-	-	-	61,728
Lease liabilities	-	-	-	92	-	-	92
Other liabilities	-	922	-	-	-	-	922
Accrued expenses and deferred income	-	164	-	-	-	-	164
<b>Total liabilities<sup>1)</sup></b>	<b>61,728</b>	<b>1,086</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>62,906</b>

<sup>1)</sup> 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

	31-12-2023	Term
Cash and balances with central banks	8,630	1 day
Loans to credit institutions	2,599	1 day
Loans to the public – margin lending	8,096	1 month
Loans to the public – mortgage lending	11,486	At least 30 years
Interest-bearing securities	35,894	27 months
Deposits from the public	61,728	On spot basis



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### Note 35 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 8 Employees and personnel costs.

The Group	31-12-2023	31-12-2022
<b>Transactions with key individuals in senior positions and other related parties</b>		
Lending, SEK m	22	33
Deposits, SEK m	456	337
	<b>2023</b>	<b>2022</b>
Brokerage, SEK thousand	799	1,112
Interest income, SEK thousand	949	510
Interest expenses, SEK thousand	13,504	487
Invoicing from related parties' limited companies, SEK m	4	8

The Parent Company	31-12-2023	31-12-2022
<b>Transactions with subsidiaries</b>		
Parent Company receivables from Group companies, SEK m	2,053	1,321
Parent Company liabilities to Group companies, SEK m	0	–
	<b>2023</b>	<b>2022</b>
Parent Company interest income from Group companies, SEK m	2	–
Parent Company interest expenses to Group companies, SEK m	–	–

### Note 36 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 and Note 34 Financial risks.

### Note 37 Events after the closing day

Peter Almqvist, CIO and a member of Group Management, has announced that he will be leaving Avanza and resigned from his position in Group Management on 30 January.

### Note 38 Proposed allocation of profits

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting on 11 April 2024 agree to a dividend of SEK 11.50 per share for 2023 and that the remaining amount is carried forward. Monday, 15 April 2024 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, 18 April 2024. The proposal corresponds to a total dividend of 1,808 SEK million, representing 91 per cent of profit for 2023. This is in line with Avanza's dividend policy, which is to pay a dividend of 70 per cent of profit for the year, taking into account the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement. 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' assessment is that 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 has especially considered the uncertain macroeconomic situation. The assessment is that Avanza's financial position is not jeopardised by the proposed dividend. Avanza has not seen a deteriorated payment capacity among customers, has not incurred any credit losses during the year, and also does not anticipate that the macroeconomic situation will result in a significant increase in credit losses that would have a materially negative impact on shareholders' equity. Both capital adequacy and the liquidity situation are still considered satisfactory after the proposed dividend.

Overall, The Board of Directors thereby considers that the proposed dividend is justified with regards to 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 the company's and the Group's consolidation requirements, liquidity and position in general.

SEK – The Parent Company	31-12-2023
The following profits are at the disposal of the Annual General Meeting:	
Share premium reserve	659,706,195
Fair value reserve	45,088,303
Retained profit	137,347,068
Net profit for the year	1,721,374,992
<b>Total</b>	<b>2,563,516,559</b>
The Board of Directors propose that the profits be disposed as follows:	
Dividend to shareholders, SEK 11.50 per share	1,808,224,914
To be carried forward	755,291,645
<b>Total</b>	<b>2,563,516,559</b>

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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, 22 February 2024**

**Sven Hagströmer**  
Chairman of the Board

**Magnus Dybeck**  
Board member

**Catharina Eklöf**  
Board member

**Jonas Hagströmer**  
Board member

**John Hedberg**  
Board member

**Linda Hellström**  
Board member

**Johan Roos**  
Board member

**Sofia Sundström**  
Board member

**Hans Toll**  
Board member

**Leemon Wu**  
Board member

**Gunnar Olsson**  
Acting CEO

Our Audit Report was submitted on 22 February 2024

**KPMG AB**

**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 2023. The annual accounts and consolidated accounts of the company are included on pages 73–120 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 2023 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 2023 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. 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.

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### **Valuation and existence of financial investment assets and technical provisions**

See the income statement, balance sheet, accounting principles and disclosure 21 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 fair value of the underlying assets plus provision for outstanding claims. The provision is attributable to the risk element in endowment insurance.

Assets and liabilities in the insurance operations constitute a significant part of the consolidated balance sheet in Avanza.

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 Avanza's controls for obtaining prices from external sources and we have performed our own tests of the pricing for the total portfolio by reconciling the holdings with external independent sources.

For insurance operations liabilities, we have assessed methods, models and assumptions against industry practice and analytically reviewed the calculations based on FTB.

### **Commission income**

See disclosure 4 and accounting principles on page 90 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 2023, the Group reports net sales related to commission income of SEK 2,176 million (SEK 2,512m). 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 charge the proper revenues, and a large amount of data is generated in these systems and applications when customers use Avanza's services.

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 analyses 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 18 and accounting principles on page 91 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 SEK 19,583 million (SEK 19,259m) at December 31 2023, which corresponds to 6.9 (8.0) percent of the Group's total assets. The company's reserves for credit losses in the loan portfolio amounts to SEK 6 million (SEK 9m).

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.

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### 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 1–72 and 126–138. 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 evi-

dence 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.

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## 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 2023 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 organisation 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 organisation 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 2023. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 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

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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 International Standard on Quality Management 1, which requires the company to design, implement, and maintain 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 that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity and cash flow, as well as notes, in the Esef report have been marked with iXBRL as prescribed by the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Avanza Bank Holding AB (publ) by the general meeting of the shareholders on the 30 March 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, 22 February 2024  
KPMG AB

Dan Beitner  
Authorised Public Accountant

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# 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 based on 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 pages 49–57.

The statutory Sustainability report comprises the entire Group and its scope can be found on page 128. 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 2022 and was published on 24 February 2023.

Avanza's policies are published on [avanza.se/ir](https://www.avanza.se/ir).

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## 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 Fonder is a member of Principles of Responsible Investments (PRI).

### Morningstar Sustainability Rating

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.

<sup>1)</sup> The comparative figures for previous years has been adjusted due to changes in the calculation of total emissions.

## 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 2023 amounted to 1,001 (1,062) MWh, of which 323 (369) MWh related to internal consumption. Total GHG emissions amounted to 494 (300) tonnes CO<sub>2e</sub><sup>1)</sup>. The year's increase is mainly attributable to larger purchases of capital goods such as server equipment. For 2023, climate offsets of 494 tonnes CO<sub>2e</sub> were purchased.

The climate reports are published on [avanza.se/ir](https://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 2023 on page 128 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 den 22 February 2024

KPMG AB

Dan Beitner

Authorised Public Accountant

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# Our customers

Our offering is mainly targeted at private investors, but we also offer services for professional investors and corporate 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, mutual fund fees, 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. More over, 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. Pro 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 offering 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.

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# 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](https://www.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.

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# Product range

In order to offer a world-class user experience, we have a broad product range, access to extensive market data, many different filtering tools and decision support, and not least a platform that is easy to use and navigate through the website and app. 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 for tax purposes and vote their shares. Capital gains tax of 30 per cent is paid on profits and dividends.

### Investment savings account

Account subject to standard tax for equities, funds and other securities where customers can vote their shares. Tax is paid annually and does not have to be reported in a tax return. An investment savings account cannot be owned by a company.

### 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 own endowment insurance. A beneficiary can be named for the insured amount should the policyholder die.

### Endowment insurance Child

A regular endowment insurance where you save in your own name but are able to designate a child as a beneficiary when the account is opened. Entire account or holding can be assigned to the child at any time.

### Savings account

A standard savings account with 3.50<sup>1)</sup> per cent interest. Our savings account suits all types of customers, and the state deposit guarantee applies up to SEK 1,050,000.

### External deposit account

Interest-bearing savings account with or without a minimum term available through partnerships with other banks and credit market companies. State deposit guarantee applies up to SEK 1,050,000.

### 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. Application process is digital.

### Pension insurance

Insurance policy with 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 to contributing new capital.

### Individual pension plan

Bank account with option to save privately for retirement and where an annual yield tax is charged. Repayment protection is always included. 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

Through the website and app shares can be traded in the Nordic countries, on major exchanges in Europe, and in the US and Canada. Most other markets can be traded through brokers.

### Funds

On Avanza's platform, investors can trade more than 1,300 funds from around the world, including 23 of Avanza's own index funds with record-low fees, the specialty funds Avanza Auto, three funds of funds and 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).

### Other securities

Around 60,000 ETPs linked to commodities, currencies, individual shares and indices across the globe, bonds, options, futures, warrants, certificates of deposit and structured products.

## Lending

### External mortgage and Green mortgage

We offer external mortgages from other lenders that require no savings capital or other commitments. The rate is set in advance and the application is fully digital. Loan to value ratios may not exceed 75 per cent. Loans are available for agricultural properties as well. The offering also includes a green mortgage, where customers with an energy-efficient home receive a discounted interest rate.

### Private Banking mortgage

Internally financed mortgage for Private Banking customers. Mortgage rate is based on the Swedish Riksbank's repo rate, 3 months floating. Current rates starts at 4.24<sup>1)</sup>, depending on customer's total savings at Avanza. 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 0.99 per cent<sup>1)</sup>. Rate depends on the size of the loan and account balance.

### Stock lending

Gives endowment insurance customers with shareholdings the opportunity for a higher return by allowing Avanza to lend shares to Morgan Stanley. 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.

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<sup>1)</sup>Interest rate as of 31 December 2023

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## Inspiration and decision support

### Avanza Auto

Fund solution where you can filter six automatically optimised funds based on savings horizon and risk level. A smart, cheap and automatic way to manage money.

### Portfolio Generator

Decision support that suggests a well-diversified portfolio of five-star funds with low fees based on savings horizon and risk tolerance.

### Stock inspiration

Find favourite new stocks with the help of 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

Filters thousands of equities to create a list of favourite stocks simply by answering five easy questions.

### Avanza Swiper

Function in the app that can be used to find interesting new stocks and diversify investments. Swipe right or left depending on whether you like a company or not based on a brief presentation and a number of performance metrics. Companies that are swiped right are added to a list, so customers can easily learn more about them before making an investment.

### Stock analysis from Morningstar

Stock market enthusiasts have access to over 1,000 independent stock analyses from Morningstar. The stocks included are mainly listed in the US and Europe and the analyses contain buy and sell recommendations, performance data och sustainability analyses.

### Savings Targets

To strengthen motivation, customers are able to set up concrete targets for their savings and easily follow their development towards these. It's also possible to create shared savings targets together with friends and family.

### Report presentations through Quartr

Through a collaboration with Quartr, there is access to conference calls, presentations and quarterly reports directly through the stock pages and through the "Right Now" feature.

### Analysis pages

Analysis Pages on the website and in the apps are packed with information on the customer's holdings, including various charts and tables. Through the pages, they can easily see a summary of their historical returns, dividends, deposits and fees sorted into different periods. Data can be exported as CSV file.

### The Pension Chase

Tool to find and consolidate occupational pensions and insurance. Using the Pension Chase, customers can find pensions with other companies, see which ones are transferable and determine how much they can save by requesting a transfer to Avanza.

### Save sustainably

Special section on the site with information, inspirational lists, educational material and products to inspire and facilitate sustainable investments.

### Avanza Academy

For those who want to learn everything they need to know about saving. There are both simple and more in-depth sections on everything from equities and funds to mortgages or taxes and tax forms.

### Avanza Podcast

One of Sweden's most popular financial podcasts, where our savings experts discuss a wide range of topics involving personal finance. They invite interesting guests, guide and support savers, and share their best tips on a new theme each week.

### Avanza Blog

Blog on savings and personal finance where readers can find updated posts on current economic events, analyses of various customer groups, and information on how to start saving and new functions on the platform.

### Placera

One of Sweden's largest financial sites, reporting daily on equities, market news and savings issues. 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 readers find winning stocks and successfully trade. Börsveckan is editorially independent from Avanza.

### Signal list

Newsletter with a summary of the day's stock market highlights. Also contains an analysis service covering hundreds of shares based on a standardised model of technical analysis that generates price trends. Cost is SEK 0-39 per month depending on version and benefit level.

### Other

Monitoring and alarm

Option to create watch lists of specific shares or funds that triggers an alarm when a specific price is reached.

### Stop-loss

Function where the customer can choose to automatically place an order for a security at a specific price. Can be used on the website and in the app.

### Trader programme Infront

One of the market's most advanced trading programmes, where customers can track market flows, apply technical analysis and optimise order execution.

### Avanza K4

Function on the homepage where the customer can create a pre-printed tax form with everything they need to know about their account and transactions for filing purposes. Price is SEK 0-99 depending on benefit level.

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<sup>1)</sup> Interest rate as of 31 December 2023

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# Definitions

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

**Client funds<sup>2)</sup>**

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

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

Operating expenses 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 ratio<sup>2)</sup>**

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 level<sup>1)</sup>**

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

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

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

**Customer<sup>2)</sup>**

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

**Deposits<sup>2)</sup>**

Deposits by the public as per 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<sup>2)</sup>**

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 share<sup>2)</sup>**

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

**eNPS**

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

**Equity per share<sup>1)</sup>**

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

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

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

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

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

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

Distribution 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 securities<sup>2)</sup>**

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

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

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

**Income to savings capital ratio<sup>2)</sup>**

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

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

Lending to the public as per the balance sheet less the portion which is covered in its entirety by cash pledged on endowment insurance accounts, without deducting provisions for bad debt.

**Leverage ratio<sup>3)</sup>**

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

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

Gross brokerage income less direct costs.

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

Deposits, less withdrawals, of liquid assets and securities.

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**Note<sup>2)</sup>**

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

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

Operating profit/loss in relation to operating income.

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

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

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

Share price in relation to earnings per share before dilution.

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

Profit/loss after tax in relation to operating income.

**Provision ratio**

The provision for expected credit losses in relation to lending to the public as per the balance sheet at the end of the year.

**Return on assets<sup>1)</sup>**

Profit/loss after tax in relation to average total assets during the year.

**Return on equity<sup>1)</sup>**

Profit/loss after tax in relation to the average shareholders' equity during the year.

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

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

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

Savings capital in relation to the number of customers at the end of the 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 capital<sup>3)</sup>**

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

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

Estimated capital 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<sup>2)</sup>**

Turnover in security trading.

**Alternative performance measures**

<sup>1)</sup> Financial key ratios that are directly cited in the financial reports.

<sup>2)</sup> Financial or other key ratios that can be traced in Avanza's Excel spreadsheets with financial histories, published quarterly on [avanza.se/keydata](https://www.avanza.se/keydata).

<sup>3)</sup> Key ratios that are reported with respect to the SFSA's regulations and general guidelines, see Note 34 Own funds and capital requirements.

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# Annual General Meeting

The Avanza Bank Holding AB (publ) (“Avanza”) Annual General Meeting will be held on Thursday, 11 April 2024.

## 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, 3 April 2024,
- 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, 5 April 2024. 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](https://www.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](https://www.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, 22 February 2024 and be sent to [arsstamma@avanza.se](mailto:arsstamma@avanza.se), or by post to:

Avanza Bank Holding AB  
Att: Bolagsjuridik  
Box 1399  
SE-111 93 Stockholm

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2024

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**19** April  
2024

Interim report January–March

**12** July  
2023

Interim report January–June

## Published

**23** February  
2024

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**24** February  
2023

Annual report 2022

Our financial reports are digitally distributed via the corporate website.

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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.*

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