

Preliminary Financial Statement 2022

Fourth quarter 2022 compared to fourth quarter 2021

- **Operating income** increased by 3 per cent to SEK 847 million. Net interest income increased due to higher market interest rates. Net brokerage income and net currency-related income decreased as a result of lower trading activity. Fund commissions were lower as well
- **Operating expenses** increased by 8 per cent to SEK 273 million, mainly due to higher other expenses and personnel costs
- **Costs for the full year** amounted to SEK 1,031 million, which was lower than the previous guidance of between SEK 1,050 million and SEK 1,070 million. Costs for 2023 are estimated at a maximum of SEK 1,160 million
- **Operating profit** amounted to SEK 573 million, in line with the fourth quarter last year
- **Profit for the period** was SEK 494 million, an increase of 2 per cent
- **Earnings per share** before dilution amounted to SEK 3.16, an increase of 2 per cent
- The Board of Directors proposes a dividend of SEK 7.50 per share (9.20), corresponding to 70 per cent of the profit for 2022

Events during the quarter

- Avanza was awarded Sweden's most satisfied customers in the savings category for the thirteenth consecutive year by the Swedish Quality Index
- The Pension Chase was named Transfer Service of the Year by the business magazine Privata Affärer
- Placera Forum was relaunched. A popular service for people who want to discuss stocks
- A total of SEK 53 million is paid to customers regarding stock lending for 2022, of which SEK 27.5 million pertains to the fourth quarter. With the Start offering for funds, SEK 20 million will be refunded to customers for the full year 2022

No. of customers

+7%

Total 1,776,700

Savings capital

-18%

Total SEK 664 bn

"Avanza is reporting a strong profit and good performance on targets despite tough times and a drop in customer activity. Profit was the second highest in Avanza's history. Net interest income benefited from rising market interest rates, although the effect of additional policy rate hikes diminishes when we share more with our customers. Costs came in lower than expected and we have set a cap for 2023. Without a weaker krona and inflation, this cap would be lower," says CEO Rikard Josefson.

	Q4 2022	Q3 2022	Change %	Q4 2021	Change %	Jan-Dec 2022	Jan-Dec 2021	Change %
Operating income, SEK m	847	740	14	824	3	2,973	3,301	-10
Operating expenses, SEK m	-273	-238	15	-253	8	-1,031	-864	19
Operating profit, SEK m	573	502	14	571	0	1,940	2,437	-20
Profit for the period, SEK m	494	433	14	483	2	1,666	2,047	-19
Earnings per share before dilution, SEK	3.16	2.78	14	3.11	2	10.69	13.19	-19
Operating margin, %	68	68	0	69	-2	65	74	-9
Return on shareholders' equity, %	42	42	1	41	1	36	50	-14
Net inflow, SEK m	-7,450	6,030	-	17,900	-	23,600	89,800	-74
No. of new customers (net)	12,700	24,100	-47	71,800	-82	116,600	379,800	-69
No. of customers at the end of the period	1,776,700	1,764,000	1	1,660,100	7	1,776,700	1,660,100	7
Savings capital at the end of the period, SEK m	663,900	639,900	4	809,600	-18	663,900	809,600	-18
Income to savings capital ratio, %	0.52	0.46	0.06	0.43	0.09	0.42	0.47	-0.05
Costs to savings capital ratio, %	0.17	0.15	0.02	0.13	0.04	0.15	0.12	0.02

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For key ratios reported in percentages, the change compared to previous periods are stated as percentage points. For definitions see page 28.

Avanza in brief

This is Avanza

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

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

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

An investment in growth

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

- attractive offers and a strong user experience
- market conditions and the effects on trading activity and fund volumes
- interest rates and changes in deposit and lending volumes

The sensitivity in the event of a decrease in savings capital due to a stock market downturn is difficult to assess, as income is dependent on, among other things, how customers choose to invest their savings capital. To manage fluctuations in the market, the aim is to broaden the offering and increase the proportion of recurring revenues.

Vision & business model

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

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

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

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

Long-term targets 2025

Satisfied customers

- Sweden's most satisfied savers according to SQI's (Swedish Quality Index) annual award

Engaged employees

- eNPS (Employee Net Promoter Score) of at least 50

Value growth

- Market share of 10 per cent of the Swedish savings market by the end of 2025
- Maximum costs to savings capital ratio of 12 basis points over time. Costs can be controlled, while savings capital is dependent on market conditions, which could impact the measure in individual years
- Annual return on equity of at least 35 per cent
- Dividend of 70 per cent of profit for the year, taking into account the leverage ratio requirement, including Pillar 2 guidance, and the internal buffer requirement

Sustainability

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

For more information, see avanza.se, avanza.se/ir and the Annual Report.



CEO comment

Continued gloominess, but with hope that things turn around in the second half of 2023

We are now putting 2022 behind us with a fourth quarter that did not offer any major changes in either the stock market or the macroeconomy, concluding a year of high drama and misery. We have a war in Europe and geopolitical uncertainty. Right from the start of the year we saw falling asset prices and high volatility. Inflation has risen quickly and central banks have reacted forcefully. We began the year with a 0% policy rate, and in the fourth quarter it was 2.5%. This is affecting many parts of society, especially households, who after a long period with zero or negative interest rates now pay more than three times as much in interest on their mortgages each month. Unfortunately, I do not think we have seen the worst of it yet. At the beginning of the new year, customers will face high electricity bills, at the same time that they may still be paying off their Christmas expenditures. Looking ahead, I see a first half-year with even higher interest rates and increased unemployment. If I were to find something positive to say about 2023, it is that we could see inflation fall back, with interest rate cuts after the summer.

We want to share knowledge and insights to help people improve their financial well-being

Many of our customers will have to use their savings capital to manage through these tough times. This is exactly what Avanza and savings are there for and those who have chosen savings over consumption in recent years will better be able to cope. In hard economic times, it is clear why saving in good times is so important. This is why we at Avanza devote so much energy to educating our customers to become smart savers. We do so for example through our free education on the platform, through our spokespeople on personal savings and in our social media channels, where we have over 85,000 followers on Instagram, 60,000 followers on Twitter and a highly engaged savings economist with nearly 80,000 Twitter followers. In line with last year, our podcast had 5 million listeners during the year, which shows that there is still a great interest in savings. Then we also have Placera, one of Sweden's largest financial websites with around 200,000 daily visits, which is editorially independent from Avanza. Placera writes about equities, funds, market news and savings issues on a daily basis, in addition to offering a number of external analysis services. In December, we were also pleased to finally re-open Placera's popular Forum, and by the end of the year, after not even two weeks, 14,000 people had already registered for discussions on especially equities.

Gender equality in savings capital has to improve

We work actively to reach out to broader target groups and encourage women to save. Interest in equities is increasing, but six out of 10 shareholders are still men. At Avanza, it looks just as bad. In terms of new customers, 42% were women in 2022, and the share of women is now 38%. In terms of savings capital, women accounted for only 25%. This is not good enough, and we are working on an array of activities to change it. We are pushing to build opinion on the issue and have also released a number of targeted campaigns in traditional media, podcasts and social media to reach women with inspiration and guidance on savings. During the quarter, we launched a digital education for women, where the first session was fully booked in half an hour, which says something about the need.

The turbulent market conditions impacted Avanza's growth

During the quarter, we saw net outflows of close to SEK 1 billion, excluding one-off effects, as Private Banking customers parked liquidity elsewhere with higher interest rates. We are confident, however, that this will come back when it is time to invest again. The net inflow for the full-year was just under SEK 24 billion. We grew by 116,600 customers, of which 12,700 in the fourth quarter. Avanza's share of the Swedish savings market, which was published in November, amounted as of 30 September to 6.3%. There is still a way to go to our target of 10% by the end of 2025, but we have high hopes of achieving it. We will however need a couple of good years for the stock market and will have to continue developing our offer to create the best tool for our customers to manage their personal finances.

Strong profit and strong performance on targets

In terms of our targets, the most important is to win the Swedish Quality Index's award for Sweden's most satisfied savers, which we did for the thirteenth time in 2022. This would never have been possible without all fantastic colleagues, whose commitment is commendable. The Employee Net Promoter Score (eNPS) wound up at 58, which was well above our target of at least 50, though lower than in the pandemic years.

Profit for the year amounted to SEK 1,666 million, which is the second highest in Avanza's history, topped only by the record year of 2021. Trading activity was lower than in the pandemic years, but turnover in brokerage-generating securities was still nearly twice as high as 2019. Net interest income benefited from the rising interest rates and is our largest source of income in the quarter. Going forward, however, we will continue, as we previously announced, to share policy rate hikes above 1.75% policy rate with customers. Exactly what we do when the next rate hike occurs depends on several factors. Naturally, it will come down to living up to expectations from customers and keeping an eye on what others are doing. A scenario where we give customers a share but also improve our net interest income shall not be ruled out.

Costs for the full-year amounted to SEK 1,031 million. This is lower than the previously estimated range and is mainly due to lower personnel costs, but also slightly lower costs for IT. This produced a costs to savings capital ratio of 15 basis points, which was affected by the downturn in the stock market, where the savings capital on Avanza's platform decreased from SEK 810 billion to SEK 664 billion during the year. The target is a maximum of 12 basis points over time. Our cost estimate for 2023 tops out at SEK 1,160 million. Here we are taking into account wage inflation of 4% and the full impact of more employees who started in 2022 as well as higher amortisation, since 2023 will carry the full-year impact of the introduction of our new backoffice system. As previously communicated, we will consolidate the business to ensure that we are optimising our resources, and at the same time continue to invest in the customer experience. This means that the people plan for 2022 remains and we will not increase the number of employees during 2023. IT expenses will also increase, mainly as a result of a weaker krona and inflation. We cannot do much about the krona and inflation and our costs would be lower without their impact.

All in all, the profit generated a return on shareholders' equity of 36%, which demonstrates the very low risk and

capital efficient balance sheet. Avanza's capitalisation is governed by the leverage ratio, which in turn is affected by the customers' deposit volumes. Given the year's strong profit and good capitalisation with a leverage ratio of 5.5%, the Board of Directors is proposing a dividend of SEK 7.50 per share, in line with our dividend policy of 70% of profit for the year. This provides a comfortable margin to manage swings in the uncertain market conditions.

The Pension Chase – transfer service of the year 2022

In December, we received an award from the business magazine *Privata Affärer* for the best transfer service in 2022 for the Pension Chase, which we launched at the start of the year. It is an important service that makes it easier for customers to find a better pension solution. The government is engaged in the issue of pension transfers and has assigned the Swedish Financial Supervisory Authority to investigate the legal and practical obstacles to transferring individual occupational pensions and propose measures to overcome them. The results of the work will be presented this autumn. I truly hope that the focus will be on what would benefit pensioners-to-be and not pension companies.

Another important issue is predictability and the tax on investment savings accounts that the government, together with its co-parties in the Tidö Agreement, have promised to look into during their term of office. They have also promised a tax exemption of SEK 300,000. This is great, but the challenge with the proposal is that it is not neutral when it comes to how individuals choose to save. This is especially evident in the choice between investment savings accounts and endowment insurance, which many times is better when saving for a child, for example, since you can assign the child as the beneficiary but decide yourself when they are ready to take over the account. I would therefore encourage the government to also consider endowment insurance. It would be unfortunate to favour one form of savings over another form that under certain circumstances is more advantageous.

As always, we help our customers to sum up the past year. In 2022 the numbers for many of us are not as pleasing as we had become accustomed to, and we have therefore focused on supporting and hopefully also instilling a little hopefulness and patience in our customers. We have also improved the information on ETFs by showing their 25 largest holdings along with clearer descriptions of investment focuses, distributions by industry, country exposure and dividend data.

In 2023, with lingering uncertainty around the world, my fantastic colleagues at Avanza and I will continue to do all we can to support our customers in their savings. We cannot impact the macroeconomic environment, but we can do a lot for Sweden's savers.

With hope for a better savings year in 2023!

Stockholm, 19 January 2023



Rikard Josefson, CEO Avanza



Operations

Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by nearly 11 per cent in the quarter. Volatility remained at high levels.

Turnover on the Stockholm Stock Exchange including First North increased by 6 per cent while the number of transactions decreased by 3 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 2 per cent, while the number of transactions decreased by 6 per cent. Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover. Avanza's market shares decreased compared to the previous quarter, while Swedish banks with mainly institutional trading increased their shares.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of SEK 15 billion in the quarter. Avanza reported a net inflow to mutual funds of just over SEK 1 billion. The full-year net outflow in the fund market amounted to SEK 4 billion, whereas Avanza reported a net inflow of nearly SEK 2 billion.

The policy rate was raised by 75 basis points to 2.5 per cent in late November. The Riksbank's forecast is that the policy rate will be raised further in the beginning of the year to just under 3 per cent. The next rate decision will be published on 9 February 2023.

Market shares	2022 Q4	2022 Q3	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
<i>Nasdaq Stockholm and First North</i>					
No. transactions, %	17.6	18.2	19.2	17.3	19.7
Turnover, %	8.3	8.7	8.7	8.1	8.9
<i>The Swedish fund market (excl. PPM)</i>					
Net savings, %	6.9	24.3	13.1	N/A	19.5

Data on the Swedish savings market for the third quarter of 2022 was released in November. The Swedish savings market amounted to SEK 10,200 billion, a decrease of just over 9 per cent compared to a year earlier. The occupational pension market decreased by nearly 9 per cent to just over SEK 3,610 billion. During the same period, Avanza's savings capital decreased by 13 per cent and occupational pension capital decreased by nearly 1 per cent.

Avanza's share of the Swedish savings market was unchanged and amounted to 6.3 per cent. Savings capital on Avanza's platform is to a high extent invested in equities and funds, which have been negatively affected by the market. The market share of the net inflow for the 12-month period decreased to 10.7 per cent. Most net inflow to the savings market during the third quarter was occupational pensions, where Avanza's market share is lower. Fund shares reflected a continued outflow. Avanza's market share of the occupational pension market was unchanged at 1.2 per cent.

Market shares	Oct 2021- Sep 2022	Jul 2021- Jun 2022	Oct 2020- Sep 2021	Jan 2021- Dec 2021
<i>The Swedish savings market</i>				
Market share at the end of the period, %	6.3	6.3	6.6	7.0
Net inflow, % ¹⁾	10.7	13.0	17.8	17.2
<i>The Swedish life insurance market</i>				
Premium inflow, %	10.4	10.6	12.3	12.0
Premium inflow for non-collectively agreed occupational pension insurance, %	8.4	8.2	7.7	7.8

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

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

Statistics from Insurance Sweden show that Avanza's market share regarding non-collectively agreed occupational pensions regarding fund and deposit insurance amounted to 5.8 per cent per 31 December 2021, an increase from 5.1 per cent a year earlier. The previous year's reported market share has been adjusted since significant insurance portfolios are no longer included in statistics from Insurance Sweden. The statistics are published with a one-year lag.

Performance on targets 2022

- Won the Swedish Quality Index's award for Sweden's most satisfied savings customers for the thirteenth consecutive year.
- Employee Net Promoter Score of 58, which is lower than during the pandemic years but clearly above the target of at least 50.
- Achieved a market share of 6.3 per cent of the Swedish savings market per the third quarter, compared to the target of a market share of 10 per cent by the end of 2025. Market share statistics lag one quarter.
- Return on shareholders' equity amounted to 36 per cent, above the target of at least 35 per cent.
- The Board of Directors proposes a dividend of SEK 7.50 per share, corresponding to 70 per cent of profit for the year.
- The costs to savings capital ratio was 15 basis points, affected by the negative performance of the stock exchange. The target is a maximum of 12 basis points over time, and was set knowing that individual years could be impacted by market conditions.
- The share of capital in sustainable investments increased and the sustainability score decreased from 20.2 to 20.0, according to sustainability information from Morningstar. The aim is as low a score as possible on a scale of 0–100.
- Equality in savings is far from acceptable levels and women's share of the savings capital amounted to 25 per cent by the end of the year, while the share of women among Avanza's customers was 38 per cent (37).
- Net zero emissions: Avanza has during 2022 signed Business ambition for 1.5°C, committing to reduce its direct and indirect emissions by 40 per cent until 2030. Targets and roadmap are turned in to SBTi. Approval is expected during 2023, with 2021 set as the base year. Avanza's climate impact will be presented in the Annual and Sustainability Report 2022 as well as in the Climate Report 2022 at [avanza.se/ir](https://www.avanza.se/ir).

Launches and events during the quarter

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

After years of zero or negative interest rates, corporate customers can now open savings accounts with interest with Avanza. Corporate customers had not been able to open accounts through Avanza's external partners who only serve retail customers. The interest rate on the savings account was 1.50 per cent at the end of the quarter.

Customers can now bulk purchase their stocks. By choosing which stocks in their account and how many more they want to invest in, they can easily fill out their portfolio by buying collectively.

To make clear how customers' credit is affected by a purchase, they can now see when placing an order how much credit has been used for the purchase, how the purchase affects their debt and what the total loan-to-value ratio will be after the purchase.

The information on ETFs was improved by showing the 25 largest holdings in each fund along with clearer descriptions of investment approaches, distributions by industry, country exposure and dividend data.

To make it more convenient primarily for Private Banking customers and corporate customers, they can now sign powers of attorney digitally. This can also be done with pension transfers from companies that accept digital signatures. Digital signatures shorten lead times by a couple of weeks and make the process more efficient, simpler and more secure.

After requests from Finance Twitter, it was made possible to compare individual accounts to various indices of the choice of the customer.

In keeping with tradition, "Your 2022" by the numbers was launched for customers to track the performance of their holdings and how they did in relation to the average Avanza customer. Due to market conditions in 2022, the focus was on information and insight on previous market slumps, how to spread risks and the importance of thinking long-term.

In Corporate Finance, Avanza served as a financial adviser on rights issues by Flexion Mobile and Maven Wireless, and as a retail distributor in the IPOs by Cinis Fertilizer and LumenRadio.

Avanza's independent media company, Placera, relaunched its popular Forum for those who want to discuss stocks. The forum was redesigned and new functions were added. Authentication requirements were introduced as well in the form of Bank-ID, although it is still possible to participate using a pseudonym.

In the quarter, Avanza won the award for Sweden's most satisfied savings customers for the thirteenth year in a row in the Swedish Quality Index survey. In addition, the Pension Chase was named Transfer service of the year by Privata Affärer.

Avanza is also this year on Allbright's green list of the most gender-diverse public companies in Sweden.

Development of customers and savings capital

The number of customers grew by 12,700 in the quarter and amounted to a total of 1,776,700 as of 31 December. The share of women among new customers in 2022 was 42 per cent and made up 38 per cent of the total number of customers. Of the total number of customers, 8 per cent were occupational pension customers. Customer churn during 2022 was 1.8 per cent. The increase compared to the third quarter can mainly be attributed to the insurance portfolio transfer of collectively agreed occupational pensions to Futur Pension. Excluding this, customer churn was 1.5 per cent.

The number of average daily active users on the platform was nearly 340,000, holidays and weekends included.

The rise in share prices during the quarter affected the savings capital positively, which increased to SEK 664 billion. Net inflow in the quarter was negative and amounted to SEK -7.4 billion, of which SEK -2.4 billion were tied to the insurance portfolio transfer of collectively agreed occupational pensions to Futur Pension. Avanza has not been active within collectively agreed occupational pensions for the last seven years. In addition, SEK -4.4 billion related to an asset management firm which transferred their customers to its own custodian solution, this explains to a large extent the outflows in Private Banking. Net inflow for the full year amounted to SEK 24 billion, of which new customers accounted for 81 per cent compared to 50 per cent during 2021. Due to the market uncertainty and recent rate hikes, some corporate and Private Banking customers transferred liquid assets from Avanza to savings accounts with higher interest rates. On 1 January, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK), as well as endowment insurance.

Total recurring rolling 12-month monthly savings by Avanza's customers, excluding occupational pensions, amounted to SEK 1.5 billion, slightly lower compared to the previous quarter and a decrease from SEK 1.8 billion in December 2021. Recurring occupational pension premiums averaged SEK 334 million per month in the trailing 12-month period, an increase of 16 per cent compared to the corresponding period last year. The year's turbulent market conditions have also affected the net inflow of occupational pension transfers, which decreased by 15 per cent in the trailing 12 months compared to the previous 12-month period. On 1 July, pension transfer rights were expanded to include unit-linked insurance policies signed before 2007.

At the end of the quarter, close to 29 per cent of customers' capital was invested in funds, 1 percentage point higher compared to the beginning of the year. Just over 33 per cent was invested in Avanza's own funds. Total fund capital increased by 6 per cent during the quarter. Net inflow to funds was just over SEK 1 billion.

Customers total deposits, that is deposits as a percentage of the savings capital, was 14 per cent, compared to 11 per cent by the end of 2021. Margin lending decreased, while internally financed mortgage volumes were stable despite higher amortisations.

	2022	2022	Change	2021	Change	2022	2021	Change
Net inflow, SEK m	Q4	Q3	%	Q4	%	Jan-Dec	Jan-Dec	%
Standard	1,940	8,070	-76	18,640	-90	35,350	81,520	-57
Private Banking	-8,640	-2,150	-307	-540	-1,491	-11,500	8,170	-
Pro	-750	110	-	-200	-272	-250	110	-
Net inflow	-7,450	6,030	-	17,900	-	23,600	89,800	-74
Equity-, fund-, and savings accounts	-1,880	3,580	-	14,410	-	18,560	68,100	-73
Pension- & insurance-based accounts	-5,570	2,450	-	3,490	-	5,040	21,700	-77
of which endowment insurance	-4,840	1,250	-	1,830	-	1,760	15,600	-89
of which occupational pensions	1,600	1,340	19	1,540	4	5,740	5,470	5
Net inflow	-7,450	6,030	-	17,900	-	23,600	89,800	-74

Customers, savings capital and lending, SEK m	31-12-2022	30-09-2022	Change	31-12-2021	Change
			%		%
Standard, No.	1,741,530	1,729,460	1	1,627,050	7
Private Banking, No.	31,700	31,200	2	29,500	7
Pro, No.	3,470	3,340	4	3,550	-2
No. of customers	1,776,700	1,764,000	1	1,660,100	7
of which occupational pension customers, No.	148,300	143,200	4	127,200	17
Standard	377,200	364,200	4	461,400	-18
Private Banking	257,900	248,100	4	315,200	-18
Pro	28,800	27,600	4	33,000	-13
Savings capital	663,900	639,900	4	809,600	-18
Equity-, fund-, and savings accounts	476,200	457,800	4	581,700	-18
Pension- & insurance-based accounts	187,700	182,100	3	227,900	-18
of which endowment insurance	127,800	123,800	3	160,600	-20
of which occupational pensions	45,800	42,800	7	47,600	-4
Savings capital	663,900	639,900	4	809,600	-18
Equities, bonds, derivatives, etc.	377,700	359,500	5	495,100	-24
Mutual funds	191,700	180,300	6	225,100	-15
Deposits	94,500	100,100	-6	89,400	6
of which external deposits (Savings account+)	36,000	35,700	1	29,700	21
Savings capital	663,900	639,900	4	809,600	-18
Internally financed lending	19,300	20,200	-4	20,300	-5
of which margin lending	8,040	8,970	-10	10,100	-20
of which mortgages (Bolån PB)	11,200	11,200	-	10,200	10
External mortgages (Bolån+)	24,100	23,300	3	19,800	22
Lending	43,400	43,500	0	40,100	8
Return, average account since 1 Jan, %	-21	-24	3	24	-
OMX Stockholm GI since 1 Jan, %	-22	-30	8	39	-

Financial overview

	2022 Q4	2022 Q3	Change %	2021 Q4	Change %	2022 Jan-Dec	2021 Jan-Dec	Change %
Income Statement, SEK m								
Net brokerage income	196	216	-9	354	-45	956	1,456	-34
Fund commissions, net	137	141	-3	176	-22	577	661	-13
Currency-related income, net	65	80	-19	135	-52	364	625	-42
Net interest income	369	222	66	82	349	789	321	146
Other income, net	81	81	0	78	4	286	238	20
Operating income	847	740	14	824	3	2,973	3,301	-10
Personnel	-166	-141	18	-159	4	-636	-566	13
Marketing	-7	-8	-10	-7	-7	-28	-24	15
Depreciation	-21	-21	-1	-18	18	-81	-70	16
Other expenses	-79	-68	16	-68	16	-286	-204	40
Operating expenses before credit losses	-273	-238	15	-253	8	-1,031	-864	19
Profit before credit losses	574	503	14	571	0	1,941	2,437	-20
Credit losses, net	-1	0	-	0	-	-1	0	-
Operating profit	573	502	14	571	0	1,940	2,437	-20
Tax on profit for the period	-78	-69	14	-88	-11	-274	-390	-30
Profit for the period	494	433	14	483	2	1,666	2,047	-19
Key ratios								
Operating margin, %	68	68	0	69	-2	65	74	-9
Profit margin, %	58	59	0	59	0	56	62	-6
Return on shareholders' equity, %	42	42	1	41	1	36	50	-14
Earnings per share before dilution, SEK	3.16	2.78	14	3.11	2	10.69	13.19	-19
Earnings per share after dilution, SEK	3.15	2.78	13	3.06	3	10.67	13.00	-18
Credit loss level, %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income to savings capital ratio, %	0.52	0.46	0.06	0.43	0.09	0.42	0.47	-0.05
Costs to savings capital ratio, %	0.17	0.15	0.02	0.13	0.04	0.15	0.12	0.02
Savings capital per customer, SEK	373,650	362,780	3	487,670	-23	373,650	487,670	-23
Income per customer, SEK	1,910	1,690	13	2,030	-6	1,720	2,210	-22
Costs per customer, SEK	-620	-540	14	-620	-1	-600	-580	3
Net brokerage income/trading day, SEK m	3.1	3.3	-6	5.6	-45	3.8	5.8	-34
No. brokerage-generating notes/trading day	135,500	141,100	-4	219,800	-38	161,100	234,300	-31
Turnover in brokerage-generating securities/trading day, SEK m	3,670	3,520	4	6,030	-39	4,260	5,930	-28
Turnover in brokerage-generating foreign securities/trading day, SEK m	420	510	-18	910	-54	610	1,040	-41
Gross brokerage income/turnover in brokerage-generating securities, %	0.099	0.108	-0.010	0.106	-0.008	0.104	0.114	-0.010
No. trading days	63.5	66.0	-4	63.5	-	251.0	250.5	0
Investments, SEK m ¹	9	4	145	-28	-132	43	56	-23
Average no. employees	642	637	1	601	7	622	560	11
Platform availability, %	99.8	100.0	-0.2	99.8	-	99.9	99.9	-

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

Key ratios	31-12-2022	30-09-2022	Change %	31-12-2021	Change %
Shareholders' equity per share before dil., SEK	31.61	28.23	12	30.21	5
Outstanding no. shares before dilution, thousands	156,619	156,619	-	155,572	0.7
Outstanding no. shares after dilution, thousands	156,994	156,619	0.2	158,115	-0.7
No. shares upon full dilution, thousands	161,269	161,269	-	161,272	0.0
No. employees	635	649	-2	603	5
Share price, SEK	223.60	170.95	31	332.20	-33
Market capitalisation, SEK m	35,000	26,800	31	51,700	-32

Fourth quarter compared to the previous quarter

Operating profit for the fourth quarter increased by 14 per cent despite higher expenses, which are seasonally low in the third quarter.

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

Revenues

Operating income increased by 14 per cent compared to the previous quarter. Net interest income increased while other revenue lines decreased.

Net brokerage income decreased by 9 per cent as a result of lower gross brokerage income per brokerage-generating turnover, an 8 per cent decrease in brokerage-generating notes, as well as 2.5 fewer trading days in the quarter. The gross brokerage income per brokerage-generating turnover decreased from 10.8 to 9.9 basis points, a result of an increased share of trading by Private Banking and Pro customers which accounted for 25 per cent of the brokerage income. Brokerage-generating turnover was unchanged.

Net currency-related income decreased to SEK 65 million (80), a result of lower turnover in foreign securities. Turnover in brokerage-generating foreign securities decreased by 22 per cent and turnover in foreign funds decreased by 4 per cent. Brokerage-generating trading in foreign markets accounted for 11 per cent of total brokerage-generating turnover, just over 3 percentage points lower than in the previous quarter.

Net fund commissions decreased by 3 per cent due to lower average fund capital and lower income per SEK of fund capital. Income per SEK of fund capital decreased to just under 29 basis points at the end of the quarter. The share of fund capital in index funds increased slightly and remained at just under 40 per cent. Fund capital on 31 December was 6 per cent higher compared to the end of the third quarter. The net inflow to funds was just over SEK 1 billion.

Net interest income increased by 66 per cent, mainly as a result of higher market interest rates. The Riksbank raised its policy rate with 75 basis points to 2.5 per cent in late November. It was, however, primarily the policy rate hike of 100 basis points in late September that contributed to the revenue increase. Mainly the return on surplus liquidity tied to the bond portfolio, which has a 3M STIBOR, increased. The interest rate on internally financed mortgages fully tracks the policy rate, even if the effect of the latest policy rate hike of 75 basis points first takes effect from 1 February, in accordance with previous communication. The interest rate on margin lending was raised with 75 basis points on average in late September, and by an additional 35 basis points on 7 December. Volumes decreased by 10 per cent, however, and interest income from margin lending increased only slightly. The annualised average interest rate on internally financed lending amounted to 3.2 per cent in the fourth quarter. The resolution fee and deposit guarantee fee amounted to SEK 8 million (12), calculated on actual outcomes for 2022, which was lower than expected.

Other income was essentially unchanged. This mainly consists of income from Avanza Markets, which amounted to SEK 46 million (49), a decrease of 7 per cent because of lower customer activity. Income from stock lending increased and amounted to SEK 21 million (12). As previously communicated, the lending limit was raised from SEK 5 billion to SEK 10 billion during the third quarter, and the number of stocks included in the programme was increased. Income from Corporate Finance was SEK 5 million (1), a continued low level due to market uncertainty.

Operating expenses

Operating expenses increased by 15 per cent, mainly as a result of seasonally low personnel costs in the third quarter but also due to higher other expenses. Other expenses increased due to higher costs for external services and IT.

Credit losses

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

Taxes

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

Full year 2022 compared to full year 2021

Operating profit decreased by 20 per cent compared to the full year of 2021. Operating income decreased while operating expenses increased.

The operating margin decreased to 65 per cent and the return on shareholders' equity to 36 per cent.

Revenues

Operating income decreased by 10 per cent, which mainly was a result of a lower net brokerage income and net currency-related income. Fund commissions also decreased. Net interest income and other income increased.

Net brokerage income decreased by 34 per cent, which was due to lower activity and fewer brokerage-generating customers. The number of brokerage-generating notes decreased by 31 per cent and brokerage-generating turnover was 28 per cent lower. At the same time, gross brokerage income per SEK of turnover decreased from 11.4 to 10.4 basis points due to a higher share of brokerage income generated by Private Banking and Pro customers. The share of brokerage income generated within Private Banking and Pro was 24 per cent, compared to 18 per cent in 2021.

Net currency-related income decreased by 42 per cent as a result of lower turnover in brokerage-generating foreign securities, which decreased by 41 per cent and accounted for 14 per cent (18) of brokerage-generating turnover.

Net fund commissions decreased by 13 per cent due to lower income per SEK of fund capital, which decreased from 35 to 30 basis points. This was a result of a higher share of fund capital allocated in index funds. Additionally, fund capital decreased by 15 per cent compared to at 31 December 2021. A reduction in Avanza Auto's management fee of 15 basis points in the fourth quarter 2021 also contributed to the decrease.

Net interest income increased by 146 per cent, mainly because of higher market interest rates. The main contributor was income from surplus liquidity, where the return on the bond portfolio increased as a result of a higher STIBOR but also due to higher volumes. Income from internally financed mortgages increased as a result of the higher policy rate as well as larger volumes. The lending volume was 10 per cent higher than a year ago. Income from margin lending also increased, a result of a higher interest margin and despite lower average volumes during the period. As of 31 December 2022, volumes were 20 per cent lower than 31 December 2021. The annualised average interest rate on internally financed lending amounted to 2.4 per cent for 2022, compared

to 1.8 per cent for 2021. The resolution fee and deposit guarantee fee increased to SEK 44 million (42).

Other income increased by 20 per cent, mainly due to higher income from stock lending and Avanza Markets, while income from Corporate Finance decreased. Lower commission expenses also contributed to the increase. Income from Avanza Markets was SEK 182 million (159) due to higher compensation from Morgan Stanley and higher customer activity. Income from stock lending amounted to SEK 46 million (21). The lending limit was raised from SEK 5 billion to 10 billion in the third quarter, and the number of stocks included in the programme was increased. Income from Corporate Finance fell to SEK 11 million (89) due to fewer transactions as a result of the market turbulence. Expenses for payment service commissions decreased as a result of lower customer activity. Expenses for keyword optimisation also decreased.

Operating expenses

Operating expenses increased by 19 per cent to SEK 1,031 million, which was lower than the previously communicated full-year cost span of SEK 1,050 million to SEK 1,070 million. The cost outcome can mainly be attributed to lower than estimated costs for personnel and IT in the fourth quarter.

Compared to the full year 2021, mainly other expenses increased, a result of higher costs for external services and IT. A reversal of rental costs in the first quarter 2021 lowered other expenses by SEK 10 million, which also contributed to the increase in 2022. Personnel costs increased mainly due to more employees, primarily in development and customer support functions.

The costs to savings capital ratio increased to 15 basis points (12). In 2022, the measure was affected by market fluctuations in savings capital, which can occur in individual quarters and years. The long-term target to spotlight efficiency and the focus on costs remains at a maximum costs to savings capital ratio of 12 basis points over time. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

Costs for 2023 are not expected to exceed SEK 1,160 million. The estimate includes salary increases of 4 per cent from 1 January 2023. Personnel costs will also increase, due to the full-year effect of employees who began in 2022 as well as ongoing recruitments according to the people plan for 2022, and who have not yet begun their employment. IT expenses are also expected to increase, partly due to higher licensing costs. The full-year effect of the depreciation of the new backoffice system is contributing to higher costs as well.

Credit losses

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

Taxes

The effective tax rate decreased to 14.1 per cent (16.0) as a result of a higher share of revenues generated in the insurance company, where most revenues are taxed according to the laws applicable to life insurance companies, which reduces the effective tax rate.

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

Net interest income sensitivity

The policy rate was raised by 75 basis points to 2.5 per cent in late November. The year began with a policy rate of zero per cent which was raised for the first time in May. The Riksbank's forecast is that the policy rate will be further raised in the beginning of 2023 to nearly 3 per cent. The Riksbank's next rate decision will be announced on 9 February.

Changes in the policy rate affects the return on surplus liquidity which mainly is invested in covered bonds and as deposits with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending is comprised of mortgage loans to Private Banking customers and margin lending. Mortgage rates are directly tied to the policy rate, even if the effect of the latest policy rate hike of 75 basis points first takes effect from 1 February, in accordance with previous communication. The interest rate on margin lending is based on demand and the competitive landscape.

The cost-side of the net interest income mainly consists of interest payments on customer deposits. During 2022, interest on deposits was only offered on Avanza's own savings accounts since late September. The savings account primarily targets corporate customers and the interest rate was 1.5 per cent on 31 December 2022. On 1 January, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK), as well as endowment insurance.

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

All else being equal, without accounting for changes in 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 -270 million and SEK 580 million, based on volumes and rates by the end of the year and depending on how much will be shared with customers. The downside is lesser than the upside because of the current rate levels on deposits.

Seasonal effects

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

Future outlook

Conditions in the savings market changed dramatically in 2022. Interest in saving was higher than ever in 2021, but in 2022 customer activity and the net inflow both decreased as a result of macroeconomic conditions and market turbulence. The new macroeconomic situation requires adaptability and underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

- Sweden has a well-functioning stock market and a strong savings tradition with a high share of the population owning stocks and funds. While Avanza already has a high market share of the equity-owning population, there is still good growth potential. Everyone in Sweden with a bank account who understands the importance of saving is a potential customer. Avanza's growth ambition includes attracting broader target groups – experienced and established investors as well as new ones – and to attract a larger share of existing customers' savings with new products and services. Growth among new customers is expected to increase Avanza's share of fund savings, which along with the growth targets in pensions and mortgages reduces the sensitivity to market fluctuations.
- A long-term shift in society has left individuals with more responsibility for their personal finances. Everyone needs a cash buffer when unforeseen events occur. Savings are necessary at every stage of life. There is also a large gender savings gap. Women save relatively less and to a greater extent in savings accounts. At the same time, the number of female shareholders is increasing in Sweden and for Avanza. The savings capital held by women on Avanza's platform, however, only amounts to 25 per cent. Avanza expanded its efforts during the year to motivate and inspire more women to save.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and customer satisfaction are major strengths when new competition enters the savings market. Avanza's cost leadership and proven business model are also a strength.
- Avanza is well-positioned in terms of regulations on increased transparency, higher consumer protection and

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

- Avanza's no-fee pension offer, together with a broad offering and digital tools, are strong competitive advantages as transfer rights for unit-linked insurance policies are expanded and strengthened. New technology and Open Finance regulations at the same time pave the way for more tools and services to be developed.
- Within a few years, there will be a major transfer of assets from older to younger generations. The older generation has accumulated tremendous wealth, which will impact many younger people in a positive way, not to mention the future of the capital markets and demand for Avanza's services. Over the last ten-year period, Avanza has attracted a large share of young customers. While they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if Avanza continues to create attractive offers and gives them good reasons to stay on the platform. Avanza has a low churn of 1.5 per cent, excluding one-off effects.
- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are important factors as interest and demand for sustainable investments grow. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base and strong brand provides an attractive platform for interesting collaborations that can strengthen the customer offering and user experience.

For more information on long-term trends, see Avanza's Annual Report at [avanza.se/ir](https://www.avanza.se/ir). Also see page 13 for more on significant risks and uncertainty factors.

Nine quarters in summary

Quarterly overview, SEK m	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net brokerage income	196	216	215	328	354	330	334	439	291
Fund commissions, net	137	141	143	157	176	173	161	150	125
Currency-related income, net	65	80	86	133	135	114	129	247	114
Net interest income	369	222	115	83	82	83	80	76	73
Other income, net ¹	81	81	58	66	78	67	50	44	103
Operating income	847	740	618	768	824	767	754	957	706
Personnel	-166	-141	-170	-159	-159	-125	-145	-137	-135
Marketing	-7	-8	-5	-9	-7	-5	-3	-9	-5
Depreciation	-21	-21	-21	-18	-18	-18	-17	-17	-34
Other expenses	-79	-68	-77	-63	-68	-45	-51	-39	-48
Operating expenses before credit losses	-273	-238	-272	-249	-253	-192	-216	-202	-221
Credit losses, net	-1	0	-1	2	0	-1	-1	1	1
Operating profit	573	502	345	521	571	574	536	756	486
Adjusted operating profit²	573	502	345	521	571	574	536	746	439
Operating margin, %	68	68	56	68	69	75	71	79	69
Earnings per share before dil., SEK	3.16	2.78	1.90	2.85	3.11	3.10	2.91	4.08	2.70
Shareholders' equity per share before dilution, SEK	31.61	28.23	25.00	32.78	30.21	30.04	26.58	23.68	20.47
Return on shareholders' equity, %	42	42	26	36	41	44	46	74	58
Net inflow	-7,450	6,030	8,400	16,600	17,900	18,400	22,900	30,500	18,700
No. of new customers, net	12,700	24,100	19,700	60,100	71,800	70,100	85,100	152,800	85,600
No. of customers at the end of the period	1,776,700	1,764,000	1,739,900	1,720,200	1,660,100	1,588,400	1,518,200	1,433,200	1,280,300
Savings capital at the end of the period	663,900	639,900	652,700	740,900	809,600	735,000	713,600	653,900	570,500
Income to savings capital ratio, %	0.52	0.46	0.35	0.40	0.43	0.42	0.44	0.63	0.52
Costs to savings capital ratio, %	0.17	0.15	0.16	0.13	0.13	0.11	0.13	0.13	0.16

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

2) See table Items affecting comparability.

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

Financial position

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

Surplus liquidity is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, and to a lesser extent bonds issued by the Swedish government and municipalities.

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

All lending is secured by listed securities or pledges on houses or tenant-owned apartments. Between 2001 and the fourth quarter 2022, actual and expected credit losses amounted to SEK 16 million, or an average of 0.02 per cent per year.

Significant risks and uncertainty factors

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

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

The Swedish financial market has performed strongly for many years with a high savings ratio. The last year's rising inflation, higher energy prices and higher interest rates have affected, and could increasingly affect, the ability of households to save. If the new savings pattern persists, there is a risk that it could hurt the financial sector. From a historical perspective, however, the household savings ratio has always recovered over time.

At the same time, the market turbulence has negatively impacted the willingness to take risk and, as a result, stock market activity. Together with higher deposit rates, this could lead to capital transfers from risk assets to savings accounts, even outside Avanza, which to some extent has happened among Private Banking customers.

Market uncertainty and the changing macroeconomic factors could also impact Avanza's credit risk. Particularly, Russia's invasion of Ukraine and the imposed sanctions have affected, and risk further affecting, the financial markets negatively. The financial impact on Avanza is very limited and there are no credit losses. Avanza actively monitors risk and the credit risk in margin lending is not assessed to have increased during the recent turbulence. The risk of higher credit losses due to the lower repayment capacity of borrowers is still considered very low in both margin lending and mortgage loans and has not been evident among Avanza's customers.

Avanza holds no Russian or Ukrainian collateralised securities, nor any other exposure to these countries. Avanza's

own fund company has no exposure to Russia or Ukraine. Some customers have holdings in Russia funds which are managed in accordance with industry praxis.

For more information on risks in the savings market, see the Annual Report.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) and the Swedish Financial Supervisory Authority (SFSA) due to a potential breach of the General Data Protection Regulation (GDPR). This was after Avanza inadvertently activated functions which enabled Facebook to collect personal data from Avanza's website in encrypted form. Facebook has confirmed that the information has not been used for its own or other firms' commercial purposes and that the data has been deleted. If Facebook has used the information, which we do not know, it was only related to Avanza's own marketing. Avanza immediately shut down the functions once the error was detected. Avanza's assessment is that no customers were put at harm. In the first quarter 2022, the SFSA announced that it is not opening an investigation. The case by the Swedish Authority for Privacy Protection is under way and it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group and does not conduct any operations beside the role as owner of its subsidiaries. The Parent Company does not report any revenues. The operating result for 2022 was SEK –34 million (–30). Anticipated dividends from subsidiaries of SEK 1,205 million (1,380) were recognised for 2022.

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

Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a 3 per cent leverage ratio, which was introduced on 30 June 2021. Additionally, the SFSA informed Avanza on 30 September 2022 of Pillar 2 guidance for an additional 0.9 per cent – fully in line with previous announced expectations. The leverage ratio is mainly driven by changes in customers deposits. As of 31 December, Avanza's leverage ratio for the consolidated situation was 5.5 per cent. This means that deposits can increase by SEK 25 billion without risking to fall short of the requirement of 3.9 per cent. Due to the fact that the margin to the leverage ratio requirement is adequate, a decision was made to delay the issuance of additional Tier 1 capital.

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

Financial position ¹	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Common Equity Tier 1 (CET1) capital, SEK m	3,402	3,148	2,979	3,000	2,966	2,799	2,647	2,410	2,427
Total capital, SEK m	3,402	3,148	2,979	3,000	2,966	2,799	2,647	2,410	2,427
Common Equity Tier 1 ratio, %	26.2	25.3	24.0	23.1	24.0	26.2	25.0	23.9	24.4
Total capital ratio, %	26.2	25.3	24.0	23.1	24.0	26.2	25.0	23.9	24.4
Total risk-based capital requirement, % ³	15.1	15.1	12.6	12.5	12.6	12.9	13.0	13.1	13.1
Leverage ratio, % ^{2,3}	5.5	4.6	4.4	4.5	4.8	4.5	4.7	4.3	4.9

1) Refers to the consolidated situation.

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

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

Other corporate events

Executive Management

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

Annual General Meeting 2022

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

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

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

The proposed dividend of SEK 9.20 per share was approved.

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

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

Incentive programmes

The incentive programmes resolved by the Annual General Meeting on 19 March 2019 had an exercise period from 26 August 2022 to 1 September 2022. After recalculation, the exercise price was SEK 91.40 per share and a total of 1,047,269 shares were subscribed and have been issued. As of 31 December 2022, there were 156,619,027 registered and outstanding shares.

The Annual General Meeting 2021 approved three new incentive programmes based on warrants (2021/2024, 2022/2025 and 2023/2026). Each programme extends for three years and comprises a maximum of 1,200,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, each incentive program will result in maximum dilution of 0.77 per cent. The 2022/2025 programme, which was subscribed in 2022, has an exercise price of SEK 209.03 and the expiration date is 27 November 2025. The warrant programme has been implemented on market terms.

Repurchase of the company's own shares

The Board of Directors was authorised by the Annual General Meeting 2022 to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased in 2022 and no repurchased shares were held as of 31 December 2022.

Transactions with associated parties

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

Annual General Meeting 2023

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

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

Nomination committee

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

Significant events after the end of the reporting period

Peter Strömberg, Chief Product & Tech Officer and a member of Group Management, has announced that he will be leaving Avanza. Peter resigned from his position in Group Management on 16 January, but will remain on the job through 30 April. The recruitment of a new CPTO has begun.

Dividend

The Board of Directors is proposing a dividend of SEK 7.50 per share (9.20), representing 70 per cent (70) of profit for 2022. The policy 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.

Consolidated Income Statement

SEK m	Note	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Operating income					
Commission income	1, 2	564	847	2,512	3,419
Commission expenses	3	-89	-105	-331	-439
Interest income calculated using the effective interest method		412	115	935	428
Other interest and similar income		1	-	1	-
Interest expenses		-44	-32	-147	-106
Net result of financial transactions		0	1	-1	0
Other operating income		4	-	4	-
Total operating income		847	824	2,973	3,301
Operating expenses					
General administrative expenses		-239	-223	-900	-753
Depreciation		-21	-18	-81	-70
Other operating expenses		-13	-12	-50	-41
Total operating expenses before credit losses		-273	-253	-1,031	-864
Operating profit before credit losses		574	571	1,941	2,437
Credit losses, net		-1	0	-1	0
Operating profit		573	571	1,940	2,437
Tax on profit for the period		-78	-88	-274	-390
Profit for the period¹		494	483	1,666	2,047
Earnings per share before dilution, SEK		3.16	3.11	10.69	13.19
Earnings per share after dilution, SEK		3.15	3.06	10.67	13.00
Average no. shares before dilution, thousands		156,619	155,572	155,916	155,150
Average no. shares after dilution, thousands		156,785	158,127	156,209	157,456

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

Consolidated statement of other comprehensive income

SEK m	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Profit for the period	494	483	1,666	2,047
<i>Items that will be reversed to the Income Statement</i>				
Changes in value of financial instruments ¹	44	3	-116	-3
Tax on changes in value of financial instruments ¹	-9	-1	24	1
Total other comprehensive income after tax	35	2	-92	-3
Total profit or loss and other comprehensive income after tax²	530	486	1,574	2,044

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

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

Consolidated Balance Sheet, condensed

SEK m	Note	31-12-2022	31-12-2021
Assets			
Cash and balances with central banks		4,915	2,939
Treasury bills eligible for refinancing		802	2,523
Loans to credit institutions	4	2,052	2,508
Loans to the public	5	19,259	20,300
Bonds		31,789	25,854
Shares and participations		237	237
Assets in insurance operations		180,337	218,990
Intangible fixed assets		107	107
Right-of-use assets		87	120
Tangible fixed assets		60	61
Other assets		837	4,952
Prepaid expenses and accrued income		608	491
Total assets		241,091	279,082
Liabilities and shareholders' equity			
Deposits and borrowing from the public		54,308	53,659
Liabilities in insurance operations		180,339	218,992
Lease liability		83	122
Other liabilities		1,260	1,442
Accrued expenses and deferred income		150	167
Shareholders' equity		4,951	4,700
Total liabilities and shareholders' equity		241,091	279,082

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - December 2021					
Shareholders' equity 31-12-2020	77	564	159	2,372	3,172
Profit after tax reported in the income statement	-	-	-	2,047	2,047
Other comprehensive income for the period	-	-	-3	-	-3
Total comprehensive income for the period	-	-	-3	2,047	2,044
Transactions with owners					
Dividend paid	-	-161	-	-430	-591
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	11	-	-	11
Shareholders' equity 31-12-2021	78	477	157	3,989	4,700
January - December 2022					
Shareholders' equity 31-12-2021	78	477	157	3,989	4,700
Profit after tax reported in the income statement	-	-	-	1,666	1,666
Other comprehensive income for the period	-	-	-92	-	-92
Total comprehensive income for the period	-	-	-92	1,666	1,574
Transactions with owners					
Dividend paid	-	-	-	-1,431	-1,431
New issue (exercise of share warrants)	1	90	-	5	96
Warrants issue	-	12	-	-	12
Shareholders' equity 31-12-2022	78	579	65	4,229	4,951

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

Consolidated Cash Flow Statement, condensed

SEK m	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Operating activities				
Operating profit	573	571	1,940	2,437
Adjustment for items not included in cash flow	22	18	83	73
Taxes paid	310	358	3,751	-2,653
Changes in operating activities' assets and liabilities	-3,103	-402	1,875	4,671
Cash flow from operating activities	-2,199	545	7,649	4,528
Investment operations				
Acquisition and disposals of intangible and tangible fixed asset	-9	28	-43	-56
Investment in treasury bills eligible for refinancing	1,259	-394	1,721	-2,278
Investment in bonds	363	510	-6,052	-285
Cash flow from investment operations	1,613	144	-4,374	-2,619
Financial operations				
Amortisation lease liability	-11	-10	-40	-37
Cash dividend	-	-459	-1,431	-591
New issue (exercise of share warrants)	-	-	96	63
Warrants issue	-	-	12	11
Cash flow from financial operations	-11	-469	-1,363	-554
Cash flow for the period	-596	221	1,912	1,355
Liquid assets at the beginning of the period ¹	7,538	4,809	5,030	3,675
Liquid assets at the end of the period ¹	6,942	5,030	6,942	5,030
Change	-596	221	1,912	1,355

1) Liquid assets are defined as cash and balances with central banks as well as loans to credit institutions excluding pledged assets. At the end of the period SEK 25 million (SEK 417m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement, condensed

SEK m	2022 Jan-Dec	2021 Jan-Dec
Operating expenses		
Administration expenses	-21	-19
Other operating expenses	-13	-10
Operating profit/loss	-34	-30
Profit/loss from financial investments		
Profit/loss from participations in Group companies	1,205	1,750
Interest income and similar items	0	-
Interest expenses and similar items	0	0
Profit/loss before tax and appropriations	1,171	1,720
Appropriations		
Group contribution	74	65
Profit/loss before tax	1,245	1,786
Tax on profit/loss for the period	-8	-8
Profit/loss for the period	1,237	1,778

Parent Company statement of comprehensive income

SEK m	2022 Jan-Dec	2021 Jan-Dec
Profit/loss for the period	1,237	1,778
Total other comprehensive income after tax	-	-
Total profit/loss and other comprehensive income after tax	1,237	1,778

Parent Company Balance Sheet, condensed

SEK m	31-12-2022	31-12-2021
Assets		
Financial fixed assets	663	663
Current receivables ¹	1,331	1,432
Cash and bank balances	6	5
Total assets	2,000	2,100
Shareholders' equity and liabilities		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	1,903	2,002
Current liabilities	19	20
Total shareholders' equity and liabilities	2,000	2,100

1) Of which receivables from subsidiaries SEK 1,321 million (SEK 1,428m as of 31 December 2021).

Notes

Accounting principles

The Preliminary Financial Statement for the Group has been prepared in accordance with IAS 34 Interim Reporting, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulations and general guidelines issued by the Swedish Financial Supervisory Authority regarding annual reports at credit institutions and securities companies (FFFS 2008:25) and with the recommendation RFR 1 Complementary accounting rules for groups. The Preliminary Financial Statement for the Parent Company has been prepared in accordance with the provisions of the Swedish Annual Accounts Act (1995:1544). Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR 2) has been applied.

The accounting principles and calculation methods for both the Group and the Parent Company are unchanged from those applied in the Annual Report 2021.

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

Note 1 Revenue from contracts with customers

SEK m	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Trading in commission-generating securities	288	531	1,438	2,260
Fund savings	149	192	635	735
Corporate services	5	23	11	89
Other commission income	123	101	429	335
Total	564	847	2,512	3,419
<i>Timing of revenue recognition</i>				
Service or goods transferred to customer at a specific point in time	564	847	2,512	3,419
Service or goods transferred to customer over time	-	-	-	-
Total	564	847	2,512	3,419

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

Note 2 Commission income

SEK m	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Brokerage income	230	406	1,111	1,690
Fund commissions	142	181	596	679
Currency-related income	65	135	365	626
Other commission income ¹	128	124	439	424
Total	564	847	2,512	3,419

1) Includes mainly income from Avanza Markets, but also from Corporate Finance, stock lending, compensation for distribution, advertising sales, subscriptions and customers' add-on services.

Note 3 Commission expenses

SEK m	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Transaction costs ¹	-34	-52	-156	-234
Payment services commissions	-22	-29	-91	-118
Other commission expenses ²	-33	-24	-84	-88
Total	-89	-105	-331	-439

1) Costs directly related to brokerage income.

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

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,667 million (SEK 1,540m as of 31 December 2021) which are reported net against client fund payables of SEK 1,667 million (SEK 1,540m as of 31 December 2021). Of the liquid assets of SEK 6,966 million as per the end of the period, SEK 25 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

Note 5 Lending to the public

Lending to the public is reported after deduction of realised and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 9 million (SEK 9m as of 31 December 2021). The parameters in the models for expected credit losses (IFRS 9) were re-evaluated in the fourth quarter due to the change in macroeconomic conditions. During the second half of 2022, a previously expected credit loss from 2011 of SEK 1 million was realised and which consequently decreased the accumulated provision for expected credit losses. This, along with the re-evaluation of the parameters in the models for expected credit losses that happened during the fourth quarter 2022, with the result that the provision for expected credit losses increased, explains why the accumulated provision for expected credit losses was affected by SEK 0 million in 2022.

Lending to the public amounted to SEK 19,259 million, of which SEK 8,037 million (SEK 10,076m as of 31 December 2021) with collateral in the form of securities and SEK 11,222 million (SEK 10,224m as of 31 December 2021) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 13,081 million (SEK 11,476m as of 31 December 2021) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,853 million (SEK 1,247m as of 31 December 2021).

Note 6 Financial instruments

Classification of financial instruments

31-12-2022 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
Assets					
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	-	23,343 ¹	8,446	-	31,789
Shares and participations	0	-	237	-	237
Assets in insurance operations	166,085	14,253	-	-	180,337
Intangible fixed assets	-	-	-	107	107
Right-of-use asset	-	-	-	87	87
Tangible assets	-	-	-	60	60
Other assets	-	837	-	-	837
Prepaid expenses and accrued income	-	484	-	124	608
Total assets	166,085	65,944	8,683	379	241,091
Liabilities					
Deposits and borrowing 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
Total liabilities	180,337	54,993	-	809	236,140

1) Fair value amounts to SEK 23,224 million.

Financial instruments valued at fair value

31-12-2022, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	95,368	–	237	95,605
Fund units	67,930	–	–	67,930
Bonds and other interest-bearing securities	10,226	3	–	10,229
Other securities	1,000	4	–	1,003
Total assets	174,524	7	237	174,768
Liabilities				
Liabilities in insurance operations (investment agreements)	–	180,337	–	180,337
Total liabilities	–	180,337	–	180,337

Fair value

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

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

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

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

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

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

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

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

Note 7 Capital requirement for the financial conglomerate

The table below refers to the financial conglomerate, which includes Avanza Bank Holding AB (publ) and all of its subsidiary companies Avanza Bank AB (publ), Försäkringsaktiebolaget Avanza Pension, Avanza Fonder AB, Placera Media Stockholm AB and Avanza Förvaltning AB. The financial conglomerate's own funds and capital requirement have been calculated using the consolidation method (fully consolidated).

SEK m	31-12-2022	31-12-2021
Own funds per sector		
Own funds for regulated units in the insurance sector ¹	3,006	3,055
Own funds for regulated units within the banking and investment services sector	2,990	2,712
Total own funds	5,996	5,767
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹	1,795	2,229
Capital requirement for regulated units within the banking and investment services sector	1,863	1,435
Total capital requirement	3,658	3,664
Capital surplus	2,338	2,103
Own funds/Capital requirement	1.64	1.57

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

Note 8 Capital adequacy and liquidity information

The information in this section refers to the consolidated situation, which consists of Avanza Bank Holding AB (publ), Avanza Bank AB (publ) and Avanza Fonder AB and presents the aggregate capital requirement and own funds. Disclosures are provided in accordance with the Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers, the general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, and Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and the regulation (FFFS 2010:7) on managing liquidity risks for credit institutions and securities companies. Further information provided annually can be found at www.avanza.se/ir.

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

The SFSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2022. In conjunction, the SFSA decided on a risk-based Pillar 2 requirement of total 3.59 per cent for the consolidated situation distributed between credit related concentration risk (0.96 per cent) and interest rate risk in the banking book (2.63 per cent). Three quarters of the capital requirement shall be covered by Tier 1 capital, of which at least three quarters must be Common Equity Tier 1 capital. Furthermore, the SFSA has informed Avanza regarding the Pillar 2-guidance concerning leverage ratio, 0.9 per cent on group level, beyond the minimum requirement for the leverage ratio of 3.0 per cent. The guidance must be covered by CET1 capital. Common Equity Tier-1. The liquidity buffer applied in calculating the LCR at the Group level, may consist of at most 50 percent covered bonds issued by Swedish issuing institutes. Avanza is highly liquid with a liquidity coverage ratio well above the requirement.

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

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

Own funds, SEK m	31-12-2022	31-12-2021
Common Equity Tier 1 (CET1) capital		
Shareholders' equity according to the balance sheet	4,694	4,514
Foreseeable dividend	-1,175	-1,431
Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,519	3,083
Additional value adjustments	-9	-9
Intangible assets (net of related tax liability)	-107	-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)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-117	-117
Common Equity Tier 1 (CET1) capital	3,402	2,966
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	3,402	2,966
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	3,402	2,966

Risk exposure amount and capital requirement, SEK m	31-12-2022		31-12-2021	
Risk exposure amount				
Credit risk according to the standardised approach	9,182		9,492	
of which exposures to institutions	396		493	
of which exposures to corporates	83		123	
of which retail exposures	320		623	
of which exposures secured by mortgages on immovable property	3,959		3,606	
of which exposures in default risk weight	44		5	
of which exposures to covered bonds	3,016		2,480	
of which exposures to equity	689		689	
of which exposures to other items	676		1,474	
Market risk (position risk)	0		0	
Settlement risk	3		0	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	3,812		2,844	
Total risk exposure amount	12,998		12,336	
Capital requirement				
Credit risk according to the standardised approach	735	5.7%	759	6.2%
of which exposures to institutions	32	0.2%	39	0.3%
of which exposures to corporates	7	0.1%	10	0.1%
of which retail exposures	26	0.2%	50	0.4%
of which exposures secured by mortgages on immovable property	317	2.4%	288	2.3%
of which exposures in default	4	0.0%	0	0.0%
of which exposures in the form of covered bonds	241	1.9%	198	1.6%
of which equity exposures	55	0.4%	55	0.4%
of which other items	54	0.4%	118	1.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	–	0.0%
Operational risk according to the standardised approach	305	2.3%	227	1.8%
Capital requirement	1,040	8.0%	987	8.0%
Total own funds	3,402	26.2%	2,966	24.0%
Minimum own funds requirement (Pillar 1)	1,040	8.0%	987	8.0%
Combined buffer requirement	455	3.5%	308	2.5%
Additional own funds requirement (Pillar 2) ¹	467	3.6%	260	2.1%
Pillar 2 guidance	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	1,961	15.1%	1,555	12.6%
Capital surplus after risk-based capital requirement	1,441	11.1%	1,411	11.4%
Leverage ratio				
Leverage ratio total exposure measure	62,464		62,317	
Leverage ratio, %	5.5%		4.8%	
Tier 1 capital	3,402	5.5%	2,966	4.8%
Minimum own funds requirement (Pillar 1)	1,874	3.0%	1,870	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	562	0.9%	–	–
Total leverage ratio requirement (desired level of own funds)	2,436	3.9%	1,870	3.0%
Capital surplus after leverage ratio requirement	966	1.5%	1,096	1.8%

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

Financial reports

Key metrics, SEK m		31-12-2022	30-09-2022	30-06-2022	31-03-2022	31-12-2021
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	3,402	3,148	2,979	3,000	2,966
2	Tier 1 capital	3,402	3,148	2,979	3,000	2,966
3	Total capital	3,402	3,148	2,979	3,000	2,966
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	12,998	12,448	12,395	12,979	12,336
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	26.2%	25.3%	24.0%	23.1%	24.0%
6	Tier 1 ratio (%)	26.2%	25.3%	24.0%	23.1%	24.0%
7	Total capital ratio (%)	26.2%	25.3%	24.0%	23.1%	24.0%
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 (%)	3.6%	3.6%	2.1%	2.0%	2.1%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.0%	2.0%	1.2%	1.1%	1.2%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.7%	2.7%	1.6%	1.5%	1.6%
EU 7d	Total SREP own funds requirements (%)	11.6%	11.6%	10.1%	10.0%	10.1%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	1.0%	1.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	3.5%	3.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	15.1%	15.1%	12.6%	12.5%	12.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.6%	13.7%	13.9%	13.1%	13.9%
Leverage ratio						
13	Leverage ratio total exposure measure	62,464	67,844	67,061	67,442	62,317
14	Leverage ratio (%)	5.5%	4.6%	4.4%	4.5%	4.8%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	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%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	17,464	18,169	17,539	16,833	16,236
EU 16a	Cash outflows - Total weighted value	6,687	6,552	6,322	6,044	5,665
EU 16b	Cash inflows - Total weighted value	4,303	5,321	6,349	6,777	6,030
16	Total net cash outflows (adjusted value)	3,075	2,545	1,931	1,511	1,436
17	Liquidity coverage ratio (%)	649%	820%	962%	1061%	1035%
Net Stable Funding Ratio						
18	Total available stable funding	51,878	55,050	54,877	53,670	50,814
19	Total required stable funding	29,317	31,104	31,773	32,766	27,590
20	NSFR ratio (%)	177%	177%	173%	164%	184%

Internal capital requirement in pillar 2		31-12-2022	31-12-2021
Credit-related concentration risk			
Industry concentration		50	49
Geographical concentration		59	61
Name concentration		8	7
Total credit-related concentration risk		117	118
Interest rate risks and other market risks in ancillary activities - credit spread		275	77
Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)		236	140
Pension risk		-	-
Total internal capital requirement in pillar 2		628	335

Additional information on liquidity

Pursuant to FFFS 2010:7, Avanza reports its liquidity risk positions. Liquidity risk is the risk that Avanza cannot meet its payment obligations at maturity without the cost of obtaining means of payment rising significantly. Avanza's payment obligations mainly come from the deposits that Avanza Bank's customers do not place in various financial instruments or products. When this occurs, deposits arise that Avanza manages.

To manage the liquidity, Avanza's Board of Directors has established internal rules on selecting and approving counterparties as well as investment alternatives and maturities. The distribution of responsibilities and reporting have also mainly been predetermined.

The liquidity reserve is financed by deposits from the public and on equity. Avanza's liquidity is invested in covered bonds, bonds and issued by the Swedish government or Swedish municipalities. A smaller percentage is invested in systematically important Nordic banks and the Riksbank. Avanza Bank AB is a member of the Swedish Riksbank.

Avanza does not engage in proprietary trading in securities and all interest-bearing financial instruments are held to maturity. The overarching concern in liquidity management is that Avanza's customers can get their deposits back at any time. As a result, deposits are distributed across various counterparties, instruments and maturities, so that the portfolio matures consistently over time. Avanza's payment obligations are in SEK and surplus liquidity is therefore invested in SEK. Avanza does not take currency risk.

Liquidity reserve, SEKm	31-12-2022	31-12-2021
Liquid assets	6,376	4,421
Covered bonds and securities issued by governments and municipalities	29,090	26,609
Total liquid assets	35,466	31,029
Sources of funding, SEKm	31-12-2022	31-12-2021
Deposits and borrowing from the public	54,308	53,659
Lease liability	83	122
Other liabilities	1,306	2,057
Accrued expenses and deferred income	140	158
Shareholders' equity	4,694	4,514
Total liabilities and shareholders' equity	60,531	60,510

The Board of Directors and the CEO ensures that the Preliminary Financial Statement gives a fair overview of the company and Group activities, balance and results, and describes the material risks and uncertainties that the company and the companies of the Group is facing.

Stockholm, 19 January 2023

Sven Hagströmer
Chairman of the board

Magnus Dybeck
Member of the board

Catharina Eklöf
Member of the board

Jonas Hagströmer
Member of the board

Linda Hellström
Member of the board

Johan Roos
Member of the board

Sofia Sundström
Member of the board

Hans Toll
Member of the board

Leemon Wu
Member of the board

Rikard Josefson
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This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CET) on 20 January 2023.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 20 January 2023 at 10.00 (CET). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at avanza.se/ir. Further information and registration for participation is available at investors.avanza.se/en/ir/calendar/upcoming-events.

This report has not been subject to review by the company's auditors.

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

This Preliminary Financial Statement is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

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Corporate web: avanza.se/ir

Upcoming publication dates for monthly statistics

January 2023	3 February 2023
February 2023	3 March 2023
March 2023	5 April 2023

Financial calendar

Annual and Sustainability Report 2022	24 February 2023
Annual General Meeting	30 March 2023
Interim Report January – March	24 April 2023
Interim Report January – June	14 July 2023
Interim Report January – September	19 October 2023

Definitions

The measures and key ratios used in the financial report are defined below. Some key ratios are alternative performance measures (APM), which are financial measures that are not defined within IFRS or other applicable regulations such as capital adequacy and solvency. APM are applicable when relevant to describe Avanza's operations and financial situation. APM are not directly comparable to other corporations. Financial key ratios and APM are described in the note references below.

Client funds²⁾

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 customer²⁾

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

Costs to savings capital ratio²⁾

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

Credit loss level¹⁾

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

Currency related income, net²⁾

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

Customer²⁾

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

Deposits²⁾

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

Earnings per share¹⁾

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

eNPS

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

Equity per share²⁾

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

External deposits²⁾

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

External mortgages²⁾

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

Fund commissions, net²⁾

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

Gross brokerage income/Turnover in brokerage-generating securities²⁾

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 customer²⁾

Operating income in relation to the average number of customers during the period. The ratio shows the effect of trading activity, trading in various brokerage fee classes and price changes.

Income to savings capital ratio²⁾

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

Internally financed lending²⁾

Lending to the public as per the balance sheet less the portion which is covered in its entirety by cash pledged on endowment insurance accounts, without deducting provisions for expected credit losses.

Leverage Ratio³⁾

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

Note²⁾

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

Net brokerage income²⁾

Gross brokerage income less direct costs.

Net inflow²⁾

Deposits, less withdrawals, of liquid assets and securities.

Operating margin²⁾

Operating profit/loss in relation to operating income.

Own funds³⁾

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

P/E ratio²⁾

Share price in relation to earnings per share.

Profit margin²⁾

Profit/loss after tax in relation to operating income.

Return on shareholders' equity²⁾

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

Savings capital²⁾

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

Savings capital per customer²⁾

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

Solvency capital³⁾

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

Solvency capital requirement³⁾

Estimated capital requirements under Solvency 2 rules.

The Swedish savings market

Total capital in the Swedish savings market according to Statistics Sweden's Savings Barometer, less Avanza's unaddressable assets. The data are published with a quarterly lag.

The Swedish life insurance market

Total capital in the occupational pension market according to Statistics Sweden's Savings Barometer. Premium inflow according to data from Insurance Sweden. Non-collective agreement occupational private pension adjusted for undistributed premiums in plan agreements. The data are published with a quarterly lag.

Turnover²⁾

Turnover in security trading.

1. Financial key ratios that are directly cited in the financial reports.

2. Financial or other key ratios that can be traced in Avanza's Excel spreadsheets with financial histories, published quarterly on avanza.se/keydata.

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