

# Interim Report January–June 2022

## Second quarter 2022 compared to second quarter 2021

- **Operating income** decreased by 18 per cent to SEK 618 million. Mainly net brokerage income and net currency-related income decreased, a result of lower trading activity. Net interest income increased due to higher market interest rates. The Riksbank raised its policy rate by 25 basis points in early May
- **Operating expenses** increased by 26 per cent to SEK 272 million, mainly due to higher other expenses and personnel costs. As previously announced, the full-year costs are estimated at between SEK 1,050 million and SEK 1,070 million
- **Operating profit** amounted to SEK 345 million, a decrease of 36 per cent
- **Profit for the period** was SEK 296 million, a decrease of 34 per cent

## Events during the quarter

- The new backoffice system was implemented in mid-April, enabling Avanza to increase efficiency at the same time that the scalability of product development is improved
- Avanza was the highest-ranking bank and shared fifth place for all companies in Kantar Sifo's branding survey 2022
- In Universum's annual survey of Sweden's most attractive employers for students, Avanza improved its ranking to third in Business and Economics
- The letter of intent on a potential partnership with Safello to distribute crypto assets was terminated pending clearer crypto regulations
- Avanza signed the Business ambition for 1.5 °C to set science-based climate targets validated by the Science Based Targets initiative
- Monthly statistics will from now on be published the third bankday, see page 22

### No. of customers

**+15%**

Total 1,739,900

### Savings capital

**-9%**

Total SEK 653 bn

*"The macro environment in the second quarter created a challenging savings climate that affected both customers and Avanza. The uncertainty was reflected in customer activity, which remained cautious. Despite the macroeconomic conditions, there is still a great need for private savings, which also is reflected in the average monthly recurring savings on the platform of SEK 1.6 billion. The positive standout from a revenue perspective was net interest income, which increased sharply as a result of the higher policy rate," says CEO Rikard Josefson.*

	Q2 2022	Q1 2022	Change %	Q2 2021	Change %	Jan-Jun 2022	Jan-Jun 2021	Change %
Operating income, SEK m	618	768	-20	754	-18	1,385	1,710	-19
Operating expenses, SEK m	-272	-249	9	-216	26	-520	-419	24
Operating profit, SEK m	345	521	-34	536	-36	865	1,292	-33
Profit for the period, SEK m	296	443	-33	451	-34	739	1,082	-32
Earnings per share before dilution, SEK	1.90	2.85	-33	2.91	-35	4.75	6.98	-32
Operating margin, %	56	68	-12	71	-15	62	76	-13
Return on shareholders' equity, %	26	36	-10	46	-20	32	59	-27
Net inflow, SEK m	8,400	16,600	-49	22,900	-63	25,000	53,500	-53
No. of new customers (net)	19,700	60,100	-67	85,100	-77	79,800	237,900	-66
No. of customers at the end of the period	1,739,900	1,720,200	1	1,518,200	15	1,739,900	1,518,200	15
Savings capital at the end of the period, SEK m	652,700	740,900	-12	713,600	-9	652,700	713,600	-9
Income to savings capital ratio, %	0.35	0.40	-0.04	0.44	-0.09	0.38	0.53	-0.15
Costs to savings capital ratio, %	0.16	0.13	0.03	0.13	0.03	0.14	0.13	0.01

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 23.

# Avanza in brief

## This is Avanza

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

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

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

## An investment in growth

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

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

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

## Vision & business model

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

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

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

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

## Long-term targets 2025

### Satisfied customers

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

### Engaged employees

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

### Value growth

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

### Sustainability

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

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



## CEO comment

### **A challenging macroeconomic environment for both customers and Avanza**

The first half of 2022 has shown dramatic changes in the macroeconomic environment. We have the highest inflation in Sweden in 30 years, rising interest rates and a true bear market – the worst decline in the first six months in 90 years! In addition, an ongoing terrible war is being waged in close proximity to Sweden. All this is creating challenges for both Avanza and our customers. Many savers are seeing their capital plunge at the same time that inflation and higher interest rates are biting into their disposable income, leaving them less money to save. At Avanza, these factors also spill over to activity, which has declined significantly.

Since we cannot impact the macro environment, our focus is on taking care of customers and making sure they are well informed about what is happening. Many of our blogs and podcasts have focused on the markets' development and on reducing the anxiety many people are feeling. We have shown what others are doing and stressed the importance of consistent savings – even if you have to reduce the amount. Interest in learning more and understanding what is happening is evident in the blog's nearly 5 million page views and nearly 2.5 million listens to the podcast in the first half year.

### **Long-term growth potential still remains**

Despite the challenging macroeconomic conditions, people still have to save given that more responsibility for personal finances is being placed on them individually. The need to save, along with regulations on increased transparency and consumer protection, future wealth transfers and the last year's improvements in pension transfer rights, give Avanza good growth opportunities, as most recently evidenced in early July, when another step was taken toward a more consumer-friendly pension market when transfer rights were expanded to include older pensions signed before 2007. Avanza's Pension Chase plays an important role in enabling our customers to transfer pensions.

Although trading activity fell and our customers reduced their monthly savings, the monthly savings on the platform still amount to SEK 1.6 billion. Exactly a year ago, we introduced Savings Targets to engage customers and motivate them to save. Now a year later, over 250,000 savings targets have been created. In addition to the monthly savings, the premium inflow to our pension business averaged SEK 313 million per month. We continue to grow in an uncertain market, despite that total savings capital was affected by market conditions and fell to SEK 653 billion at the end of the quarter. Net inflow amounted to just over SEK 8 billion.

Market conditions are also reflected in customer growth, which was significantly lower in the quarter. At the same time, the churn fell to a low 1.4% on an annual basis as of 30 June. During the quarter, 19,700 new customers were added. A declining interest in savings is natural when the stock market is flashing red, although it is usually at the worst times that the best deals can be done by separating the wheat from the chaff. During the quarter, we conducted one of the year's three customer surveys, which clearly showed that customer satisfaction is stable at a high level of over 50 in the NPS.

### **Inspiring 'Brainy Days' in June**

During the quarter, we switched to a completely new backoffice system. This was one of our biggest projects and went very well. The engagement from all our fantastic employees was impressive. Most of the development teams

were involved in the replacement, which occupied much of our attention and meant that we did not have any major launches. We made a number of improvements and fine-tuned our platform. We have given customers a better overview of their savings, provided better information on fees and made it easier to manage monthly savings. Even small improvements are important to the customer experience. We never talk about future plans. Our "Brainy Days" in early June clearly show that neither engagement nor innovative capabilities have been affected by the downbeat conditions.

### **Profit nearly tripled compared to the second quarter before the pandemic**

While many factors are pointing downward, we cannot forget net interest income and Avanza's interest rate sensitivity. After the latest hike last week, the policy rate is 0.75%. One hundred basis points means SEK 550 million more in net interest income in one year based on current volumes. Net interest income during the quarter increased by 39% to SEK 115 million. This is positive for profitability and compensates to some degree for the lower trading activity. Net brokerage income amounted to SEK 215 million despite the market conditions, which is higher than any quarter ever aside from the pandemic. Many savers are still reluctant to act, and the number of brokerage-generating customers further decreased in the quarter, while the number of customers who own equities increased. Profit for the second quarter amounted to SEK 296 million. This means we have improved profit by nearly 200% compared to the second quarter 2019. Fund commissions were just over 70% higher, underscoring that Avanza has significantly raised its lowest level. The fact that we were able to deliver this result in such an environment is a show of strength in my opinion.

I am convinced that we will reach our goal of a market share of 10% by the end of 2025, even though the road there will be uneven. Cost focus has always been and is important for Avanza. However, Avanza is a growth company and those who manage to invest in both good and bad times will emerge as winners in the end. Our cost guidance of SEK 1,050 to 1,070 million for the full year 2022 remains, but we will of course keep the recent market turbulence and macro development in mind when reviewing our business plan and priorities going forward.

### **It should be easy to save for your financial security**

During the quarter, we terminated the potential partnership with Safello on crypto trading through Avanza's platform. We did so because we were unable to find a proper customer protection solution due to a lack of regulations in the crypto area. We hope to bring it up again once regulations are in place.

Our focus is on taking care of customers and giving them better and smarter tools to successfully save. I am optimistic about the future and am convinced that the best is still ahead of us.

I wish you all a great summer!

Stockholm, 13 July 2022



Rikard Josefson, CEO Avanza

# Operations

## Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, fell by nearly 16 per cent in the quarter. Volatility increased compared to the previous quarter.

Turnover and the number of transactions on the Stockholm Stock Exchange including First North decreased by 19 per cent. Among Avanza's customers, turnover decreased by 32 per cent, while the number of transactions decreased by 27 per cent. Avanza remained by far the largest player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover, although market shares decreased. Market shares increased mainly among international institutions.

According to data from the Swedish Investment Fund Association, the fund market reported a net outflow of just over SEK 6 billion in the quarter while Avanza reported a net inflow of nearly SEK 1 billion.

The policy rate was raised in early May to 0.25 per cent and at the end of the quarter the Riksbank announced that the rate would be raised to 0.75 per cent as of 6 July. The Riksbank's forecast is a policy rate of nearly 2 per cent by early 2023. The next rate decision will be published on 20 September 2022.

Market shares	2022 Q2	2022 Q1	2021 Q2	2021 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	15.9	17.6	19.3	19.7
Turnover, %	7.0	8.4	8.3	8.9
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	N/A	11.9	17.4	19.5

Data on the Swedish savings market for the first quarter of 2022 was released in May. The Swedish savings market amounted to SEK 11,100 billion, an increase of nearly 6 per cent compared to a year earlier. The occupational pension market increased by nearly 4 per cent to almost SEK 3,930 billion. During the same period, Avanza's savings capital increased by 13 per cent and occupational pension capital by 18 per cent.

Avanza's share of the Swedish savings market decreased slightly to 6.7 per cent compared to the previous quarter. Avanza's savings capital is to a high extent invested in equities and funds, which have been negatively affected by the market. The market share of the net inflow for the 12-month period decreased to 15.3 per cent. The majority of the net inflow to the savings market was pension savings and bank deposits, at the same time that fund shares saw an outflow. The share of the occupational pension market was 1.2 per cent.

Market shares	Apr 2021- Mar 2022	Jan 2021- Dec 2021	Apr 2020- Mar 2021
<i>The Swedish savings market</i>			
Market share at the end of the period, %	6.7	7.0	6.2
Net inflow, % <sup>1)</sup>	15.3	17.2	19.1
<i>The Swedish life insurance market</i>			
Premium inflow, %	11.8	12.0	11.9
Premium inflow for non-collectively agreed occupational pension insurance, %	8.0	7.8	7.5

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

Avanza's market share regarding premiums paid for non-collectively agreed occupational pension insurance for the last

twelve-month period increased slightly compared to the previous measured period. Avanza remained the market leader in terms of premium inflow in the competitive pension and life market, i.e., including endowment insurance.

## Launches and events during the quarter

The apps are continuously improved and updated. The list of holdings has been redesigned with new functions, including the possibility to expand lines to display more information and shortcuts to buy and sell. With a click, you can now change views between SEK and per cent to track the performance of a portfolio or holdings.

The "Right Now" page was adapted for customers who only own funds to include more fund-related information and insights.

The fund pages were updated with several requested functions and more information. Performance-based fees are more clearly presented. It is easier to switch between funds, and shareholder data can be divided by age or gender. Morningstar's fund ratings also include ratings 3, 5 and 10 years back in time, and it has become clearer whether the fund has changed manager. The fund list on the website was updated with a new tab with detailed trading information, a quick filter to show only funds with a maximum 1 per cent fee, and a simple filter based on risk level.

It is now easier to adjust monthly savings with the option to skip contributions for a set time or skip a single month's transfer. This makes it easier for customers to keep saving even if they have to hop over certain months.

To better understand market development, the OMXS30 and NASDAQ 100 indices are now clickable. Underlying equities are shown with their daily performance.

Corporate Finance has served as financial advisor in FCG Holding Sweden's tender offer to the shareholders of Transcendent Group and participated in an additional few listings. Affärsvärlden IPO Guide named Avanza the Best Advisor 2021 for IPOs in the categories "Quality in the billion cap company class", "Price performance in the billion cap company class" and "Quality in the small cap class".

One of Avanza's sustainability targets is net zero emissions. Avanza has now signed Business ambition for 1.5°C, committing to set 1.5° Science Based Targets. Work is under way to formulate these targets along with a concrete timetable, and to have them validated by the Science Based Targets initiative.

Avanza was the highest-ranking bank and shared fifth place among all companies in Sweden regardless of industry in Kantar Sifo's branding survey 2022.

Three internal customer surveys are conducted each year. The second quarter's survey showed a high, stable Net Promoter Score of over 50.

In Universum's annual survey of Sweden's most attractive employers for students, Avanza improved to 3<sup>rd</sup> (4<sup>th</sup>) in Business and Economics. In the highly competitive IT category, Avanza placed 14<sup>th</sup> (11<sup>th</sup>).

The new backoffice system was put into operation, which will enable Avanza to use smarter technology and solutions to increase efficiency at the same time scalability and product development potential are improved.

The examination of a potential partnership with Safello on crypto assets was terminated. There is a lack of regulations that take account of customer protection and how the trade in cryptocurrencies is to be carried out. Avanza has decided to wait for clearer regulations.

## Development of customers and savings capital

The number of customers grew by 19,700 in the quarter to 1,739,900 at the end of the period, of which 8 per cent are occupational pension customers. The decrease in Private Banking customers is due to a review of customers in various benefit classes. In the Pro segment, many chose not to be as active due to current market conditions.

The number of average daily active users on the platform was nearly 375,000, holidays and weekends included.

The decline in share prices during the quarter affected the savings capital, which dropped to SEK 653 billion. The net inflow amounted to just over SEK 8 billion, with new customers accounting for 48 per cent, compared to 42 per cent in the first quarter. Recurring occupational pension premiums have averaged SEK 313 million per month in the last 12-month period, an increase of 17 per cent compared to the corresponding period a year earlier. The improved occupational transfer rights, which took effect in April 2021, have increased interest in transfers to Avanza. The net inflow of occupational pensions through transfers has increased by

51 per cent in the latest 12-month period compared to the previous 12 months. The half-year's turbulent market conditions, however, led to a lower transfer inflow. On 1 July, pension transfer rights were expanded to also include unit-linked insurance policies signed before 2007.

At the end of the quarter, nearly 28 per cent of customers' capital was invested in funds, in line with the end of the first quarter. Nearly 32 per cent was invested in Avanza's own funds. Total fund capital decreased by 11 per cent in the quarter mainly as a result of declining equity prices. The net fund inflow was nearly SEK 1 billion.

Total recurring monthly savings, excluding occupational pension, by Avanza's customers on a rolling 12-month basis amounted to SEK 1.6 billion, compared to SEK 1.7 billion by the end of previous quarter.

Customers' total deposits increased by 3 per cent. Customers' liquidity, i.e. deposits as a share of savings capital, was 15 per cent, nearly 2 percentage points higher than at the end of the first quarter. Total lending increased mainly as a result of increased mortgage volumes.

Net inflow, SEK m	2022 Q2	2022 Q1	Change %	2021 Q2	Change %	2022 Jan-Jun	2021 Jan-Jun	Change %	2021 Jan-Dec
Standard	9,500	15,780	-40	18,070	-48	25,280	46,650	-46	81,520
Private Banking	-1,100	430	-	4,800	-	-670	6,640	-	8,170
Pro	-	390	-	30	-	390	210	80	110
<b>Net inflow</b>	<b>8,400</b>	<b>16,600</b>	<b>-49</b>	<b>22,900</b>	<b>-63</b>	<b>25,000</b>	<b>53,500</b>	<b>-53</b>	<b>89,800</b>
Equity-, fund-, and savings accounts	6,000	10,840	-44	15,750	-62	16,840	39,700	-58	68,100
Pension- & insurance-based accounts	2,400	5,760	-58	7,150	-66	8,160	13,800	-41	21,700
of which endowment insurance	1,080	4,280	-75	5,760	-81	5,360	11,000	-51	15,600
of which occupational pensions	1,340	1,450	-8	1,270	6	2,800	2,510	11	5,470
<b>Net inflow</b>	<b>8,400</b>	<b>16,600</b>	<b>-49</b>	<b>22,900</b>	<b>-63</b>	<b>25,000</b>	<b>53,500</b>	<b>-53</b>	<b>89,800</b>

Customers, savings capital and lending, SEK m	30-06-2022	31-03-2022	Change %	31-12-2021	Change %	30-06-2021	Change %
Standard, No.	1,706,220	1,685,430	1	1,627,050	5	1,487,420	15
Private Banking, No.	30,300	31,200	-3	29,500	3	27,500	10
Pro, No.	3,380	3,570	-5	3,550	-5	3,280	3
<b>No. of customers</b>	<b>1,739,900</b>	<b>1,720,200</b>	<b>1</b>	<b>1,660,100</b>	<b>5</b>	<b>1,518,200</b>	<b>15</b>
of which occupational pension customers, No.	138,700	133,100	4	127,200	9	117,500	18
Standard	370,900	416,300	-11	461,400	-20	408,800	-9
Private Banking	254,100	292,400	-13	315,200	-19	277,200	-8
Pro	27,700	32,200	-14	33,000	-16	27,600	0
<b>Savings capital</b>	<b>652,700</b>	<b>740,900</b>	<b>-12</b>	<b>809,600</b>	<b>-19</b>	<b>713,600</b>	<b>-9</b>
Equity-, fund-, and savings accounts	467,300	530,400	-12	581,700	-20	508,900	-8
Pension- & insurance-based accounts	185,400	210,500	-12	227,900	-19	204,700	-9
of which endowment insurance	127,500	147,100	-13	160,600	-21	145,700	-12
of which occupational pensions	42,000	45,400	-7	47,600	-12	41,400	1
<b>Savings capital</b>	<b>652,700</b>	<b>740,900</b>	<b>-12</b>	<b>809,600</b>	<b>-19</b>	<b>713,600</b>	<b>-9</b>
Equities, bonds, derivatives, etc.	372,700	441,900	-16	495,100	-25	436,200	-15
Mutual funds	180,100	202,200	-11	225,100	-20	194,800	-8
Deposits	99,900	96,800	3	89,400	12	82,600	21
of which external deposits (Savings account+)	33,700	31,400	7	29,700	13	29,100	16
<b>Savings capital</b>	<b>652,700</b>	<b>740,900</b>	<b>-12</b>	<b>809,600</b>	<b>-19</b>	<b>713,600</b>	<b>-9</b>
Internally financed lending	21,000	21,100	0	20,300	3	18,500	14
of which margin lending	9,950	10,400	-4	10,100	-1	8,730	14
of which mortgages (Bolån PB)	11,000	10,700	3	10,200	8	9,760	13
External mortgages (Bolån+)	23,200	21,700	7	19,800	17	17,200	35
<b>Lending</b>	<b>44,200</b>	<b>42,900</b>	<b>3</b>	<b>40,100</b>	<b>10</b>	<b>35,700</b>	<b>24</b>
Return, average account since 1 Jan, %	-22	-10	-12	24	-46	15	-37
OMX Stockholm GI since 1 Jan, %	-28	-14	-14	39	-67	22	-50

## Financial overview

	2022	2022	Change	2021	Change	2022	2021	Change	2021
	Q2	Q1	%	Q2	%	Jan-Jun	Jan-Jun	%	Jan-Dec
<b>Income Statement, SEK m</b>									
Net brokerage income	215	328	-34	334	-35	544	772	-30	1,456
Fund commissions, net	143	157	-9	161	-12	300	312	-4	661
Currency-related income, net	86	133	-35	129	-33	220	376	-42	625
Net interest income	115	83	39	80	44	198	156	27	321
Other income, net	58	66	-11	50	17	124	94	32	238
<b>Operating income</b>	<b>618</b>	<b>768</b>	<b>-20</b>	<b>754</b>	<b>-18</b>	<b>1,385</b>	<b>1,710</b>	<b>-19</b>	<b>3,301</b>
Personnel	-170	-159	6	-145	17	-329	-282	17	-566
Marketing	-5	-9	-47	-3	56	-13	-12	9	-24
Depreciation	-21	-18	18	-17	20	-38	-34	12	-70
Other expenses	-77	-63	22	-51	50	-140	-91	54	-204
<b>Operating expenses before credit losses</b>	<b>-272</b>	<b>-249</b>	<b>9</b>	<b>-216</b>	<b>26</b>	<b>-520</b>	<b>-419</b>	<b>24</b>	<b>-864</b>
<b>Profit before credit losses</b>	<b>346</b>	<b>519</b>	<b>-33</b>	<b>537</b>	<b>-36</b>	<b>865</b>	<b>1,292</b>	<b>-33</b>	<b>2,437</b>
Credit losses, net	-1	2	-	-1	55	0	1	-39	0
<b>Operating profit</b>	<b>345</b>	<b>521</b>	<b>-34</b>	<b>536</b>	<b>-36</b>	<b>865</b>	<b>1,292</b>	<b>-33</b>	<b>2,437</b>
Tax on profit for the period	-49	-78	-37	-86	-43	-127	-210	-40	-390
<b>Profit for the period</b>	<b>296</b>	<b>443</b>	<b>-33</b>	<b>451</b>	<b>-34</b>	<b>739</b>	<b>1,082</b>	<b>-32</b>	<b>2,047</b>
<b>Key ratios</b>									
Operating margin, %	56	68	-12	71	-15	62	76	-13	74
Profit margin, %	48	58	-10	60	-12	53	63	-10	62
Return on shareholders' equity, %	26	36	-10	46	-20	32	59	-27	50
Earnings per share before dilution, SEK	1.90	2.85	-33	2.91	-35	4.75	6.98	-32	13.19
Earnings per share after dilution, SEK	1.88	2.81	-33	2.84	-34	4.69	6.83	-31	13.00
Credit loss level, %	-0.01	0.01	-	0.00	-	0.00	0.00	0.00	0.00
Income to savings capital ratio, %	0.35	0.40	-0.04	0.44	-0.09	0.38	0.53	-0.15	0.47
Costs to savings capital ratio, %	0.16	0.13	0.03	0.13	0.03	0.14	0.13	0.01	0.12
Savings capital per customer, SEK	375,120	430,700	-13	470,000	-20	375,120	470,000	-20	487,670
Income per customer, SEK	1,430	1,820	-21	2,040	-30	1,620	2,420	-33	2,210
Costs per customer, SEK	-630	-590	7	-590	7	-610	-590	3	-580
Net brokerage income/trading day, SEK m	3.6	5.3	-31	5.6	-35	4.5	6.4	-30	5.8
No. brokerage-generating notes/trading day	160,900	208,600	-23	229,700	-30	185,400	259,300	-29	234,300
Turnover in brokerage-generating securities/trading day, SEK m	4,040	5,840	-31	5,670	-29	4,960	6,280	-21	5,930
Turnover in brokerage-generating foreign securities/trading day, SEK m	640	900	-29	900	-29	770	1,250	-38	1,040
Gross brokerage income/turnover in brokerage-generating securities, %	0.105	0.104	0.001	0.115	-0.010	0.105	0.119	-0.014	0.114
No. trading days	59.0	62.5	-6	59.5	-1	121.5	121.0	0	250.5
Investments, SEK m <sup>1</sup>	16	15	7	33	-51	31	52	-40	56
Average no. employees	612	601	2	545	12	609	533	14	560
Platform availability, %	99.9	99.8	0.1	100.0	-0.1	99.9	100.0	-0.1	99.9

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

Key ratios	30-06-2022	31-03-2022	Change	31-12-2021	Change	30-06-2021	Change
			%		%		%
Shareholders' equity per share before dil., SEK	25.00	32.78	-24	30.21	-17	26.58	-6
Outstanding no. shares before dilution, thousands	155,572	155,572	-	155,572	-	154,954	0.4
Outstanding no. shares after dilution, thousands	156,579	157,386	-0.5	158,115	-1.0	158,418	-1.2
No. shares upon full dilution, thousands	161,272	161,272	-	161,272	-	161,704	-0.3
No. employees	625	598	5	603	4	564	11
Share price, SEK	171.65	242.00	-29	332.20	-48	266.90	-36
Market capitalisation, SEK m	26,700	37,600	-29	51,700	-48	41,400	-36

## Second quarter compared to the previous quarter

Operating profit for the second quarter decreased by 34 per cent compared to the previous quarter, mainly due to lower operating income.

The operating margin decreased to 56 per cent and the return on shareholders' equity was 26 per cent.

### Revenues

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

Net brokerage income decreased by 34 per cent, a result of lower activity and fewer brokerage-generating customers. Brokerage-generating turnover decreased by nearly 35 per cent and the number of brokerage-generating notes fell by just over 27 per cent. The number of notes per brokerage-generating customer also decreased. Gross brokerage income per SEK of turnover increased slightly to 10.5 basis points. There were 3.5 fewer trading days.

Net currency-related income decreased to SEK 86 million (133), a result of lower turnover in foreign securities. Turnover in brokerage-generating foreign securities decreased by 33 per cent and turnover in foreign funds decreased by 30 per cent. Brokerage-generating trading in foreign markets accounted for 16 per cent of total brokerage-generating turnover, in line with the previous quarter.

Net fund commissions decreased by 9 per cent due to lower average fund capital, which was adversely affected by the bearish stock market. In total, fund capital decreased by 11 per cent in the quarter and the net inflow to funds amounted to nearly SEK 1 billion. The share of capital in index funds increased to nearly 40 per cent, but income per SEK of fund capital was essentially unchanged at 31 basis points.

Net interest income increased by 39 per cent, mainly as a result of higher market interest rates. In early May, the policy rate was raised to 0.25 per cent, which contributed to a higher return on surplus liquidity tied to the 3M STIBOR. Due to the higher policy rate, the rate for internally financed lending was also raised. The resolution fee and deposit guarantee fee amounted to SEK 12 million (12).

Other income decreased by 11 per cent. This mainly consists of income from Avanza Markets, which decreased to SEK 37 million (51) as a result of lower customer activity and lower average capital. Income from Corporate Finance was SEK 3 million (2), remaining at a low level due to the market uncertainty. Income from stock lending also decreased. Expenses for payment service commissions decreased as a result of lower customer activity.

### Operating expenses

Operating expenses increased by 9 per cent, mainly as a result of higher other expenses. The increase is mainly due to increased IT expenses related to the change of backoffice system. Personnel costs increased due to more employees. During the quarter, the new backoffice system was implemented and will be amortised over five years beginning in May. The total investment to replace the backoffice system amounted to SEK 153 million, of which SEK 28 million was expensed through profit or loss.

### Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. More information in Note 5.

### Taxes

During the quarter, the effective tax rate decreased to 14.2 per cent (15.0). The tax rate fluctuates between the 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 most of the revenues are taxed according to tax laws applicable to life insurance companies, which reduces the effective tax rate.

## January–June 2022 compared to January–June 2021

Operating profit decreased by 33 per cent compared to the corresponding period in 2021. Operating income decreased while operating expenses increased.

The operating margin decreased to 62 per cent and the return on shareholders' equity was 32 per cent.

### Revenues

Operating income decreased by 19 per cent compared to the corresponding period in 2021. This was mainly a result of lower net brokerage and net currency-related income. Fund commissions also decreased. Net interest income and other income increased.

Net brokerage income decreased by 30 per cent due to lower activity and fewer brokerage-generating customers. The number of brokerage-generating customers was 12 per cent lower than in the corresponding period in 2021 and the number of brokerage-generating notes decreased by 28 per cent. Turnover in brokerage-generating securities was 21 per cent lower. Gross brokerage income per SEK of turnover decreased from 11.9 to 10.5 basis points due to a higher share of brokerage income from Private Banking and Pro customers. The share of brokerage income generated within Private Banking and Pro was 23 per cent, compared to just under 18 per cent in the corresponding period 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 38 per cent and accounted for 16 per cent (20) of brokerage-generating turnover.

Net fund commissions decreased by 4 per cent mainly due to lower average fund capital and lower income per SEK of fund capital. Fund capital was 8 per cent lower compared to 30 June 2021. Income per SEK of fund capital decreased from 36 to 31 basis points, which was due to an increased share of capital in index funds. The launch of the Start offer for funds in March 2021, which means that customers with less than SEK 50,000 in savings capital are refunded their fund fees, and the reduced management fee for Avanza Auto of 15 basis points in the last quarter of 2021 also contributed to the decrease.

Net interest income increased by 27 per cent, a result of higher market interest rates and larger volumes. It was mainly income from margin lending that contributed, with lending volume growing by just over 14 per cent. The return on surplus liquidity increased as a result of a higher STIBOR. Income from internally financed mortgages also increased, with lending volume up 13 per cent. The deposit guarantee fee and resolution fee increased to SEK 24 million (19).

Other income increased by 32 per cent, mainly due to higher income from Avanza Markets and lower expenses for payment service commissions as a result of the lower customer activity. Expenses for keyword optimisation also decreased. Income from Avanza Markets was SEK 88 million (64) due to higher compensation from Morgan Stanley and higher customer activity. Income from Corporate Finance dropped to SEK 5 million (46) as a result of the turbulent market conditions.

### Operating expenses

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

The costs to savings capital ratio increased to 14 basis points (13). The long-term target to spotlight efficiency and the focus on costs is a maximum costs to savings capital ratio of 12 basis points over time. In first half of 2022, the measure was affected by market fluctuations in savings capital, which can occur in individual quarters and years. High cost-efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

### Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. More information in Note 5.

### Taxes

The effective tax rate decreased to 14.7 per cent (16.2) as a result of a higher share of revenues generated in the insurance company, where most of the revenues are subject to yield tax, making the tax rate lower.

On 1 January 2022, a new "risk tax" was introduced for credit institutions, the so-called bank tax. 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 to 0.25 per cent in early May and another 50 basis points to 0.75 per cent after the end of the quarter in early July. The Riksbank's forecast is a policy rate of nearly 2 per cent by early 2023. The next rate decision will be published on 20 September 2022.

All else being equal, without taking into account changes in customer behaviour, a 1 percentage point change in the policy rate at the end of the half-year period and with current volumes would affect full-year net interest income by over SEK 550 million.

### Seasonal effects

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

### Future outlook

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

- The increased need for individual savings in recent years in order to buy a home, meet unforeseen events or for retirement are important growth factors.

- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competition enter the savings market. Cost leadership also puts Avanza in a strong position.
- Avanza is also well-positioned in terms of regulations on increased transparency and higher consumer protection. Avanza puts its customers first, at the same time that we maintain clear and transparent pricing. Avanza has always advocated low fees and a long-term approach and refrained from commission-driven advice, and instead focused on developing tools on the platform to help customers make their own investment decisions and customise savings to meet individual needs.
- Avanza's pension offer with no fees, coupled with a broad offering and digital tools, are strong competitive advantages when transfer rights for unit-linked insurance policies are strengthened, as occurred on 1 July. New technology and Open Finance regulations at the same time enable more tools and services to be developed.
- Over the last ten-year period, Avanza has attracted a large share of younger customers. While they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if Avanza continues to create attractive offers and gives them good reasons to stay on the platform. This is especially true as wealth is transferred to younger generations. Avanza will probably be positively affected by this. Avanza has a low churn of 1.4 per cent for the latest 12-month period.
- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are also important factors as interest and demand for sustainable investments grows. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base provides an attractive platform for cost-effective ownership diversification at the same time that our customers gain access to investment opportunities that otherwise are available only to institutions and a select few individuals. Avanza is a party in most transactions on the Stockholm Stock Exchange, although the number has dropped significantly under current market conditions.
- Although Avanza already has a high market share among the equity-owning portion of the population, there is still growth potential. Everyone in Sweden with a bank account who understands the importance of personal savings is a potential Avanza customer. Avanza's growth ambition includes attracting broader target groups – experienced and established investors as well as new ones – and with new products and services attract a larger share of existing customers' savings. Growth among new customers is expected to increase the percentage of fund savings on the platform, which along with the growth ambition in pensions and mortgages reduces the sensitivity to market swings.

More information about the long-term trends can be found in Avanza's Annual Report at [avanza.se/ir](https://avanza.se/ir).



## Nine quarters in summary

Quarterly overview, SEK m	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net brokerage income	215	328	354	330	334	439	291	283	260
Fund commissions, net	143	157	176	173	161	150	125	109	88
Currency-related income, net	86	133	135	114	129	247	114	88	81
Net interest income <sup>1</sup>	115	83	82	83	80	76	73	74	73
Other income, net <sup>1,2</sup>	58	66	78	67	50	44	103	22	24
<b>Operating income</b>	<b>618</b>	<b>768</b>	<b>824</b>	<b>767</b>	<b>754</b>	<b>957</b>	<b>706</b>	<b>575</b>	<b>526</b>
Personnel	-170	-159	-159	-125	-145	-137	-135	-103	-120
Marketing	-5	-9	-7	-5	-3	-9	-5	-7	-2
Depreciation	-21	-18	-18	-18	-17	-17	-34	-19	-17
Other expenses	-77	-63	-68	-45	-51	-39	-48	-49	-46
<b>Operating expenses before credit losses</b>	<b>-272</b>	<b>-249</b>	<b>-253</b>	<b>-192</b>	<b>-216</b>	<b>-202</b>	<b>-221</b>	<b>-177</b>	<b>-185</b>
Credit losses, net	-1	2	0	-1	-1	1	1	0	-5
Profit/loss from participations in associated companies	-	-	-	-	-	-	-	-1	-2
<b>Operating profit</b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>756</b>	<b>486</b>	<b>396</b>	<b>333</b>
<b>Adjusted operating profit<sup>3</sup></b>	<b>345</b>	<b>521</b>	<b>571</b>	<b>574</b>	<b>536</b>	<b>746</b>	<b>439</b>	<b>409</b>	<b>333</b>
Operating margin, %	56	68	69	75	71	79	69	69	63
Earnings per share before dil., SEK	1.90	2.85	3.11	3.10	2.91	4.08	2.70	2.15	1.83
Shareholders' equity per share before dilution, SEK	25.00	32.78	30.21	30.04	26.58	23.68	20.47	16.88	14.13
Return on shareholders' equity, %	26	36	41	44	46	74	58	55	56
Net inflow	8,400	16,600	17,900	18,400	22,900	30,500	18,700	16,300	19,400
No. of new customers, net	19,700	60,100	71,800	70,100	85,100	152,800	85,600	79,200	53,000
No. of customers at the end of the period	1,739,900	1,720,200	1,660,100	1,588,400	1,518,200	1,433,200	1,280,300	1,194,700	1,115,500
Savings capital at the end of the period	652,700	740,900	809,600	735,000	713,600	653,900	570,500	514,200	444,600
Income to savings capital ratio, %	0.35	0.40	0.43	0.42	0.44	0.63	0.52	0.48	0.52
Costs to savings capital ratio, %	0.16	0.13	0.13	0.11	0.13	0.13	0.16	0.15	0.18

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

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

3) See table Items affecting comparability.

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

## Financial position

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

The surplus liquidity is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, plus to a lesser extent in bonds issued by the Swedish Government and Municipalities.

Avanza does not conduct, and has not previously conducted, trading in securities on its own account.

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the second quarter 2022 total actual and expected credit losses amounted to SEK 14 million, which is equivalent, on average, to 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 of the business, reputation, and long-term profitability.

A detailed description of the Group's risk exposure and risk management is provided in Avanza's Annual Report for 2021, Note 35 and pages 40–43. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this report.

The Swedish financial market has performed strongly for some time with a high level of savings. The recent surge in inflation and higher interest rates are affecting, and could continue to affect, the ability to save. At the same time, the market turbulence could impact the willingness to take risk and, as a result, equity investments. Market uncertainty and changing macroeconomic factors could also impact Avanza's credit risk. Avanza is working actively, however, with risk monitoring and the credit risk in margin lending is not considered to have increased during the recent turbulence. The risk of higher credit losses due to lower repayment capacity among borrowers is still considered low in both margin lending and mortgages and has not been evident among Avanza's customers. For more information on the risks in the savings market, see page 13 in the Annual Report.

In the second quarter 2021, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (Sw. Integritetsskyddsmyndigheten) and the Swedish Financial Supervisory Authority (SFSA) due to a potential breach of the General Data Protection Regulation (GDPR). This was after Avanza inadvertently activated functions which enabled Facebook to collect personal data from Avanza's website in encrypted form. Facebook has confirmed that the information has not been used for its own or other firms'

commercial purposes and that the data has been deleted. If Facebook has used the information, which we do not know, it was only related to Avanza's own marketing. Avanza immediately shut down the functions once the error was detected. Avanza's assessment is that no customers were put at harm. In the first quarter, the SFSA announced that it is not opening a case. The case by the Swedish Authority for Privacy Protection is under way and it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

Russia's invasion of Ukraine and the imposed sanctions have affected the financial markets. The financial impact on Avanza is very limited. Avanza holds no Russian or Ukrainian collateralised securities, nor any other exposure to these countries. Approximately 12,000 of Avanza's customers have holdings in pure Russian funds with a total value of less than SEK 156 million. There is no exposure to Russia and Ukraine in Avanza's own funds.

## The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for the second quarter 2022 was SEK –17 million (–16). The Parent Company does not report any revenues.

Dividend relating to 2021 was paid to the shareholders in April 2022 following a decision at the Annual General Meeting in March with SEK 1,431 million (591).

## Capital planning

Avanza's capitalisation is governed by the regulatory requirement of a leverage ratio of 3 per cent, which was introduced at the end of the second quarter in 2021. In addition, the SFSA is introducing a leverage ratio guidance, resulting in an additional capital buffer. In 2021, the SFSA announced guidance for an industry peer of an additional 0.9 per cent. Guidance for Avanza is expected to be announced in the autumn of 2022, once the SFSA has completed its review and evaluation of Avanza. To ensure adequate headroom to the requirement regardless of market conditions, Avanza has set an internal leverage ratio target of 3.8 per cent for both the consolidated situation and the bank, which will be reviewed once the guidance has been announced. The leverage ratio is negatively affected by customers' increased deposits, resulting in fluctuations of the ratio during a market slump when deposits usually rise. As at 30 June 2022, Avanza's leverage ratio for the consolidated situation was 4.4 per cent. The leverage ratio is planned to be strengthened through the issuance of additional Tier 1 capital in 2022.

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

Financial position <sup>1</sup>	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Common Equity Tier 1 (CET1) capital, SEK m	2,979	3,000	2,966	2,799	2,647	2,410	2,427	1,529	1,409
Total capital, SEK m	2,979	3,000	2,966	2,799	2,647	2,410	2,427	1,598	1,479
Common Equity Tier 1 ratio, %	24.0	23.1	24.0	26.2	25.0	23.9	24.4	17.9	16.3
Total capital ratio, %	24.0	23.1	24.0	26.2	25.0	23.9	24.4	18.8	17.1
Overall capital requirements, %	12.6	12.5	12.6	12.9	13.0	13.1	13.1	11.8	11.8
Leverage ratio, % <sup>2</sup>	4.4	4.5	4.8	4.5	4.7	4.3	4.9	3.1	2.8

1) Refers to the consolidated situation.

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

## Other corporate events

### Executive Management

Peter Westling, former Chief Innovation & Marketing Officer, stepped down from Group Management in February, in connection with which the organisational structure was re-examined. Peter Strömberg, currently CIO, took over on 1 April as head of the new organisation Product & Tech (CPTO) while also serving as Acting CIO until a replacement is appointed. Sofia Svavar, Head of IR since 2015, took on a new role as Chief Communications & IR Officer and member of Group Management on 1 April. Group Management thereby increased by one member.

### Annual General Meeting 2022

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

The Chairman of the Board and Board members were re-elected, except for Viktor Fritzén, who declined re-election. Linda Hellström and Sofia Sundström was 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 at his own request due to personal reasons. After his resignation, the board consists of nine members.

As proposed, a dividend of SEK 9.20 per share was authorised.

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 Annual General Meeting 2021 resolved on three new incentive programs based on warrants (2021/2024, 2022/2025 and 2023/2026). Each incentive program runs for three years and comprises a maximum of 1,200,000 warrants that entitle the holder to subscribe for an equal number of shares. If all warrants are exercised, each incentive program will result in maximum dilution of 0.77 per cent.

### Repurchase of the company's own shares

The Board of Directors has from the Annual General Meeting 2022 been authorised to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in 2022 and the company holds no repurchased shares as of 30 June 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 taken place since then.

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

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

## Consolidated Income Statement

SEK m	Note	2022 Q2	2021 Q2	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>Operating income</b>						
Commission income	1, 2	573	780	1,356	1,789	3,419
Commission expenses	3	-71	-106	-168	-235	-439
Interest income calculated using the effective interest method		149	105	264	204	428
Other interest and similar income		-	-	-	-	-
Interest expenses		-34	-25	-66	-47	-106
Net result of financial transactions		0	0	-0	-0	0
Other operating income		0	-	0	-	-
<b>Total operating income</b>		<b>618</b>	<b>754</b>	<b>1,385</b>	<b>1,710</b>	<b>3,301</b>
<b>Operating expenses</b>						
General administrative expenses		-241	-192	-458	-364	-753
Depreciation		-21	-17	-38	-34	-70
Other operating expenses		-10	-7	-25	-20	-41
<b>Total operating expenses before credit losses</b>		<b>-272</b>	<b>-216</b>	<b>-520</b>	<b>-419</b>	<b>-864</b>
<b>Operating profit before credit losses</b>		<b>346</b>	<b>537</b>	<b>865</b>	<b>1,292</b>	<b>2,437</b>
Credit losses, net		-1	-1	0	1	0
<b>Operating profit</b>		<b>345</b>	<b>536</b>	<b>865</b>	<b>1,292</b>	<b>2,437</b>
Tax on profit for the period		-49	-86	-127	-210	-390
<b>Profit for the period<sup>1</sup></b>		<b>296</b>	<b>451</b>	<b>739</b>	<b>1,082</b>	<b>2,047</b>
Earnings per share before dilution, SEK		1.90	2.91	4.75	6.98	13.19
Earnings per share after dilution, SEK		1.88	2.84	4.69	6.83	13.00
Average no. shares before dilution, thousands		155,572	154,954	155,572	154,954	155,150
Average no. shares after dilution, thousands		157,087	158,615	157,405	158,478	157,456

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

## Consolidated statement of comprehensive income

SEK m	2022 Q2	2021 Q2	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>Profit for the period</b>	<b>296</b>	<b>451</b>	<b>739</b>	<b>1,082</b>	<b>2,047</b>
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments <sup>1</sup>	-95	-2	-150	-5	-3
Tax on changes in value of financial instruments <sup>1</sup>	20	0	31	1	1
<i>Items that will not be reversed to the Income Statement</i>					
<b>Total other comprehensive income after tax</b>	<b>-75</b>	<b>-2</b>	<b>-119</b>	<b>-4</b>	<b>-3</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>	<b>220</b>	<b>449</b>	<b>620</b>	<b>1,078</b>	<b>2,044</b>

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

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

## Consolidated Balance Sheet

SEK m	Note	30-06-2022	31-12-2021
<b>Assets</b>			
Cash and balances with central banks		5,377	2,939
Treasury bills eligible for refinancing		1,868	2,523
Loans to credit institutions	4	1,519	2,508
Loans to the public	5	22,886	20,300
Bonds		32,092	25,854
Shares and participations		239	237
Assets in insurance operations		180,040	218,990
Intangible fixed assets		118	107
Right-of-use assets		105	120
Tangible fixed assets		62	61
Other assets		693	4,952
Prepaid expenses and accrued income		348	491
<b>Total assets</b>		<b>245,347</b>	<b>279,082</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		59,937	53,659
Liabilities in insurance operations		180,042	218,992
Lease liability		103	122
Other liabilities		1,205	1,442
Accrued expenses and deferred income		171	167
Shareholders' equity		3,889	4,700
<b>Total liabilities and shareholders' equity</b>		<b>245,347</b>	<b>279,082</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - June 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	-	-	-	1,082	1,082
Other comprehensive income for the period	-	-	-4	-	-4
Total comprehensive income for the period	-	-	-4	1,082	1,078
<b>Transactions with owners</b>					
Dividend paid	-	-73	-	-59	-132
New issue (exercise of share warrants)	-	-	-	-	-
Warrants issue	-	-	-	-	-
<b>Shareholders' equity 30-06-2021</b>	<b>77</b>	<b>491</b>	<b>155</b>	<b>3,395</b>	<b>4,119</b>
<b>January - December 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	-	-	-	2,047	2,047
Other comprehensive income for the period	-	-	-3	-	-3
Total comprehensive income for the period	-	-	-3	2,047	2,044
<b>Transactions with owners</b>					
Dividend paid	-	-161	-	-430	-591
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	11	-	-	11
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
<b>January - June 2022</b>					
<b>Shareholders' equity 31-12-2021</b>	<b>78</b>	<b>477</b>	<b>157</b>	<b>3,989</b>	<b>4,700</b>
Profit after tax reported in the income statement	-	-	-	739	739
Other comprehensive income for the period	-	-	-119	-	-119
Total comprehensive income for the period	-	-	-119	739	620
<b>Transactions with owners</b>					
Dividend paid	-	-	-	-1,431	-1,431
New issue (exercise of share warrants)	-	-	-	-	-
Warrants issue	-	-5	-	5	-
<b>Shareholders' equity 30-06-2022</b>	<b>78</b>	<b>472</b>	<b>38</b>	<b>3,301</b>	<b>3,889</b>

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

## Consolidated Cash Flow Statement

SEK m	2022 Q2	2021 Q2	2022 Jan-Jun	2021 Jan-Jun
<b>Operating activities</b>				
Operating profit	345	536	865	1,292
Adjustment for items not included in cash flow	21	18	39	36
Taxes paid	4,069	-1,163	3,455	-2,673
Changes in operating activities' assets and liabilities	1,571	-2,234	4,702	781
<b>Cash flow from operating activities</b>	<b>6,006</b>	<b>-2,843</b>	<b>9,061</b>	<b>-564</b>
<b>Investment operations</b>				
Acquisition and disposals of intangible and tangible fixed asset	-16	-33	-31	-52
Investment in treasury bills eligible for refinancing	187	93	655	-1,183
Investment in bonds	-3,111	667	-6,388	1,149
<b>Cash flow from investment operations</b>	<b>-2,940</b>	<b>727</b>	<b>-5,764</b>	<b>-85</b>
<b>Financial operations</b>				
Amortisation lease liability	-10	-10	-19	-18
Cash dividend	-1,431	-	-1,431	-132
<b>Cash flow from financial operations</b>	<b>-1,441</b>	<b>-10</b>	<b>-1,451</b>	<b>-149</b>
<b>Cash flow for the period</b>	<b>1,625</b>	<b>-2,125</b>	<b>1,847</b>	<b>-799</b>
Liquid assets at the beginning of the period <sup>1</sup>	5,252	5,000	5,030	3,675
Liquid assets at the end of the period <sup>1</sup>	6,877	2,875	6,877	2,875
<b>Change</b>	<b>1,625</b>	<b>-2,125</b>	<b>1,847</b>	<b>-799</b>

1) Liquid assets are defined as cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 19 million (SEK 228m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2022 Jan-Jun	2021 Jan-Jun
<b>Operating expenses</b>		
Administration expenses	-10	-10
Other operating expenses	-7	-5
<b>Operating profit/loss</b>	<b>-17</b>	<b>-16</b>
<b>Profit/loss from financial investments</b>		
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-17</b>	<b>-16</b>
<b>Appropriations</b>		
Group contribution	47	-5
<b>Profit/loss before tax</b>	<b>30</b>	<b>-21</b>
Tax on profit/loss for the period	-6	4
<b>Profit/loss for the period</b>	<b>24</b>	<b>-17</b>

## Parent Company statement of comprehensive income

SEK m	2022 Jan-Jun	2021 Jan-Jun
<b>Profit/loss for the period</b>	<b>24</b>	<b>-17</b>
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total profit/loss and other comprehensive income after tax</b>	<b>24</b>	<b>-17</b>

## Parent Company Balance Sheet

SEK m	30-06-2022	31-12-2021
<b>Assets</b>		
Financial fixed assets	663	663
Current receivables <sup>1</sup>	24	1,432
Liquid assets	4	5
<b>Total assets</b>	<b>690</b>	<b>2,100</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	594	2,002
Current liabilities	18	20
<b>Total shareholders' equity and liabilities</b>	<b>690</b>	<b>2,100</b>

1) Of which receivables from subsidiaries SEK 16 million (SEK 1,428m as of 31 December 2021).

## Notes

### Accounting principles

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

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

The information on pages 1-11 is an integrated part of this financial report.

### Note 1 Revenue from contracts with customers

SEK m	2022	2021	2022	2021	2021
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Trading in commission-generating securities	327	503	826	1,243	2,260
Fund savings	157	180	333	354	735
Corporate services	3	23	5	46	89
Other commission income	87	74	192	147	335
<b>Total</b>	<b>573</b>	<b>780</b>	<b>1,356</b>	<b>1,789</b>	<b>3,419</b>
<i>Timing of revenue recognition</i>					
Service or goods transferred to customer at a specific point in time	573	780	1,356	1,789	3,419
Service or goods transferred to customer over time	-	-	-	-	-
<b>Total</b>	<b>573</b>	<b>780</b>	<b>1,356</b>	<b>1,789</b>	<b>3,419</b>

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

### Note 2 Commission income

SEK m	2022	2021	2022	2021	2021
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Brokerage income	250	387	630	902	1,690
Fund commissions	147	167	309	319	679
Currency-related income	86	129	220	376	626
Other commission income <sup>1</sup>	89	97	196	193	424
<b>Total</b>	<b>573</b>	<b>780</b>	<b>1,356</b>	<b>1,789</b>	<b>3,419</b>

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

**Note 3 Commission expenses**

SEK m	2022	2021	2022	2021	2021
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Transaction costs <sup>1</sup>	-35	-53	-87	-129	-234
Payment services commissions	-22	-30	-48	-62	-118
Other commission expenses <sup>2</sup>	-14	-24	-33	-44	-88
<b>Total</b>	<b>-71</b>	<b>-106</b>	<b>-168</b>	<b>-235</b>	<b>-439</b>

1) Costs directly related to brokerage income.

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

**Note 4 Lending to credit institutions**

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,659 million (SEK 1,540m as of 31 December 2021) which are reported net against client fund payables of SEK 1,659 million (SEK 1,540m as of 31 December 2021). Of the liquid assets of SEK 6,896 million as per the end of the period, SEK 19 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). Thus, the change in the accumulated provision for expected credit losses has affected profit for the period with SEK 0 million.

SEK 1,896 million (SEK 0m as per 31 December 2021) of lending to the public at the end of the period was covered in its entirety by cash pledged on endowment insurance accounts. This portion of lending does not affect net interest income since the deposit rate is the same as the lending rate. The rest of lending to the public amounted to SEK 20,989 million, of which SEK 9,950 million (SEK 10,076m as of 31 December 2021) with collateral in the form of securities and SEK 11,039 million (SEK 10,224m as of 31 December 2021) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,529 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 1,485 million (SEK 1,247m as of 31 December 2021).

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

30-06-2022 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	-	5,377	-	-	5,377
Treasury bills eligible for refinancing	-	1,868	-	-	1,868
Loans to credit institutions	-	1,519	-	-	1,519
Loans to the public	-	22,886	-	-	22,886
Bonds	-	23,649 <sup>1</sup>	8,443	-	32,092
Shares and participations	2	-	237	-	239
Assets in insurance operations	161,398	18,642	-	-	180,040
Intangible fixed assets	-	-	-	118	118
Right-of-use asset	-	-	-	105	105
Tangible assets	-	-	-	62	62
Other assets	-	693	-	-	693
Prepaid expenses and accrued income	-	244	-	104	348
<b>Total assets</b>	<b>161,400</b>	<b>74,878</b>	<b>8,680</b>	<b>389</b>	<b>245,347</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	-	59,937	-	-	59,937
Liabilities in insurance operations	180,040	-	-	2	180,042
Lease liabilities	-	-	-	103	103
Other liabilities	-	821	-	384	1,205
Accrued expenses and deferred income	-	84	-	88	171
<b>Total liabilities</b>	<b>180,040</b>	<b>60,842</b>	<b>-</b>	<b>576</b>	<b>241,458</b>

1) Fair value amounts to SEK 23,448 million.



**Financial instruments valued at fair value**

30-06-2022, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	93,332	–	237	93,569
Fund units	64,960	–	–	64,960
Bonds and other interest-bearing securities	9,619	732	–	10,351
Other securities	782	419	–	1,201
<b>Total assets</b>	<b>168,693</b>	<b>1,151</b>	<b>237</b>	<b>170,080</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	180,040	–	180,040
<b>Total liabilities</b>	<b>–</b>	<b>180,040</b>	<b>–</b>	<b>180,040</b>

*Fair value*

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

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

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

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

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

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

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

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

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

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

SEK m	30-06-2022	31-12-2021
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	2,677	3,055
Own funds for regulated units within the banking and investment services sector	2,769	2,712
<b>Total own funds</b>	<b>5,446</b>	<b>5,767</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	1,751	2,229
Capital requirement for regulated units within the banking and investment services sector	1,476	1,435
<b>Total capital requirement</b>	<b>3,227</b>	<b>3,664</b>
<b>Capital surplus</b>	<b>2,219</b>	<b>2,103</b>
<b>Own funds/Capital requirement</b>	<b>1.69</b>	<b>1.57</b>

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

**Note 8 Own funds and capital requirement for the consolidated situation**

The information stated in this section refers to the consolidated situation, which consists of Avanza Bank Holding AB, Avanza Bank AB, and Avanza Funds AB, and presents the overall total own funds requirement and own funds. The presentation follows chapter 8 of the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers, and general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, and article 447 in Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR). The information refers to both the risk-based own funds requirement and the leverage ratio requirement.

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

The Swedish FSA has not yet announced the institution-specific Pillar 2 guidance that will apply to Avanza, which is expected to be announced during the autumn of 2022. Consequently, these requirements are not reflected in the table below.

To ensure that Avanza meets the risk-based own funds and leverage ratio requirements, the company follows both external and internal buffer requirements. Avanza is well-capitalised to manage current and upcoming requirements.

Own funds, SEK m	30-06-2022	31-12-2021
<b>Common Equity Tier 1 (CET1) capital</b>		
Shareholders' equity according to the balance sheet	3,442	4,514
Foreseeable dividend	-334	-1,431
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3,108</b>	<b>3,083</b>
Additional value adjustments	-11	-9
Intangible assets (net of related tax liability)	-118	-107
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-128</b>	<b>-117</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,979</b>	<b>2,966</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,979</b>	<b>2,966</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,979</b>	<b>2,966</b>

<b>Risk exposure amount and capital requirement, SEK m</b>	<b>30-06-2022</b>		<b>31-12-2021</b>	
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	9,548		9,492	
of which exposures to institutions	291		493	
of which exposures to corporates	102		123	
of which retail exposures	541		623	
of which exposures secured by mortgages on immovable property	3,903		3,606	
of which exposures in default risk weight	7		5	
of which exposures to covered bonds	3,108		2,480	
of which exposures to equity	689		689	
of which exposures to other items	907		1,474	
Market risk (position risk)	4		0	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	2,844		2,844	
<b>Total risk exposure amount</b>	<b>12,395</b>		<b>12,336</b>	
<b>Capital requirement</b>				
Credit risk according to the standardised approach	764	6.2%	759	6.2%
of which exposures to institutions	23	0.2%	39	0.3%
of which exposures to corporates	8	0.1%	10	0.1%
of which retail exposures	43	0.3%	50	0.4%
of which exposures secured by mortgages on immovable property	312	2.5%	288	2.3%
of which exposures in default	1	0.0%	0	0.0%
of which exposures in the form of covered bonds	249	2.0%	198	1.6%
of which equity exposures	55	0.4%	55	0.4%
of which other items	73	0.6%	118	1.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	–	0.0%
Operational risk according to the standardised approach	227	1.8%	227	1.8%
<b>Capital requirement</b>	<b>992</b>	<b>8.0%</b>	<b>987</b>	<b>8.0%</b>
Total own funds	2,979	24.0%	2,966	24.0%
Minimum own funds requirement (Pillar 1)	992	8.0%	987	8.0%
Combined buffer requirement	310	2.5%	308	2.5%
Additional own funds requirement (Pillar 2) <sup>1,2</sup>	260	2.1%	260	2.1%
Pillar 2 guidance <sup>2</sup>	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	1,561	12.6%	1,555	12.6%
Capital surplus after risk-based capital requirement	1,418	11.4%	1,411	11.4%
<b>Leverage ratio</b>				
Leverage ratio total exposure measure	67,061		62,317	
Leverage ratio, %	4.4%		4.8%	
Tier 1 capital	2,979	4.4%	2,966	4.8%
Minimum own funds requirement (Pillar 1)	2,012	3.0%	1,870	3.0%
Additional own funds requirement (Pillar 2) <sup>2</sup>	–	–	–	–
Leverage ratio guidance <sup>2</sup>	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	2,012	3.0%	1,870	3.0%
Capital surplus after leverage ratio requirement	967	1.4%	1,096	1.8%

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

2) For both the risk-based own funds requirement and the leverage ratio the Swedish FSA will in connection with the ongoing supervisory review and evaluation process (SREP) make an assessment and determine an additional own funds requirement in Pillar 2 and a Pillar 2 guidance. The next SREP is to be completed in the second half of 2022.

## Financial reports

Key metrics, SEK m	30-06-2022	31-03-2022	31-12-2021	30-09-2021	30-06-2021	
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	2,979	3,000	2,966	2,799	2,647
2	Tier 1 capital	2,979	3,000	2,966	2,799	2,647
3	Total capital	2,979	3,000	2,966	2,799	2,647
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	12,395	12,979	12,336	10,703	10,598
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	24.0%	23.1%	24.0%	26.2%	25.0%
6	Tier 1 ratio (%)	24.0%	23.1%	24.0%	26.2%	25.0%
7	Total capital ratio (%)	24.0%	23.1%	24.0%	26.2%	25.0%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.0%	2.1%	2.4%	2.5%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.2%	1.1%	1.2%	1.4%	1.4%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.5%	1.6%	1.8%	1.8%
EU 7d	Total SREP own funds requirements (%)	10.1%	10.0%	10.1%	10.4%	10.5%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	12.6%	12.5%	12.6%	12.9%	13.0%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.9%	13.1%	13.9%	15.7%	14.5%
<b>Leverage ratio</b>						
13	Leverage ratio total exposure measure	67,061	67,442	62,317	62,364	56,075
14	Leverage ratio (%)	4.4%	4.5%	4.8%	4.5%	4.7%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	17,539	16,833	16,236	15,133	14,511
EU 16a	Cash outflows - Total weighted value	6,322	6,044	5,665	5,442	5,251
EU 16b	Cash inflows - Total weighted value	6,349	6,777	6,030	5,213	4,515
16	Total net cash outflows (adjusted value)	1,931	1,511	1,436	1,406	1,366
17	Liquidity coverage ratio (%)	962%	1061%	1035%	921%	844%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	54,877	53,670	50,814	49,930	44,829
19	Total required stable funding	31,773	32,766	27,590	28,546	27,314
20	NSFR ratio (%)	173%	164%	184%	175%	164%

	30-06-2022	30-06-2021
<b>Internal capital requirement in pillar 2</b>		
<b>Credit-related concentration risk</b>		
Industry concentration	52	49
Geographical concentration	61	61
Name concentration	8	7
<b>Total credit-related concentration risk</b>	<b>120</b>	<b>118</b>
<b>Interest rate risks and other market risks in ancillary activities - credit spread</b>	<b>118</b>	<b>77</b>
<b>Interest rate risks and other market risks in ancillary activities - interest rate risk in the banking book (IRRBB)</b>	<b>367</b>	<b>140</b>
<b>Pension risk</b>	<b>-</b>	<b>-</b>
<b>Total internal capital requirement in pillar 2</b>	<b>605</b>	<b>335</b>

The board of directors and the CEO ensures that the Interim Report gives a fair overview of the company and Group activities, balance and results, and describes the material risks and uncertainties that the company and the companies of the Group is facing.

Stockholm, 13 July 2022

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  
CEO

## For additional information



Rikard Josefson, CEO  
+46 (0)70 206 69 55



Anna Casselblad, CFO  
+46 (0)8 409 420 11



Sofia Svavar, Chief Communications & IR Officer  
+46 (0)8 409 420 17  
sofia.svavar@avanza.se

This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CEST) on 14 July 2022.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 14 July 2022 at 11.00 (CEST). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at [avanza.se/ir](https://avanza.se/ir). Phone number for participants:

- Sweden: +46 (0)8 566 426 51
- UK: +44 33 330 008 04
- US: +1 63 191 314 22
- Confirmation code: 71192777#

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](https://avanza.se/keydata).

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

### Contact information

Visiting address: Regeringsgatan 103, Stockholm  
Postal address: Box 1399, SE-111 93 Stockholm  
Telephone: +46 (0)8 562 250 00  
Corp. Identity no: 556274-8458  
Registered office: Stockholm  
Website: [avanza.se](https://avanza.se)  
Corporate web: [avanza.se/ir](https://avanza.se/ir)

### Upcoming publication dates for monthly statistics

July 2022	3 August 2022
August 2022	5 September 2022
September 2022	5 October 2022

### Financial calendar

Interim Report January – September 2022	18 October 2022
Preliminary Financial Statement 2022	20 January 2023

# Definitions

The measures and key ratios used in the financial report are defined below. The majority of the financial key ratios are considered to be widely accepted and are such that they are expected to be presented in the financial report to provide an indication of the Group's results, profitability and financial position. Financial disclosures that are not defined in IFRS and are presented outside the financial statements, so-called alternative performance measures, follow in the note references below.

## Client funds<sup>2)</sup>

Liquid assets with Avanza which are held on behalf of a third party, and which consequently are not reported in the balance sheet.

## Costs per customer<sup>2)</sup>

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

## Costs to savings capital ratio<sup>2)</sup>

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

## Credit loss level<sup>1)</sup>

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

## Currency related income, net<sup>2)</sup>

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

## Customer

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

## Deposits

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

## Earnings per share<sup>1)</sup>

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

## eNPS

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

## Equity per share<sup>1)</sup>

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

## External deposits

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

## External mortgages

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

## Fund commissions, net<sup>2)</sup>

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

## Gross brokerage income/Turnover in brokerage-generating securities<sup>2)</sup>

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of trading in various brokerage fee classes.

## Income per customer<sup>2)</sup>

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

## Income to savings capital ratio<sup>2)</sup>

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

## Internally financed lending

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

## Leverage Ratio<sup>3)</sup>

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

## Note

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

## Net brokerage income<sup>2)</sup>

Gross brokerage income less direct costs.

## Net inflow

Deposits, less withdrawals, of liquid assets and securities.

## Operating margin<sup>1)</sup>

Operating profit/loss in relation to operating income.

## Own funds<sup>3)</sup>

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

## P/E ratio<sup>2)</sup>

Share price in relation to earnings per share.

## Profit margin<sup>1)</sup>

Profit/loss after tax in relation to operating income.

## Return on equity<sup>1)</sup>

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

## Savings capital

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

## Savings capital per customer<sup>2)</sup>

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

## Solvency capital<sup>3)</sup>

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

## Solvency capital requirement<sup>3)</sup>

Estimated capital requirements under Solvency 2 rules.

## The Swedish savings market

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

## The Swedish life insurance market

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

## Turnover

Turnover in security trading.

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

2. Financial key ratios that can be traced in Avanza's Excel spreadsheets with financial histories, published quarterly on [avanza.se/keydata](https://www.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.