

Interim Report January–September 2023

Third quarter 2023 compared to third quarter 2022

- **Operating income** increased by 15 per cent to SEK 854 million. Net interest income was higher, mainly due to higher market interest rates. Fund commissions also increased. Net brokerage income, net currency-related income and other income decreased as a result of lower trading activity
- **Operating expenses** increased by 12 per cent to SEK 266 million, mainly due to higher personnel costs and other expenses. Costs for 2023 are, as previously communicated, estimated at a maximum of SEK 1,160 million
- **Operating profit** amounted to SEK 588 million, an increase of 17 per cent
- **Profit for the period** was SEK 510 million, an increase of 18 per cent
- **Earnings per share** before dilution amounted to SEK 3.25, an increase of 17 per cent

Events during the quarter

- Knut Frängsmyr was appointed new CEO of Avanza and will succeed Rikard Josefson on 6 November 2023
- Farm mortgages were launched in cooperation with Landshypotek, enabling Avanza's customers to apply digitally for mortgages for agricultural properties
- Avanza received the Karriärföretagen 2023 Employer Branding award among economists

No. of customers

+6%

Total 1,873,200

Savings capital

+12%

Total SEK 715 bn

"Macroeconomic conditions remain challenging. Despite this, we are reporting our second strongest quarter ever. Recurring monthly savings were stable and contributed to a strong net inflow that for the nine-month period was more than twice as high as for the full-year 2022. Stock market volatility was low, which affects our trading income. We can't do anything about market sentiment, but customers are continuing to buy securities on a net basis and Avanza's market shares on the Stockholm Stock Exchange are rising. This makes Avanza strongly positioned once optimism returns," says CEO Rikard Josefson.

	Q3 2023	Q2 2023	Change %	Q3 2022	Change %	Jan-Sep 2023	Jan-Sep 2022	Change %
Operating income, SEK m	854	833	2	740	15	2,555	2,126	20
Operating expenses, SEK m	-266	-287	-8	-238	12	-842	-758	11
Operating profit, SEK m	588	546	8	502	17	1,713	1,368	25
Profit for the period, SEK m	510	472	8	433	18	1,483	1,172	27
Earnings per share before dilution, SEK	3.25	3.02	8	2.78	17	9.47	7.53	26
Operating margin, %	69	66	3	68	1	67	64	3
Return on shareholders' equity, %	41	37	4	42	-1	39	35	4
Net inflow, SEK m	21,200	16,100	32	6,030	251	54,300	31,000	75
No. of new customers (net)	31,300	24,000	30	24,100	30	96,500	103,900	-7
No. of customers at the end of the period	1,873,200	1,841,900	2	1,764,000	6	1,873,200	1,764,000	6
Savings capital at the end of the period, SEK m	715,400	736,900	-3	639,900	12	715,400	639,900	12
Income to savings capital ratio, %	0.47	0.46	0.01	0.46	0.01	0.48	0.40	0.08
Costs to savings capital ratio, %	0.15	0.16	-0.01	0.15	0.00	0.16	0.14	0.02

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For key ratios reported in percentages, the change compared to previous periods are stated as percentage points. For definitions see page 27.

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 and corporate customers, such as entrepreneurs, asset managers and those who want an occupational pension.

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 growth in savings capital and income. Income in turn is driven and affected by:

- attractive offers and a strong user experience
- market conditions and its 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 capital. To manage fluctuations in the market, the aim is to broaden the offering and increase the proportion of recurring revenues.

Avanza values a simple, transparent and capital-efficient balance sheet with low risk.

Vision & business model

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

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

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

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

Long-term targets 2025

Satisfied customers

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

Engaged employees

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

Value growth

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

Sustainability

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

For more information, see [avanza.se](https://www.avanza.se), and the Annual Report.



CEO comment

Challenging times for the households

Macroeconomic conditions remain challenging in Sweden and both households and certain sectors are struggling. The Riksbank raised the policy rate twice during the quarter by a total of 50 basis points. I think we will see another rate hike and that it will take time before the Riksbank considers cutting rates. Inflation remains high, but I believe that the focus going forward will be on the troublingly low SEK exchange rate.

While economic conditions are clearly challenging, business cycles are natural. What concerns me is the risk that confidence in Sweden as a nation is being shaken by the surge in gang violence. We do not want an unsafe Sweden and we do not want foreign investors to have doubts about Sweden as an attractive market. Sweden is strong fiscally and has households who understand the importance of continuously saving and who pay their interest. We have a robust labour market with a wide range of well-managed companies and a reputation for innovation. Fundamentally, the Swedish economy is strong.

When it comes to gang violence, everyone in society has a responsibility to do what they can to stop this alarming trend. For us in the financial industry this primarily means preventing our services from being exploited by criminals. Financial crime sustains criminals, and efforts to prevent it are a high priority that requires all our employees' comprehension and sense of responsibility. Important preventive measures include the KYC process and monitoring financial transactions. I am proud of the structured way Avanza works and how we continuously improve our methods to detect, prevent and report suspected financial crime. This is a process that never ends. We have also shown that as an employer Avanza has zero tolerance for narcotics.

Stable monthly savings and consistently strong net inflows

It is a sign of strength that Avanza's customers, despite the complex macroeconomic conditions, continue to save. Recurring monthly savings on the platform were stable at SEK 1.5 billion and the net inflow for the quarter amounted to SEK 21 billion. The total net inflow for the nine-month period amounts to SEK 54 billion, which is more than twice as much as in all of 2022. The net inflow is a result of the deposits of many individual customers. Over time, Avanza is built by net inflow and it is the most important number to track. As far as I know, no one else has such strong growth numbers in these difficult times.

Strongly positioned once optimism returns

Stock market turnover is still weak. Although market uncertainty has made it hard for many savers to decide where their capital does the most good, they continued to buy securities on a net basis during the quarter. Low turnover naturally hurts our trading-related income, but we are still gaining market share in transactions and turnover. With strong net inflows and market shares in stock trading, we are very well positioned once market optimism returns. The fact that we are reporting our second strongest earnings ever in the quarter underscores the resilience of our business model and the importance of having several revenue sources to rely on.

We can't do anything about market sentiment, but we continue to support our customers and improve our offering. During the quarter, we launched an agricultural property mortgage product with Landshypotek. It is a niche product in demand mainly from our Private Banking customers, and I

think this is a good example of how we are making step-by-step improvements for our customers. We also have a strong savings account offering with a variable interest rate of 3.5% on Avanza's savings account and up to 3.7% through our external savings accounts. More and more customers are considering saving accounts in their allocations and Avanza's account has grown during the year to just over SEK 22 billion. This shows that customers are more attentive when managing their liquidity in the current interest-rate environment, and the deposits to Avanza's saving accounts mainly come from other banks.

Stop patronising pension savers

In September, we celebrated Occupational Pension Day with great enthusiasm internally, and with blog posts to our customers to raise awareness of the impact of occupational pensions on personal finance and as a reminder to review their pension savings. We also asked savers whether they thought it was reasonable that an employer should have to approve the transfer of vested pension benefits. While not a scientific study, there were over 2,000 respondents, 96% of whom thought it was unreasonable. The Swedish Financial Supervisory Authority is of a different opinion. In September, it released its report on occupational pension transfers, where on behalf of the government it investigated the options to transfer individual occupational pension insurance. The report was disheartening, and it is regrettable that such an important government authority is more interested in protecting pension companies than policyholders. We need to put a stop to this paternalism and let people manage their pensions the way they want.

A career is usually around 40 years long and it is inevitable that every now and then, an employer is going to go bankrupt, liquidate or merge. Does it make sense then that a legal entity which no longer exists should decide on the future incomes of pension savers in perpetuity? In the last 12 months, Avanza has been contacted by 1,768 people who wanted to transfer an occupational pension from an employer that had gone bankrupt or been liquidated. Furthermore, a large share of Sweden's companies, egged on by insurance brokers, have established policies that do not permit transfers outside a selected few pension companies they have contracted with. This also applies to vested pension benefits, i.e. even former employees. Avanza has in the last 12 months had 2,134 people who asked to transfer an occupational pension from an employer that said no due to a transfer policy. In other words, these vested benefits are anything but vested.

Thank you, everyone!

This is my 23rd and final quarterly report as CEO of Avanza. I started on 6 November 2017 and on 6 November 2023 Knut Frängsmyr takes over as CEO. I feel confident that the Board of Directors has made an excellent choice. The Avanza that Knut is inheriting is significantly larger than it was six years ago. We have added nearly 1.2 million customers and just over SEK 430 billion in savings capital. We have consistently had the most satisfied savings customers in Sweden and three times were named Bank of the Year. In addition, we have grown by over 250 employees. We are a much larger and more mature Avanza today, but still infused with the spirit of a challenger. The company is well run with a completely different governance and control structure than six years ago. In spite of this, I am convinced that everything Avanza does can be done even better. That has been my goal every day on

the job, and I will follow Avanza's future journey with great interest.

I would also like to take this opportunity to thank first and foremost all the wonderful, deeply engaged employees who on a daily basis do so much for our customers. I would also like to thank our customers, whose feedback drives us forward. Personally, I have, also on trickier issues, always appreciated their engagement. I don't know how many meetings with investors and analysts I have attended, but there have always been rewarding and interesting discussions, for which I am grateful. I would also like to thank the Board of Directors for a fulfilling and productive collaboration over the years.

I do not know exactly what I will be doing in the future, but it won't be just one thing. I will also still be around as an advisor until next summer if Avanza needs my services.

Many thanks!

Stockholm, 19 October 2023



Rikard Josefson, CEO Avanza



Operations during the quarter

Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, decreased by 6 per cent in the quarter. Volatility was also lower – in line with 2019.

Turnover on the Stockholm Stock Exchange including First North decreased by 15 per cent and the number of transactions by 10 per cent compared to the previous quarter. Among Avanza's customers, turnover decreased by 3 per cent and the number of transactions by 7 per cent. Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover and increased its market shares compared to the previous quarter.

According to data from the Swedish Investment Fund Association, the fund market reported a net inflow of just over SEK 13 billion in the quarter. Avanza's net inflow to mutual funds was SEK 6 billion.

The policy rate was raised in the beginning of July by 25 basis points and again by 25 basis points in late September to 4.00 per cent. The Riksbank's forecast is that the policy rate may be raised further. The next policy rate decision will be published on 23 November 2023.

Market shares	2023 Q3	2023 Q2	2022 Q3	2022 Jan-Dec
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Nasdaq Stockholm and First North

No. transactions, %	19.9	19.2	18.2	17.3
Turnover, %	7.2	6.3	8.7	8.1

The Swedish fund market (excl. PPM)

Net savings, % ¹	45.4	20.0	24.3	N/A
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¹ For the full year 2022 the net outflow in the Swedish fund market was SEK 4 billion, whereas Avanza had a net inflow of nearly SEK 2 billion.

Data on the Swedish savings market for the second quarter of 2023 was published in September, which amounted to SEK 11,100 billion, an increase of nearly 7 per cent compared to a year earlier. The occupational pension market increased by nearly 6 per cent and amounted to SEK 3,960 billion. During the same period, Avanza's savings capital increased by 13 per cent and occupational pension capital increased by 25 per cent.

Avanza's share of the Swedish savings market increased to 6.6 per cent. The market share of the net inflow for the second quarter was 9.5 per cent. The market share of the net inflow in the second quarter is seasonally lower, partly due to tax refunds and higher contributions to occupational pensions associated with annual salary revisions.

Market shares	Jul 2022- Jun 2023	Apr 2022- Mar 2023	Jul 2021- Jun 2022	Jan 2022- Dec 2022
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The Swedish savings market

Market share at the end of the period, %	6.6	6.7	6.3	6.4
Net inflow, %	8.8	6.4	13.0	5.8

The Swedish life insurance market

Premium inflow, %	9.1	8.9	10.6	9.6
Premium inflow for non-collectively agreed occupational pension insurance, %	8.6	8.5	8.2	8.5

The market share regarding premiums paid for non-collectively agreed occupational pension for the last twelve-month period increased slightly compared to the previous quarter. The market share of premium inflow in the competitive pension and life insurance market, i.e. including endowment insurance, increased. The market share in the fourth quarter was negatively affected by the fact that the net inflow included an insurance portfolio transfer of collectively agreed occupational pensions of SEK –2.4 billion to Futur Pension as well as an outflow of SEK –4.4 billion linked to a cooperation with an asset management firm, as according to previous communication.

Launches and events

The user experience is updated continuously on the platform. The following is a sample of launches and other events during the quarter.

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

The ETF list was updated with a new design and better filtering to make it easier to find the right products. Among other things, you can now see whether an ETF pays a dividend as well as its yield. Over 700 ETF's were also approved for a discounted interest rate within margin lending.

The dashboard in the apps was improved to make it easier to track the performance of an individual account. A feature to allow users to listen to report presentations via Quartr was added under "Right now" in the apps and on the website.

The savings account offering was further improved as the interest rate on Avanza's own savings account was raised to 3.50 per cent, and the variable interest rate through external savings accounts was raised to 3.70 per cent. Also, Avanza's own savings account was added as an option in the onboarding process for new customers who do not immediately want to invest in equities or funds.

The feature that allows customers to share their savings targets with friends and family was improved with a performance chart for the accounts included in the savings target. Also, they can now view each other's specific holdings. In surveys, over 70 per cent of customers said they are more motivated to save when they set a target, and over 40 per cent responded that they save more after setting a target.

The Pension Chase was further improved and now customers can also sign pension insurance transfers digitally for companies that accept digital signatures. Occupational Pension Day was celebrated internally as well as with customers through blog posts and reminders to review occupational pensions.

Avanza received the Karriärföretagen 2023 Employer Branding award among economists, who mentioned Avanza's communication of corporate values, commitment to innovation, and diversity and inclusion. The award is further recognition of Avanza's corporate culture and employer brand.

The third and final internal pulse survey for the year was conducted, and the Employee Net Promoter Score (eNPS) for the year amounts to 58, which can be compared to the target of at least 50.

Development of customers and savings capital

The number of customers increased by 31,300 net in the quarter and amounted to a total of 1,873,200 as of 30 September. The share of women among new customers in the third quarter increased to 46 per cent and women made up 39 per cent of the total number of customers as of 30 September. Of the total number of customers, 9 per cent were occupational pension customers. Customer churn rolling 12 months was 0.8 per cent. The number of average daily active users on the platform decreased to 340,000, holidays and weekends included.

Net inflow in the quarter amounted to SEK 21.2 billion, and the net inflow for 2023 is more than twice that of the full-year 2022. Customers within the Standard segment accounted for the vast majority of the net inflow in the quarter and new customers accounted for 32 per cent. Despite strong net inflows, the savings capital decreased to SEK 715 billion as a result of the decline in share prices.

Total recurring monthly savings by Avanza's customers, excluding occupational pensions, remained stable at SEK 1.5 billion. Recurring occupational pension premiums averaged SEK 346 million per month in the trailing 12-month period, an

increase of 6 per cent compared to the corresponding period a year earlier.

At the end of the quarter, 31 per cent of customers' capital was invested in funds, in line with the beginning of the quarter. Just over 35 per cent of the fund capital was invested in Avanza's own funds. Total fund capital decreased by 2 per cent during the quarter, a result of market fluctuations. Net inflow was SEK 6 billion.

Customers' deposits as a percentage of the savings capital, increased to 14.2 per cent in the quarter, even if customers continued to buy securities on a net basis. This can be compared to 15.6 per cent a year ago. Deposits in Avanza's own savings account, which since February is available to all customers and where the interest rate as of 30 September was 3.50 per cent, amounted to SEK 22.5 billion. Deposits in accounts that pay interest represent 92 per cent of customers' total deposits excluding external savings accounts, compared to 91 per cent at the end of the second quarter.

Margin lending and the internally financed mortgage volumes increased. The external mortgage volumes continued to decrease. The Swedish mortgage market's growth rate has significantly slowed over the year while competition has increased.

Net inflow, SEK m	2023 Q3	2023 Q2	Change %	2022 Q3	Change %	2023 Jan-Sep	2022 Jan-Sep	Change %	2022 Jan-Dec
Standard	19,180	17,260	11	8,070	137	49,770	33,320	49	35,350
Private Banking	1,800	-1,380	-	-2,150	-	3,260	-2,820	-	-11,500
Pro	220	220	-2	110	88	1,270	500	154	-250
Net inflow	21,200	16,100	32	6,030	251	54,300	31,000	75	23,600
Equity-, fund-, and savings accounts	18,230	13,070	39	3,580	408	43,200	20,400	112	18,560
Pension- & insurance-based accounts	2,970	3,030	-2	2,450	21	11,100	10,600	5	5,040
of which endowment insurance	1,570	1,290	22	1,250	26	6,170	6,610	-7	1,760
of which occupational pensions	1,330	1,650	-20	1,340	-1	4,670	4,140	13	5,740
Net inflow	21,200	16,100	32	6,030	251	54,300	31,000	75	23,600

Customers, savings capital and lending, SEK m	30-09-2023	30-06-2023	Change %	31-12-2022	Change %	30-09-2022	Change %
Standard, No.	1,838,420	1,807,720	2	1,741,530	6	1,729,460	6
Private Banking, No.	31,200	30,700	2	31,700	-2	31,200	-
Pro, No.	3,580	3,480	3	3,470	3	3,340	7
No. of customers	1,873,200	1,841,900	2	1,776,700	5	1,764,000	6
of which occupational pension customers, No.	160,700	157,900	2	148,300	8	143,200	12
Standard	412,400	424,400	-3	377,200	9	364,200	13
Private Banking	259,600	268,600	-3	257,900	1	248,100	5
Pro	43,400	43,900	-1	28,800	51	27,600	57
Savings capital	715,400	736,900	-3	663,900	8	639,900	12
Equity-, fund-, and savings accounts	510,000	524,300	-3	476,200	7	457,800	11
Pension- & insurance-based accounts	205,400	212,600	-3	187,700	9	182,100	13
of which endowment insurance	136,800	142,500	-4	127,800	7	123,800	11
of which occupational pensions	53,500	54,400	-2	45,800	17	42,800	25
Savings capital	715,400	736,900	-3	663,900	8	639,900	12
Equities, bonds, derivatives, etc.	390,600	412,900	-5	377,700	3	359,500	9
Mutual funds	223,400	228,100	-2	191,700	17	180,300	24
Deposits	101,400	95,900	6	94,500	7	100,100	1
of which savings account	22,500	14,800	52	3,400	562	N/A	-
of which external deposits (Savings account+)	40,100	36,700	9	36,000	11	35,700	12
Savings capital	715,400	736,900	-3	663,900	8	639,900	12
Internally financed lending	19,500	19,100	2	19,300	1	20,200	-3
of which margin lending	8,120	7,900	3	8,040	1	8,970	-9
of which mortgages (Bolån PB)	11,400	11,200	2	11,200	2	11,200	2
External mortgages (Bolån+)	21,300	22,200	-4	24,100	-12	23,300	-9
Lending	40,800	41,400	-1	43,400	-6	43,500	-6
Return, average account since 1 Jan, %	0	6	-6	-21	21	-24	24
OMX Stockholm GI since 1 Jan, %	4	11	-7	-22	26	-30	34

Financial overview

	2023	2023	Change	2022	Change	2023	2022	Change	2022
	Q3	Q2	%	Q3	%	Jan-Sep	Jan-Sep	%	Jan-Dec
Income Statement, SEK m									
Net brokerage income	162	172	-6	216	-25	562	760	-26	956
Fund commissions, net	153	147	4	141	9	444	440	1	577
Currency-related income, net	71	65	10	80	-11	218	300	-27	364
Net interest income	404	390	4	222	82	1,143	420	172	789
Other income, net	64	59	8	81	-21	187	206	-9	286
Operating income	854	833	2	740	15	2,555	2,126	20	2,973
Personnel	-154	-183	-16	-141	10	-515	-470	10	-636
Marketing	-9	-2	306	-8	23	-22	-21	6	-28
Depreciation, amortisation and impairment	-22	-22	-1	-21	2	-66	-60	10	-81
Other expenses	-80	-80	0	-68	18	-239	-207	15	-286
Operating expenses before credit losses	-266	-287	-8	-238	12	-842	-758	11	-1,031
Profit before credit losses	588	546	8	503	17	1,713	1,368	25	1,941
Credit losses, net	0	0	-	0	-	0	0	-	-1
Operating profit	588	546	8	502	17	1,713	1,368	25	1,940
Tax on profit for the period	-78	-74	6	-69	13	-230	-196	17	-274
Profit for the period	510	472	8	433	18	1,483	1,172	27	1,666
Key ratios									
Operating margin, %	69	66	3	68	1	67	64	3	65
Profit margin, %	60	57	3	59	1	58	55	3	56
Return on shareholders' equity, %	41	37	4	42	-1	39	35	4	36
Earnings per share before dilution, SEK	3.25	3.02	8	2.78	17	9.47	7.53	26	10.69
Earnings per share after dilution, SEK	3.25	3.01	8	2.78	17	9.44	7.51	26	10.67
Credit loss level, %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income to savings capital ratio, %	0.47	0.46	0.01	0.46	0.01	0.48	0.40	0.08	0.42
Costs to savings capital ratio, %	0.15	0.16	-0.01	0.15	0.00	0.16	0.14	0.02	0.15
Savings capital per customer, SEK	381,940	400,080	-5	362,780	5	381,940	362,780	5	373,650
Income per customer, SEK	1,840	1,820	1	1,690	9	1,860	1,650	13	1,720
Costs per customer, SEK	-570	-630	-9	-540	5	-610	-590	5	-600
Net brokerage income/trading day, SEK m	2.5	3.0	-16	3.3	-24	3.0	4.1	-26	3.8
No. brokerage-generating notes/trading day	118,400	145,300	-19	141,100	-16	140,300	169,800	-17	161,100
Turnover in brokerage-generating securities/trading day, SEK m	2,700	3,200	-16	3,520	-23	3,310	4,460	-26	4,260
Turnover in brokerage-generating foreign securities/trading day, SEK m	490	500	-2	510	-5	520	680	-24	610
Gross brokerage income/turnover in brokerage-generating securities, %	0.112	0.111	0.001	0.108	0.004	0.109	0.106	0.003	0.104
No. trading days	65.0	58.0	12	66.0	-2	186.5	187.5	-1	251.0
Investments, SEK m	8	9	-6	4	122	20	34	-43	43
Average no. employees	663	652	2	637	4	652	619	5	622
Platform availability, %	100.0	99.1	0.9	100.0	-	99.7	99.9	-0.2	99.9

Key ratios	30-09-2023	30-06-2023	Change	31-12-2022	Change	30-09-2022	Change
			%		%		%
Shareholders' equity per share before dil., SEK	33.72	30.25	11	31.61	7	28.23	19
Outstanding no. shares before dilution, thousands	156,957	156,619	0.2	156,619	0.2	156,619	0.2
Outstanding no. shares after dilution, thousands	156,998	156,937	0.0	156,994	0.0	156,619	0.2
No. shares upon full dilution, thousands	162,469	161,269	0.7	161,269	0.7	161,269	0.7
No. employees	671	655	2	635	6	649	3
Share price, SEK	189.40	219.50	-14	223.60	-15	170.95	11
Market capitalisation, SEK m	29,700	34,400	-14	35,000	-15	26,800	11

Third quarter compared to the previous quarter

Operating profit for the third quarter increased by 8 per cent. This was mainly a result of seasonally lower personnel costs. Higher operating income also contributed.

The operating margin increased by three percentage points to 69 per cent and the return on shareholders' equity was 41 per cent.

Operating income

Operating income increased by 2 per cent compared to the previous quarter. Net interest income, currency-related income, fund commissions, and other income increased, while net brokerage income decreased.

Net brokerage income decreased by 6 per cent due to market sentiment, which resulted in lower trading activity. The number of brokerage-generating notes decreased by 9 per cent and brokerage-generating turnover was 5 per cent lower. This despite an additional seven trading days in the quarter. Gross brokerage income per brokerage-generating turnover increased slightly from 11.1 to 11.2 basis points. This was due to Private Banking and Pro accounting for a lower share of the brokerage income, a decrease to 24 per cent from 26 per cent the previous quarter.

Net currency-related income increased by 10 per cent to SEK 71 million (65) due to higher turnover in foreign securities. Turnover in brokerage-generating foreign securities increased by 9 per cent. Turnover in foreign funds also increased slightly. Brokerage-generating trading in foreign markets accounted for 18 per cent of total brokerage-generating turnover, an increase from 16 per cent in the second quarter.

Net fund commissions increased by 4 per cent due to higher average fund capital, even though fund capital volumes decreased by 2 per cent since the end of the second quarter. Net inflow to funds amounted to SEK 6 billion. Income per SEK of fund capital decreased slightly due to increased capital in index funds. The share of fund capital in index funds was nearly 44 per cent, an increase of just over 1 percentage point since the previous quarter. As a result of this, income per SEK of fund capital decreased to 26.7 basis points at the end of the quarter.

Net interest income increased by 4 per cent, despite increased interest expenses. Interest income increased mainly as a result of a higher return on surplus liquidity, which was SEK 428 million (356). This was a result of both a larger liquidity portfolio, due to deposits increasing more than lending, as well as higher market interest rates. The bond portfolio is tied to the 3M STIBOR. Income from Avanza's internally financed lending increased as well and amounted to SEK 204 million (195). The average interest rate on internally financed lending increased to 4.22 per cent (4.00). Mortgage rates directly track the Riksbank's policy rate, but the most recent rate hikes have had a delayed effect. The rate hike of 0.50 percentage points in February 2023 was first implemented on 1 May 2023 and therefore did not fully impact earnings until the third quarter. Of the policy rate hike of 0.50 percentage points in May, only half of the increase was applied to mortgage rates on 1 August, while the rest was delayed until November along with the policy rate hike of 0.25 percentage points in July. The policy rate hike in September will affect mortgage rates in February 2024. The rate on margin lending was raised by an average of 0.17 percentage points in late May and by an additional 0.44 percentage points at the end of September, while average volumes decreased compared to the previous quarter. On 1 January 2023, Avanza began paying interest on deposits in the majority of customers' accounts. Interest expenses in the third quarter amounted to SEK 217 million (150). The average interest rate on deposits in the

quarter was 1.44 per cent (1.05). The resolution fee and deposit guarantee fee were stable at SEK 11 million.

Other income increased by 8 per cent, mainly due to higher income from Avanza Markets. Income from stock lending also increased. Income from Avanza Markets increased to SEK 33 million (28) due to higher trading activity and income from stock lending to SEK 17 million (15).

Operating expenses

Operating expenses decreased by 8 per cent, mainly as a result of seasonally lower personnel costs while marketing costs were seasonally higher. The number of employees increased, in accordance with the people plan for 2022 which remains unchanged for 2023.

Credit losses

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

Taxes

In the quarter, the effective tax rate decreased to 13.2 per cent (13.5). The tax rate fluctuates between quarters depending on the share of income generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where a majority of the income is taxed according to the tax laws applicable to life insurance companies, which reduces the effective tax rate.

January–September 2023 compared to January–September 2022

Operating profit increased by 25 per cent compared to the first nine months of 2022. Operating income as well as operating expenses increased.

The operating margin increased by three percentage points to 67 per cent while the return on shareholders' equity increased to 39 per cent.

Operating income

Operating income increased by 20 per cent, a result of significantly higher net interest income. Net fund commissions increased slightly. Net brokerage income and net currency-related income decreased, as did other income.

Net brokerage income decreased by 26 per cent due to lower customer activity. The number of brokerage-generating notes was 18 per cent lower and brokerage-generating turnover decreased by 26 per cent. Gross brokerage income per brokerage-generating turnover increased to 10.9 basis points (10.6).

Net currency-related income decreased by 27 per cent as a result of lower turnover in brokerage-generating foreign securities and foreign funds, which decreased by 26 per cent.

Net fund commissions increased by 1 per cent due to 10 per cent higher average fund capital, while average income per SEK of fund capital decreased from 31 to 28 basis points. This was a result of an increased share of capital in index funds. The share of fund capital in index funds was just over 42 per cent, compared to nearly 38 per cent a year earlier. As a result of this, income per SEK of fund capital was 26.7 basis points by the end of the quarter.

Net interest income increased by 172 per cent, mainly due to higher market interest rates and an increased return on surplus liquidity. Income from internally financed lending also increased due to higher lending rates. The average interest rate on internally financed lending increased from 2.01 per cent to 3.94 per cent. Interest expenses increased after Avanza started paying interest on customers' deposits on 1

January 2023 and introduced its own savings account for all customers in February 2023. Interest expenses amounted to SEK 462 million (0). The average interest rate on deposits during the ninemonth-period 2023 was 1.05 per cent. The resolution fee and deposit guarantee fee amounted to SEK 32 million (36).

Other income decreased by 9 per cent. Mainly income from Avanza Markets decreased due to lower trading activity, while income from stock lending and external deposits increased. As previously communicated, the limit on how much can be borrowed was raised from SEK 5 billion to SEK 10 billion in the third quarter 2022, and the number of shares and accounts included in the stock lending programme was also expanded. Income from Avanza Markets amounted to SEK 99 million (137) and income from stock lending to SEK 50 million (25).

Operating expenses

Operating expenses increased by 11 per cent to SEK 842 million, mainly due to increased personnel costs and higher other expenses. Personnel costs increased by 10 per cent as a result of more employees and a salary increase of 4 per cent as of 1 January 2023. The average number of employees increased by 5 per cent, in accordance with the people plan for 2022 which remains unchanged for 2023. Other expenses increased by 15 per cent, mainly because of higher costs for licenses and trading information. Amortisations increased due to the new backoffice system.

The costs to savings capital ratio increased to 16 basis points (14). The long-term target to spotlight efficiency and the focus on costs remain unchanged with a maximum costs to savings ratio of 12 basis points over time. During the last year and a half, market fluctuations have had a negative impact on the savings capital, which have affected the ratio. High cost-efficiency is still prioritised and makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

Costs for 2023 are not expected to exceed SEK 1,160 million. The cost estimate includes salary increases of 4 per cent from 1 January 2023. Personnel costs will also increase due to the full-year effect of employees who began in 2022 as well as ongoing recruitments, according to the people plan for 2022. IT expenses are also expected to increase, mainly due to higher licensing costs, and as a result of weaker SEK and inflation. The full-year effect of the amortisation of the new back-office system is also contributing to higher costs in 2023.

Credit losses

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

Taxes

The effective tax rate decreased to 13.4 per cent (14.3) as a result of a higher share of income generated in the insurance company, where most of the income is taxed according to the laws applicable to life insurance companies, which reduces the effective tax rate.

The risk tax, or so-called bank tax, that was introduced for credit institutions in 2022, does not affect Avanza since the total liabilities in the bank fall below the threshold of SEK 150 billion.

Net interest income sensitivity

The policy rate was raised by 25 basis points in the beginning of July and an additional increase of the same magnitude was made at the end of September, bringing the rate to 4.00 per cent. The Riksbank's forecast is that the policy rate may be raised further. The Riksbank's next rate decision will be announced on 23 November 2023.

Changes in the policy rate affects the return on surplus liquidity which mainly is invested in covered bonds, as deposits with the Riksbank as well as with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending is comprised of mortgage loans to Private Banking customers and margin lending. The mortgage rate is directly tied to the policy rate, but the increases in the mortgage rate to reflect the latest policy rate hikes have been postponed a few months. Half of the policy rate hike from May took effect on the mortgage on 1 August. The remaining 0.25 percentage points, as well as the policy rate hike from July, has been postponed until 1 November, and the one from September until 1 February 2024. The interest rate on margin lending is based on demand and the competitive landscape.

The cost side of net interest income mainly consists of interest payments on customer deposits. On 1 January, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK) and endowment insurance. Deposits in these accounts, including Avanza's own savings account which since February is available to all customers, represent 92 per cent of customers' total deposits excluding external savings accounts. Deposits in Avanza's own savings account amounted to SEK 22.5 billion as of 30 September 2023 and the interest rate was 3.50 per cent.

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

All else being equal, without accounting for changes in volume or customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or raise of the policy rate would affect full-year net interest income by between SEK -220 million and SEK 600 million. The calculation is based on rates by the end of the third quarter and only highlights the sensitivity in the net interest income. On the upside, Avanza has absorbed the entire increase without sharing with customers, which would be implausible, and on the downside lowered rates on both deposits as well as lending.

Seasonal effects

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

Future outlook

Conditions in the savings market changed dramatically in 2022 as customer activity and the net inflow both decreased as a result of macroeconomic conditions and market turbulence. During 2023 the policy rate has been raised significantly and savings accounts are now considered as a viable allocation option, which have affected net inflow positively during the year. The macroeconomic situation has required adaptability and underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

- Sweden has a well-functioning stock market and a strong savings tradition with a high share of the population owning stocks and funds. While Avanza already has a high market share of the equity-owning population, there is still good growth potential. Everyone in Sweden with a bank account who understands the importance of saving is a potential customer. Avanza's growth ambition includes attracting broader target groups – experienced and established investors as well as new ones – and to attract a larger share of existing customers' savings with new products and services. Growth among new customers is expected to increase Avanza's share of fund savings, which along with the growth targets in pensions and mortgages reduces the sensitivity to market fluctuations.
- A long-term shift in society has left individuals with more responsibility for their personal finances. Everyone needs a cash buffer when unforeseen events occur. Savings are necessary at every stage of life. There is also a large savings gap between men and women. Women save relatively less and to a greater extent in savings accounts. At the same time, the number of female shareholders is increasing in Sweden and for Avanza. The savings capital held by women on Avanza's platform, however, only amounts to 26 per cent. Avanza has expanded its efforts to motivate and inspire more women to save.
- Digitisation is creating new opportunities and here Avanza's strong brand, user experience and customer satisfaction are major strengths when new competition enters the savings market. Avanza's cost-effectiveness and proven business model are also a strength.
- Avanza is well-positioned in terms of regulations on increased transparency, higher consumer protection and higher digital development in the financial markets. Avanza puts its customers first and cherish clear and transparent pricing. Avanza has always advocated low fees and a long-term approach, steering clear of commission-driven advice and instead developing tools on the platform to help customers make their own investment decisions and customise savings based on individual needs.
- Avanza's no-fee pension offer, together with a broad offering and digital tools, are strong competitive advantages as transfer rights for unit-linked insurance policies was expanded and strengthened in 2021 and 2022. New technology and Open Finance regulations at the same time pave the way for more tools and services to be developed.
- A major transfer of assets from older to younger generations is ongoing. The older generation has accumulated tremendous wealth, which will impact many younger people in a positive way, not to mention the future of the capital markets and demand for Avanza's services. Over the last ten-year period, Avanza has attracted a large share of young customers. While they generally have less financial resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now, there is great potential if Avanza continues to create attractive offers and gives them good reasons to stay on the platform. Avanza has a low churn of 0.8 per cent.
- Since the start, Avanza has stressed lower prices and public education in the areas of saving and investing. The user experience and investments in information and education are important factors as interest and demand for sustainable investments grow. Furthermore, it attracts interest from a wider group of savers.
- Avanza's large customer base and strong brand provides an attractive platform for interesting collaborations that can strengthen the customer offering and user experience.

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

Nine quarters in summary

Quarterly overview, SEK m	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net brokerage income	162	172	229	196	216	215	328	354	330
Fund commissions, net	153	147	144	137	141	143	157	176	173
Currency-related income, net	71	65	83	65	80	86	133	135	114
Net interest income	404	390	349	369	222	115	83	82	83
Other income, net	64	59	64	81	81	58	66	78	67
Operating income	854	833	868	847	740	618	768	824	767
Personnel	-154	-183	-178	-166	-141	-170	-159	-159	-125
Marketing	-9	-2	-11	-7	-8	-5	-9	-7	-5
Depreciation, amortisation and impairment	-22	-22	-22	-21	-21	-21	-18	-18	-18
Other expenses	-80	-80	-79	-79	-68	-77	-63	-68	-45
Operating expenses before credit losses	-266	-287	-289	-273	-238	-272	-249	-253	-192
Credit losses, net	0	0	0	-1	0	-1	2	0	-1
Operating profit	588	546	579	573	502	345	521	571	574
Adjusted operating profit¹	588	546	579	573	502	345	521	571	574
Operating margin, %	69	66	67	68	68	56	68	69	75
Earnings per share before dil., SEK	3.25	3.02	3.20	3.16	2.78	1.90	2.85	3.11	3.10
Shareholders' equity per share before dilution, SEK	33.72	30.25	34.84	31.61	28.23	25.00	32.78	30.21	30.04
Return on shareholders' equity, %	41	37	38	42	42	26	36	41	44
Net inflow	21,200	16,100	17,000	-7,450	6,030	8,400	16,600	17,900	18,400
No. of new customers, net	31,300	24,000	41,100	12,700	24,100	19,700	60,100	71,800	70,100
No. of customers at the end of the period	1,873,200	1,841,900	1,817,800	1,776,700	1,764,000	1,739,900	1,720,200	1,660,100	1,588,400
Savings capital at the end of the period	715,400	736,900	715,700	663,900	639,900	652,700	740,900	809,600	735,000
Income to savings capital ratio, %	0.47	0.46	0.50	0.52	0.46	0.35	0.40	0.43	0.42
Costs to savings capital ratio, %	0.15	0.16	0.17	0.17	0.15	0.16	0.13	0.13	0.11

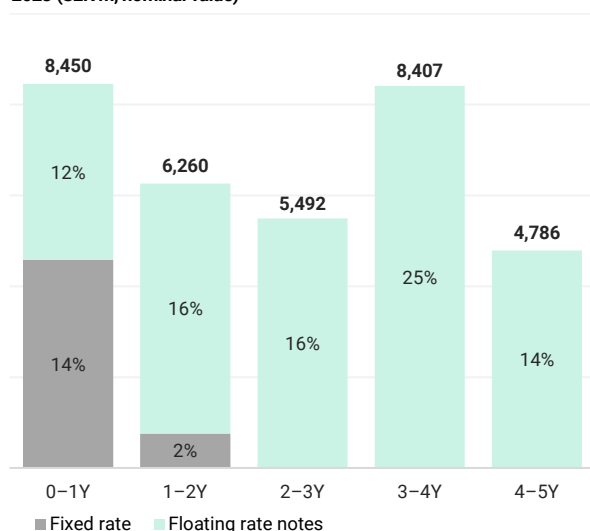
1) No items affecting comparability during reported periods.

Financial position

Avanza is self-financed through equity and customer deposits. The majority of deposits and borrowings from the public are covered by the government deposit guarantee and are spread across a very large number of households. Deposits increased by 13 per cent since the beginning of the year and amounted as of 30 September 2023 to SEK 61.2 billion. The increase was a result of net inflows. Customers continued to net buy securities. Loans to the public increased by 10 per cent to SEK 21.2 billion as of 30 September. All lending is secured by listed securities or pledges on homes or tenant-owned apartments, and the credit quality is assessed to be good. The average loan-to-value ratio for mortgages by the end of the period amounted to 37 per cent and for margin lending to 28 per cent. Between 2001 and the third quarter of 2023, actual and expected credit losses amounted to SEK 16 million, or an average of 0.02 per cent per year. Avanza has no realised credit losses attributable to events after 2011. Lending as a share of deposits amounted to 34.6 per cent as of 30 September.

Surplus liquidity, which as of 30 September 2023 amounted to SEK 45.3 billion, is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, and to a lesser extent bonds issued by the Swedish government and

Maturity structure of interest-bearing securities as of 30 September 2023 (SEK m, nominal value)



municipalities. All of Avanza's assets have high liquidity and all covered bonds have the highest bond rating with Standard & Poor's (AAA) or Moody's (Aaa). The average fixed interest term regarding interest-bearing securities is a maximum of 3 months. Interest-bearing securities with fixed interest terms and maturity periods of more than one week constituted only 3 per cent of all interest-bearing securities as of 30 September 2023. Riksbank Certificates with one week's fixed interest term accounted for 13 per cent of interest-bearing securities. Interest rate risk is limited as Avanza intends, and normally has the capacity, to hold its bonds to maturity. To cope with short-term fluctuations in deposits and lending from/to the general public, a significant share of the assets is held on account and is disposable immediately or the following business day. Avanza's bond portfolio has an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If Avanza still has to sell bonds in advance, the effect on earnings is limited. The amortised cost of the bonds as of 30 September was SEK 76 million higher than the fair value.

Avanza has a strong capital position with good margins to the regulatory requirements as well as low risk in the balance sheet. The dividend policy stipulates a dividend of 70 per cent of profit for the year. The Swedish Financial Supervisory Authority at the end of September announced the results from its 2023 Supervisory Review and Evaluation Process (SREP) for Avanza. The Pillar 2 guidance (P2G) on the leverage ratio was reduced from 0.9 per cent to 0.5 per cent and the risk-based Pillar 2 requirement (P2R) was raised from 3.6 per cent to 5.7 per cent. As a result, Avanza has to have a total leverage ratio of 3.5 per cent and total risk-based capital of 18.2 per cent. The decision means that the risk-based capital requirement could determine Avanza's capitalisation, although the leverage ratio is a more sensitive measure of deposit fluctuations. As of 30 September, Avanza's leverage ratio for the consolidated situation was 5.4 per cent. This means that deposits can increase by SEK 36 billion without risking to fall short of the requirement of 3.5 per cent. Avanza's capital structure is continuously evaluated from a capital efficiency perspective in part to identify opportunities to issue Additional Tier 1 capital if market conditions improve. Details on own funds and capital requirements for the consolidated situation can be found in Note 8.

Financial position ¹	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Common Equity Tier 1 (CET1) capital, SEK m	3,696	3,572	3,504	3,402	3,148	2,979	3,000	2,966	2,799
Total capital, SEK m	3,696	3,572	3,504	3,402	3,148	2,979	3,000	2,966	2,799
Common Equity Tier 1 ratio, %	29.1	28.2	26.3	26.2	25.3	24.0	23.1	24.0	26.2
Total capital ratio, %	29.1	28.2	26.3	26.2	25.3	24.0	23.1	24.0	26.2
Total risk-based capital requirement, % ³	18.2	16.1	15.1	15.1	15.1	12.6	12.5	12.6	12.9
Leverage ratio, % ^{2,3}	5.4	5.4	5.6	5.5	4.6	4.4	4.5	4.8	4.5
Lending/deposits, %	34.6	35.0	38.6	35.5	37.2	38.2	38.9	37.8	38.3

1) Refers to the consolidated situation.

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

3) As of Q3 2023, the SFSA decided on a risk-based Pillar 2 requirement of 5.71 per cent and a Pillar 2 guidance of 0.5 per cent regarding the leverage ratio.

Significant risks and uncertainty factors

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

A detailed description of the Group's risks, risk exposure and risk management can be found in Avanza's Annual Report for 2022, pages 18–19, 44–47 and Note 35. No significant risks have arisen beyond those described in the Annual Report and in this report.

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

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

The Swedish financial market has performed strongly for many years. At the same time, the last few years' market turbulence has negatively impacted the willingness to take risk and, as a result, stock market activity has decreased, which negatively affect Avanza's commission income. Reduced risk appetite together with higher deposit rates can also lead to capital transfers from risk assets to savings accounts and securities with lower risk and where Avanza's compensation is lower. Reduced risk appetite and higher interest rates could also affect households' willingness to amortise, which is happening.

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

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

introduced into Swedish law – if it reaches that point – which is expected to take several years at least. Avanza regards the proposal as regrettable and not in the best interest of savers and has voiced its opposition through the Swedish Securities Markets Association, among other ways. If the proposal nevertheless does pass, Avanza has various alternatives for adapting its business model.

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

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

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group and does not conduct any operations beside the role as owner of its subsidiaries. The Parent Company does not report any revenues. The operating result for the nine-month period 2023 was SEK –29 million (SEK –26m). The Parent Company's equity per the end of September 2023 amounted to SEK 769 million (SEK 1,981m per 31 December 2022) and liquid assets amounted to SEK 7 million (SEK 6m per 31 December 2022).

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

Other corporate events

Executive Management

In the beginning of April, Rikard Josefson notified the Board of Directors that he intends to leave Avanza as CEO at the latest by the end of June 2024. In September, it was announced that Knut Frängsmyr had been appointed new CEO. Knut has long experience from several senior positions at Klarna, most recently as COO and Deputy CEO. Knut takes up his new position on 6 November 2023, at the same time that Rikard steps down as CEO.

Anders Karlsson assumed his role as Chief Product & Technology Officer (CPTO) and a member of Group Management in June. Anders has extensive experience in the financial sector and succeeded Peter Strömberg, who resigned from Group Management in January.

Avanza's Group Management currently consists of ten members, evenly distributed between men and women.

Annual General Meeting 2023

The Annual General Meeting on 30 March 2023 resolved that the Board of Directors shall comprise ten members without deputies.

The Chairman of the Board and Board members were re-elected. John Hedberg was elected as a new member of the Board.

The proposed dividend of SEK 7.50 per share was approved.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2022 were adopted.

Avanza's Annual and Sustainability Report for 2022 was published on 24 February 2023.

Annual General Meeting 2024

The Annual General Meeting will be held in Stockholm on 11 April 2024. The Annual Report will be available at the company's office and on the website, avanza.se/ir, on 23 February 2024.

Nomination committee

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

Incentive programmes

The incentive programme resolved by the Annual General Meeting on 17 March 2020 has three exercise periods in total, the first of which was on 31 August 2023. After recalculation,

in accordance with the terms set by the Annual General Meeting, the exercise price amounts to SEK 185.30 per share. So far, 337,940 shares have been subscribed and issued. As of 30 September 2023, the number of registered and outstanding shares amounts 156,956,967. Subscription of shares in accordance with the terms of the warrants can also be exercised on 26 October 2023 and on 23 November 2023. Full exercise of all 2,250,000 warrants would result in a maximum dilution of 1.5 per cent.

The Annual General Meeting 2021 approved three incentive programmes based on warrants (2021/2024, 2022/2025 and 2023/2026). Each programme extends for three years and comprises a maximum of 1,200,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, each incentive programme will result in maximum dilution of 0.77 per cent.

Repurchase of the company's own shares

The Board of Directors was authorised by the Annual General Meeting 2023 to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in 2023 and the company holds no repurchased shares as of 30 September 2023.

New issues of shares

The Annual General Meeting 2023 resolved to authorise the Board of Directors, on one or several occasions prior to the next Annual General Meeting, with or without derogation from the shareholders' pre-emption rights, to resolve to issue new shares. The total number of shares that may be issued may not exceed a number that increases the share capital by more than 10 percent based on the total share capital of the company at the time of the Annual General Meeting 2023. Payment may be made in cash and/or with non-cash consideration or set-off against a claim or otherwise with conditions.

Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2022, Note 36. No significant changes have subsequently taken place.

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	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating income						
Commission income	1, 2	528	592	1,650	1,948	2,512
Commission expenses	2	-78	-74	-237	-242	-331
Interest income calculated using the effective interest method	3	694	259	1,809	523	935
Other interest and similar income	3	2	-	3	-	1
Interest expenses	3	-291	-37	-669	-103	-147
Net result of financial transactions		0	0	-1	0	-1
Other operating income		0	-	0	0	4
Total operating income		854	740	2,555	2,126	2,973
Operating expenses						
General administrative expenses		-229	-204	-737	-661	-900
Depreciation, amortisation and impairment		-22	-21	-66	-60	-81
Other operating expenses		-15	-13	-40	-37	-50
Total operating expenses before credit losses		-266	-238	-842	-758	-1,031
Operating profit before credit losses		588	503	1,713	1,368	1,941
Credit losses, net		0	0	0	0	-1
Operating profit		588	502	1,713	1,368	1,940
Tax on profit for the period		-78	-69	-230	-196	-274
Profit for the period¹		510	433	1,483	1,172	1,666
Earnings per share before dilution, SEK		3.25	2.78	9.47	7.53	10.69
Earnings per share after dilution, SEK		3.25	2.78	9.44	7.51	10.67
Average no. shares before dilution, thousands		156,715	155,890	156,651	155,679	155,916
Average no. shares after dilution, thousands		157,057	155,890	157,140	156,009	156,209

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

Consolidated statement of other comprehensive income

SEK m	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Profit for the period	510	433	1,483	1,172	1,666
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments ¹	19	-11	33	-161	-116
Tax on changes in value of financial instruments ¹	-4	2	-7	33	24
<i>Items that will not be reversed to the Income Statement</i>					
Changes in value of shares and participations	-47	-	-68	-	-
Tax on changes in value of shares and participations	-	-	-	-	-
Total other comprehensive income after tax	-31	-9	-42	-128	-92
Total profit or loss and other comprehensive income after tax²	479	425	1,441	1,044	1,574

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

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

Consolidated Balance Sheet, condensed

SEK m	Note	30-09-2023	31-12-2022
Assets			
Cash and balances with central banks		7,860	4,915
Treasury bills eligible for refinancing		4,198	802
Loans to credit institutions	4	2,854	2,052
Loans to the public	5	21,185	19,259
Bonds		29,518	31,789
Shares and participations		186	237
Assets in insurance operations		199,319	180,337
Intangible fixed assets		92	107
Right-of-use assets		67	87
Tangible fixed assets		59	60
Other assets		620	837
Prepaid expenses and accrued income		556	608
Total assets		266,513	241,091
Liabilities and shareholders' equity			
Deposits and borrowing from the public		61,168	54,308
Liabilities in insurance operations		199,321	180,339
Lease liability		63	83
Other liabilities		503	1,260
Accrued expenses and deferred income		166	150
Shareholders' equity		5,293	4,951
Total liabilities and shareholders' equity		266,513	241,091

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - September 2022					
Shareholders' equity 31-12-2021	78	477	157	3,989	4,700
Profit for the period	-	-	-	1,172	1,172
Other comprehensive income after tax	-	-	-128	-	-128
Total profit or loss and other comprehensive income after tax	-	-	-128	1,172	1,044
Transactions with owners					
Dividend paid	-	-	-	-1,431	-1,431
New issue (exercise of share warrants)	1	90	-	5	96
Warrants issue	-	12	-	-	12
Shareholders' equity 30-09-2022	78	579	29	3,735	4,421
January - December 2022					
Shareholders' equity 31-12-2021	78	477	157	3,989	4,700
Profit for the period	-	-	-	1,666	1,666
Other comprehensive income after tax	-	-	-92	-	-92
Total profit or loss and other comprehensive income after tax	-	-	-92	1,666	1,574
Transactions with owners					
Dividend paid	-	-	-	-1,431	-1,431
New issue (exercise of share warrants)	1	90	-	5	96
Warrants issue	-	12	-	-	12
Shareholders' equity 31-12-2022	78	579	65	4,229	4,951
January - September 2023					
Shareholders' equity 31-12-2022	78	579	65	4,229	4,951
Profit for the period	-	-	-	1,483	1,483
Other comprehensive income after tax	-	-	-42	-	-42
Total profit or loss and other comprehensive income after tax	-	-	-42	1,483	1,441
Transactions with owners					
Dividend paid	-	-	-	-1,175	-1,175
New issue (exercise of share warrants)	0	62	-	-	63
Warrants issue	-	9	-	4	14
Shareholders' equity 30-09-2023	78	650	23	4,542	5,293

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

Consolidated Cash Flow Statement, condensed

SEK m	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep
Operating activities				
Operating profit	588	502	1,713	1,368
Adjustment for items not included in cash flow	22	22	67	61
Taxes paid	258	-14	-343	3,441
Changes in operating activities' assets and liabilities	1,432	276	4,631	4,978
Cash flow from operating activities	2,300	786	6,068	9,848
Investment activities				
Acquisition and disposals of intangible and tangible fixed assets	-8	-4	-19	-34
Acquisition of shares and participations	-	-	-15	-
Net investment in treasury bills eligible for refinancing	-200	-193	-3,396	463
Net investment in bonds	-1,220	-27	2,236	-6,415
Cash flow from investment activities	-1,428	-223	-1,195	-5,987
Financial activities				
Amortisation lease liability	-11	-10	-32	-29
Cash dividend	-	-	-1,175	-1,431
New issue (exercise of share warrants)	63	96	63	96
Warrants issue	14	12	14	12
Cash flow from financial activities	66	98	-1,130	-1,353
Cash flow for the period	938	661	3,743	2,508
Liquid assets at the beginning of the period ¹	9,747	6,877	6,942	5,030
Liquid assets at the end of the period ¹	10,685	7,538	10,685	7,538
Change	938	661	3,743	2,508

1) Liquid assets are defined as cash and balances with central banks as well as loans to credit institutions excluding pledged assets. At the end of the period SEK 29 million (SEK 22m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement, condensed

SEK m	2023 Jan-Sep	2022 Jan-Sep
Operating expenses		
Administration expenses	-21	-16
Other operating expenses	-7	-10
Operating profit/loss	-29	-26
Profit/loss from financial investments		
Profit/loss from participations in Group companies	-	-
Interest income and similar items	1	-
Interest expenses and similar items	-1	0
Profit/loss before tax and appropriations	-28	-26
Appropriations		
Group contribution	-12	44
Profit/loss before tax	-40	18
Tax on profit/loss for the period	8	-4
Profit/loss for the period	-32	14

Parent Company statement of comprehensive income

SEK m	2023 Jan-Sep	2022 Jan-Sep
Profit/loss for the period	-32	14
<i>Items that will not be reversed to the income statement</i>		
Changes in value of shares and participations	-68	-
Tax on changes in value of shares and participations	-	-
Total other comprehensive income after tax	-68	-
Total profit/loss and other comprehensive income after tax	-100	14

Parent Company Balance Sheet, condensed

SEK m	30-09-2023	31-12-2022
Assets		
Financial fixed assets	613	663
Current receivables ¹	158	1,331
Cash and bank balances	7	6
Total assets	778	2,000
Shareholders' equity and liabilities		
Restricted shareholders' equity	78	78
Unrestricted shareholders' equity	691	1,903
Current liabilities	8	19
Total shareholders' equity and liabilities	778	2,000

1) Of which receivables from subsidiaries SEK 139 million (SEK 1,321m as of 31 December 2022).

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 2022.

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

Note 1 Revenue from contracts with customers

SEK m	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Trading in commission-generating securities	262	324	869	1,150	1,438
Fund savings	164	153	479	486	635
Corporate services	1	1	3	6	11
Other commission income	101	114	298	306	429
Total	528	592	1,650	1,948	2,512
<i>Timing of revenue recognition</i>					
Service or goods transferred to customer at a specific point in time	528	592	1,650	1,948	2,512
Service or goods transferred to customer over time	-	-	-	-	-
Total	528	592	1,650	1,948	2,512

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 Net commission income

SEK m	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Commission income					
Brokerage income	196	251	670	882	1,111
Fund commissions	158	145	460	455	596
Currency-related income	71	80	219	300	365
Other commission income ¹	102	115	302	312	439
Total commission income	528	592	1,650	1,948	2,512
Commission expenses					
Transaction costs ²	-35	-35	-107	-122	-156
Payment services commissions	-24	-21	-72	-69	-91
Other commission expenses ³	-19	-18	-58	-51	-84
Total commission expenses	-78	-74	-237	-242	-331
Total net commission income	450	518	1,413	1,706	2,181

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.

2) Costs directly related to brokerage income.

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

Note 3 Net interest income

SEK m	2023	2022	2023	2022	2022
	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Interest income					
Interest income from loans to credit institutions	106	23	269	26	86
Interest income from loans to the public ¹	267	148	748	373	558
Interest income from interest-bearing securities	320	89	792	124	290
Other interest income	2	-	3	-	1
Total interest income	695	259	1,812	523	936
Interest expenses					
Interest expenses for loans to credit institutions	0	-1	0	-6	-6
Interest expenses for deposits from the public ¹	-280	-24	-635	-59	-94
Resolution and state deposit guarantee fee	-11	-12	-32	-36	-44
Other interest expenses	-0	-1	-1	-2	-2
Total interest expenses	-291	-37	-669	-103	-147
Total net interest income	404	222	1,143	420	789

¹ Q3 2023 includes interest income of SEK 63 million related to customers' credit accounts, which are matched by an equal interest expense. For Q3 2022, the corresponding amount was SEK 24 million and SEK 85 million for the full year 2022.

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 869 million (SEK 1,667m as of 31 December 2022) which are reported net against client fund payables of SEK 869 million (SEK 1,667m as of 31 December 2022). Of the liquid assets of SEK 10,713 million as per the end of the period, SEK 29 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 2022). Thus, the accumulated provision for expected credit losses has affected profits for the period by SEK 0 million.

SEK 1,689 million (SEK 0m as of 31 December 2022) 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 remainder of lending to the public amounted to SEK 19,496 million, of which SEK 8,117 million (SEK 8,037m as of 31 December 2022) with collateral in the form of securities and SEK 11,379 million (SEK 11,222m as of 31 December 2022) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,670 million (SEK 13,081m as of 31 December 2022) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,285 million (SEK 1,853m as of 31 December 2022).

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

30-09-2023 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
Assets					
Cash and balances with central banks	-	7,860	-	-	7,860
Treasury bills eligible for refinancing	-	4,198	-	-	4,198
Loans to credit institutions	-	2,854	-	-	2,854
Loans to the public	-	21,185	-	-	21,185
Bonds	-	21,921 ¹	7,596	-	29,518
Shares and participations	1	15	169	-	186
Assets in insurance operations	185,813	13,506	-	-	199,319
Intangible fixed assets	-	-	-	92	92
Right-of-use asset	-	-	-	67	67
Tangible assets	-	-	-	59	59
Other assets	-	620	-	-	620
Prepaid expenses and accrued income	-	433	-	124	556
Total assets	185,815	72,591	7,766	342	266,513
Liabilities					
Deposits and borrowing from the public	-	61,168	-	-	61,168
Liabilities in insurance operations	199,319	-	-	2	199,321
Lease liabilities	-	-	-	63	63
Other liabilities	-	218	-	285	503
Accrued expenses and deferred income	-	98	-	69	166
Total liabilities	199,319	61,483	-	418	261,220

¹) Fair value amounts to SEK 21,846 million.

Financial instruments valued at fair value

30-09-2023, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	101,711	–	169	101,881
Fund units	80,461	–	–	80,461
Bonds and other interest-bearing securities	9,257	596	–	9,853
Other securities	1,304	81	–	1,386
Total assets	192,733	678	169	193,580
Liabilities				
Liabilities in insurance operations (investment agreements)	–	199,319	–	199,319
Total liabilities	–	199,319	–	199,319

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. Fair value is determined by using the official bid rate on the closing date. The majority of equities and funds pertaining to the insurance operations as well as bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility (MTF), investment funds or securities on unlisted securities markets managed electronically by Avanza.
- Level 2 – The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties. Bonds that are less liquid can be found at this level and are measured on the yield curve. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data). This category's stockholdings refer to an unlisted ownership in Stabelo Group AB. When there is a lack of active market, the choice of valuation model in level 3 is governed by what is deemed appropriate for the individual instrument. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge of valuation in financial markets. In cases where it is considered necessary, relevant adjustments are made to reflect fair value, in order to accurately reflect the parameters that exist in the financial instruments and that should be reflected in its valuation.

The level of the hierarchy for fair values where the valuation at fair value is categorised 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. No instruments have been reclassified since the end of last year.

Note 7 Capital requirement for the financial conglomerate

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

SEK m	30-09-2023	31-12-2022
Own funds per sector		
Own funds for regulated units in the insurance sector ¹	3,300	3,006
Own funds for regulated units within the banking and investment services sector	3,377	2,990
Total own funds	6,678	5,996
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹	2,004	1,795
Capital requirement for regulated units within the banking and investment services sector	2,215	1,863
Total capital requirement	4,219	3,658
Capital surplus	2,459	2,338
Own funds/Capital requirement	1.58	1.64

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

Note 8 Capital adequacy and liquidity information

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

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

The SFSA completed its latest review and evaluation (SREP) of Avanza during the third quarter 2023. In conjunction, the SFSA decided on a risk-based Pillar 2 requirement of total 5.71 per cent for the consolidated situation distributed between credit related concentration risk (0.90 per cent) and interest rate risk in the banking book (4.81 per cent). Three quarters of the capital requirement shall be covered by Tier 1 capital, of which at least three quarters must be Common Equity Tier 1 capital. Furthermore, the SFSA has informed Avanza regarding the Pillar 2-guidance concerning leverage ratio, 0.5 per cent on group level, beyond the minimum requirement for the leverage ratio of 3.0 per cent. The guidance must be covered by CET1 capital. Avanza has considered the new level of the Pillar 2 requirement and Pillar 2 guidance in its capital planning. The liquidity buffer applied in calculating the LCR at the Group level, may consist of at most 50 percent covered bonds issued by Swedish issuing institutes. Avanza is highly liquid with a liquidity coverage ratio well above the requirement.

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

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

Own funds, SEK m	30-09-2023	31-12-2022
Common Equity Tier 1 (CET1) capital		
Shareholders' equity according to the balance sheet	4,406	4,694
Foreseeable dividend	-607	-1,175
Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,800	3,519
Additional value adjustments	-12	-9
Intangible assets (net of related tax liability)	-92	-107
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-104	-117
Common Equity Tier 1 (CET1) capital	3,696	3,402
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	3,696	3,402
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	3,696	3,402

Risk exposure amount and capital requirement, SEK m	30-09-2023		31-12-2022	
Risk exposure amount				
Credit risk according to the standardised approach	8,903		9,182	
of which exposures to institutions	548		396	
of which exposures to corporates	47		83	
of which retail exposures	261		320	
of which exposures secured by mortgages on immovable property	4,004		3,959	
of which exposures in default risk weight	17		44	
of which exposures to covered bonds	2,719		3,016	
of which exposures to equity	557		689	
of which exposures to other items	751		676	
Market risk (position risk)	3		0	
Settlement risk	0		3	
Credit valuation adjustment risk according to the standardised method	–		–	
Operational risk according to the standardised approach	3,812		3,812	
Total risk exposure amount	12,718		12,998	
Capital requirement				
Credit risk according to the standardised approach	712	5.6%	735	5.7%
of which exposures to institutions	44	0.3%	32	0.2%
of which exposures to corporates	4	0.0%	7	0.1%
of which retail exposures	21	0.2%	26	0.2%
of which exposures secured by mortgages on immovable property	320	2.5%	317	2.4%
of which exposures in default	1	0.0%	4	0.0%
of which exposures in the form of covered bonds	217	1.7%	241	1.9%
of which equity exposures	45	0.4%	55	0.4%
of which other items	60	0.5%	54	0.4%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	–	0.0%
Operational risk according to the standardised approach	305	2.4%	305	2.3%
Capital requirement	1,017	8.0%	1,040	8.0%
Total own funds	3,696	29.1%	3,402	26.2%
Minimum own funds requirement (Pillar 1)	1,017	8.0%	1,040	8.0%
Combined buffer requirement	572	4.5%	455	3.5%
Additional own funds requirement (Pillar 2) ¹	726	5.7%	467	3.6%
Pillar 2 guidance	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	2,316	18.2%	1,961	15.1%
Capital surplus after risk-based capital requirement	1,380	10.8%	1,441	11.1%
Leverage ratio				
Leverage ratio total exposure measure	69,009		62,464	
Leverage ratio, %	5.4%		5.5%	
Tier 1 capital	3,696	5.4%	3,402	5.5%
Minimum own funds requirement (Pillar 1)	2,070	3.0%	1,874	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	345	0.5%	562	0.9%
Total leverage ratio requirement (desired level of own funds)	2,415	3.5%	2,436	3.9%
Capital surplus after leverage ratio requirement	1,280	1.9%	966	1.5%

1) The additional own fund requirement are equivalent to the Swedish FSA's decided Pillar 2 requirements.

Financial reports

Key metrics, SEK m		30-09-2023	30-06-2023	31-03-2023	31-12-2022	30-09-2022
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	3,696	3,572	3,504	3,402	3,148
2	Tier 1 capital	3,696	3,572	3,504	3,402	3,148
3	Total capital	3,696	3,572	3,504	3,402	3,148
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	12,718	12,676	13,314	12,998	12,448
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	29.1%	28.2%	26.3%	26.2%	25.3%
6	Tier 1 ratio (%)	29.1%	28.2%	26.3%	26.2%	25.3%
7	Total capital ratio (%)	29.1%	28.2%	26.3%	26.2%	25.3%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.7%	3.6%	3.6%	3.6%	3.6%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.2%	2.0%	2.0%	2.0%	2.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4.3%	2.7%	2.7%	2.7%	2.7%
EU 7d	Total SREP own funds requirements (%)	13.7%	11.6%	11.6%	11.6%	11.6%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	1.0%	1.0%	1.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	4.5%	4.5%	3.5%	3.5%	3.5%
EU 11a	Overall capital requirements (%)	18.2%	16.1%	15.1%	15.1%	15.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	15.4%	16.6%	14.7%	14.6%	13.7%
Leverage ratio						
13	Leverage ratio total exposure measure	69,009	66,318	62,607	62,464	67,844
14	Leverage ratio (%)	5.4%	5.4%	5.6%	5.5%	4.6%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	19,328	17,339	16,370	17,464	18,169
EU 16a	Cash outflows - Total weighted value	6,552	6,598	6,650	6,687	6,552
EU 16b	Cash inflows - Total weighted value	2,904	2,891	3,225	4,303	5,321
16	Total net cash outflows (adjusted value)	3,648	3,707	3,586	3,075	2,545
17	Liquidity coverage ratio (%)	531%	471%	469%	649%	820%
Net Stable Funding Ratio						
18	Total available stable funding	57,120	55,097	50,924	51,878	55,050
19	Total required stable funding	29,187	28,347	28,731	29,317	31,104
20	NSFR ratio (%)	196%	194%	177%	177%	177%

Additional information on liquidity

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

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

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

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

Liquidity reserve, SEKm		30-09-2023	31-12-2022
Liquid assets		10,078	6,376
Covered bonds and securities issued by governments and municipalities		30,890	29,090
Total liquid assets		40,968	35,466
Sources of funding, SEKm		30-09-2023	31-12-2022
Deposits and borrowing from the public		61,168	54,308
Lease liability		63	83
Other liabilities		1,289	1,306
Accrued expenses and deferred income		154	140
Shareholders' equity		4,406	4,694
Total liabilities and shareholders' equity		67,080	60,531

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, 19 October

Rikard Josefson
CEO

For additional information



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

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 20 October 2023 at 10.00 (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. Further information and registration for participation is available at investors.avanza.se/en/ir/calendar/upcoming-events.

The Swedish version of this interim report has been reviewed by the company's auditors.

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

This 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.

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Upcoming publication dates for monthly statistics

October 2023	3 November 2023
November 2023	5 December 2023
December 2023	4 January 2024

Financial calendar

Preliminary Financial Statement 2023	19 January 2024
Annual report 2023	23 February 2024
Annual General Meeting	11 April 2024
Interim Report January – March 2024	19 April 2024

Auditors review report

To the Board of Directors of Avanza Bank Holding AB

Corp. id. 556274-8458

Introduction

We have reviewed the condensed interim financial information (interim report) of Avanza Bank Holding AB as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Annual Accounts Act for the Parent Company. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 19 October 2023

KPMG AB

Dan Beitner
Authorized Public Accountant

For translation purposes only.

Definitions

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

Client funds²⁾

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

Costs per customer²⁾

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

Costs to savings capital ratio²⁾

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

Credit loss level¹⁾

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

Currency related income, net²⁾

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

Customer²⁾

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

Deposits²⁾

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

Earnings per share¹⁾

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

eNPS

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

Equity per share²⁾

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

External deposits²⁾

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

External mortgages²⁾

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

Fund commissions, net²⁾

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

Gross brokerage income/Turnover in brokerage-generating securities²⁾

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

Income per customer²⁾

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

Income to savings capital ratio²⁾

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

Internally financed lending²⁾

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

Lending/Deposits¹⁾

Lending to the public as per the balance sheet in relation to deposits by the public as per the balance sheet.

Leverage Ratio³⁾

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

Note²⁾

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

Net brokerage income²⁾

Gross brokerage income less direct costs.

Net inflow²⁾

Deposits, less withdrawals, of liquid assets and securities.

Operating margin²⁾

Operating profit/loss in relation to operating income.

Own funds³⁾

Equity adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies regarding the way

in which the own funds and the capital requirement are determined.

P/E ratio²⁾

Share price in relation to earnings per share.

Profit margin²⁾

Profit/loss after tax in relation to operating income.

Return on shareholders' equity²⁾

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

Savings capital²⁾

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

Savings capital per customer²⁾

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

Solvency capital³⁾

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

Solvency capital requirement³⁾

Estimated capital requirements under Solvency 2 rules.

Surplus liquidity²⁾

Surplus liquidity consists of cash and balances with central banks, treasury bills eligible for refinancing, loans to credit institutions, and bonds on the balance sheet, as well as client funds.

The Swedish savings market

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

The Swedish life insurance market

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

Turnover²⁾

Turnover in security trading.

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

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

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