

Interim Report January–June 2021

Second quarter 2021 compared to second quarter 2020

- **Operating income** increased by 43 per cent to SEK 754 million. All revenue lines improved. Mainly net brokerage income increased, a result of higher trading activity due to more brokerage-generating customers. Fund commissions and currency-related income was also higher
- **Operating expenses** increased by 17 per cent to SEK 216 million, mainly due to more staff and consequently higher personnel costs
- **The cost increase for the full year** is estimated at about 15 per cent, as previously announced, excluding extraordinary relocation and rental costs for 2020 and 2021
- **Operating profit** amounted to SEK 536 million, an increase of 61 per cent
- **Profit for the period** was SEK 451 million, an increase of 61 per cent

Events during the quarter

- Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection due to a potential breach of the GDPR
- Milestones and Savings Targets were launched to support customers and encourage savings
- The Nordic Swan Ecolabel was introduced for funds to make sustainable savings easier
- Avanza ranked highest among banks and number four overall in Kantar Sifo's reputation index 2021, which means that one of the year's sustainability targets has been reached

No. of customers

+36%

Total 1,518,200

"In the second quarter, we passed 1.5 million customers and SEK 700 billion in savings capital. Although trading activity was lower than in the first quarter, turnover and the number of notes are at a higher level than in 2020. Over 50% more customers since the beginning of 2020 have definitely helped to raise our lowest level," says CEO Rikard Josefson.

Savings capital

+61%

Total SEK 714 bn

	Q2 2021	Q1 2021	Change %	Q2 2020	Change %	Jan-Jun 2021	Jan-Jun 2020	Change %
Operating income, SEK m	754	957	-21	526	43	1,710	1,067	60
Operating expenses, SEK m	-216	-202	7	-185	17	-419	-364	15
Operating profit, SEK m	536	756	-29	333	61	1,292	694	86
Profit for the period, SEK m	451	632	-29	281	61	1,082	585	85
Earnings per share before dilution, SEK	2.91	4.08	-29	1.83	59	6.98	3.81	83
Operating margin, %	71	79	-8	63	8	76	65	11
Net inflow, SEK m	22,900	30,500	-25	19,400	18	53,500	41,300	30
No. of new customers (net)	85,100	152,800	-44	53,000	60	237,900	139,100	71
No. of customers at the end of the period	1,518,200	1,433,200	6	1,115,500	36	1,518,200	1,115,500	36
Savings capital at the end of the period, SEK m	713,600	653,900	9	444,600	61	713,600	444,600	61
Income to savings capital ratio, %	0.44	0.63	-0.18	0.52	-0.08	0.53	0.52	0.00
Costs to savings capital ratio, %	0.13	0.13	-0.01	0.18	-0.06	0.13	0.18	-0.05

Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated. For definitions see page 25.

Avanza in brief

This is Avanza

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

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

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

An investment in growth

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

- attractive offers and a strong user experience
- market conditions such as trading activity, fund volumes and interest rates
- changes in deposit and lending volumes

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

Vision & business model

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

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

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

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

Long-term targets 2025

Satisfied customers:

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

Engaged employees:

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

Value growth:

- Market share of at least 15 per cent of the total net inflow to the Swedish savings market 2025
- Market share of nearly 7 per cent of the Swedish savings market by the end of 2025
- Return on equity of 25-30 per cent
- Dividend of at least 70 per cent of the profit of the year

Sustainability:

- Increased share of capital in sustainable investments
- Be seen as the leading sustainable brand and the natural choice for sustainable savings as well as increase the share of female to 50 per cent of new customers
- An organisation with parity between women and men, and to become climate positive

Due to the strong growth since January 2020, when the 2025 targets were set, they will be reassessed and potentially revised higher. This will be announced in connection with the publication of the Preliminary Financial Statement in January 2022.

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



CEO comment

I want to begin by commenting on the inadvertent disclosure of personal data to Facebook. Avanza had a connection with Facebook that we should not have had, never intended to have and did not utilize. The whole thing was due to a handling error. The data obtained by Facebook has been deleted and, according to the information we received from them, was never used. The entire incident is highly regrettable. We are investigating the cause and have learned an important lesson. We have reported ourselves to the Swedish Authority for Privacy Protection and the Swedish Financial Supervisory Authority, with which we have a good dialogue. It is still too early to say whether there will be any financial consequences, but it cannot be ruled out. It is important to point out that our assessment that no customers were at harm has not changed.

New milestones passed

During the second quarter, we reached over 1.5 million customers and passed SEK 700 billion in savings capital. Although activity was lower than in the first quarter, it was still significantly higher than the level in 2020. The number of brokerage-generating notes in the first half of 2021 was about 70% higher than in the first half of 2020 and brokerage-generating turnover was 36% higher. In the span of 18 months, we have grown the number of customers by over 500,000 and savings capital by 75%. This produces results. We can also see this in the market share data for the first quarter, which came out in May, where Avanza further increased its share of the savings market to 6.2%. Our share of the net inflow in the savings market was 25%, which corresponds to a share of 19% on a rolling 12-month basis.

The financial result we delivered for the second quarter is the second highest ever for Avanza. It did not reach the same level as in the first quarter, but we have also had a flatter stock market during the quarter and volatility has continued to decline since the beginning of the pandemic. Fund commissions continue to increase and fund capital has now reached SEK 195 billion, up over 60% since the beginning of 2020. Corporate Finance also maintained a high level of activity.

Simplicity and price are critical when customers choose a mortgage lender

Three years ago we launched external mortgages in collaboration with Stabelo. During the spring, Landshypotek was added as well. Avanza's external mortgage volume to date is up to SEK 17 billion and we are step-by-step making improvements to support borrowers. In 2020, volume grew by SEK 3.7 billion, compared to SEK 3.6 billion in the first half of this year alone. I am convinced that the trend in recent years, where simplicity and price are what customers base their decisions on, will continue. Mortgages are no longer a complicated product that requires advice but something customers want to sign in the easiest way possible at the best possible interest rate.

Savings targets that engage and motivate

The quarter's major launches were Savings Targets and Milestones. The customers ability to set savings targets for their accounts engages and motivates customers when they can visualize a path to achieve them. Savings targets were not launched until June, but already over 100,000 targets have been set. Milestones in a similar way give customers the satisfaction of seeing certain levels reached. In sustainability, we introduced the wellknown Nordic Swan Ecolabel for funds – a good tool for customers who want extra assurance that their funds maintain ambitious sustainability work.

Sweden's households need predictability regarding investment savings accounts

During the quarter, there was a debate on the taxation of investment savings accounts. My opinion is that savers must have clear rules that do not change haphazardly. The tax on investment savings accounts has already been raised twice. Savers are also taxed in years when the value of the holding decreases. After numerous complaints, including from several political parties, the debate has faded. I am convinced that investment savings accounts have encouraged more people to save and raised interest in savings.

Increased interest in occupational pension transfers to Avanza

We are pleased that unit-linked insurance policies signed before 2007 may finally become transferable. In May, the Ministry for Finance proposed that the right to repurchase and transfer policies will apply regardless of when they were signed. In the spring, Avanza has carried out activities to inform customers about their transfer rights effective as of 1 April, and we are seeing increased interest in transferring occupational pension capital to Avanza. It still takes far too long to complete a transfer, however. I would encourage the industry to simplify the process instead of making it complicated for savers who want to transfer capital. Customers should be able to expect a much more efficient process between insurance companies.

We have definitely raised our lowest level

In May, we held our "Brainy Days," which produced an array of ideas both large and small. I am proud of the initiatives and ideas that have been hatched at Avanza and am impressed by all our amazing employees and their creativity and customer focus.

This, along with Avanza's fantastic growth, is why I would again underscore that we have raised our lowest level. During the quarter, we had over 500,000 daily active users, which shows the strong interest in savings among our customers and our attractiveness as a partner. Compared to 2019, 375,000 more customers are trading equities and 365,000 more own funds.

I hope you will have a wonderful and relaxing summer!

Stockholm, 14 July 2021



Rikard Josefson, CEO Avanza

Operations

Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by nearly 7 per cent in the quarter. Volatility remained relatively high, but has continued to trend lower since the beginning of the pandemic.

Total turnover on the Stockholm Stock Exchange including First North decreased by 4 per cent and the number of transactions decreased by 5 per cent compared to the previous quarter. After the first quarter's record levels, turnover decreased among Avanza's customers in these marketplaces by 13 per cent and the number of transactions by 11 per cent.

In the second quarter, Avanza was again by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover. Avanza's market shares decreased slightly from the previous quarter, mainly due to increased activity from international peers, with primarily institutional trading.

According to the Swedish Investment Fund Association the fund market reported a continued strong net inflow during the quarter.

The repo rate remained unchanged at zero per cent and the Riksbank's own forecast indicates a zero per cent repo rate throughout the forecast period until the third quarter of 2024.

Market shares	2021 Q2	2021 Q1	2020 Q2	2020 Jan-Dec
<i>Nasdaq Stockholm and First North</i>				
No. transactions, %	19.3	20.7	17.5	18.1
Turnover, %	8.3	9.2	8.4	8.5
<i>The Swedish fund market (excl. PPM)</i>				
Net savings, %	17.4	27.0	19.1	32.9

Data on the Swedish savings market for the first quarter of 2021 was released in May. The Swedish savings market amounted to SEK 10,460 billion, an increase of nearly 6 per cent since the end of 2020. Also, the occupational pension market increased by close to 6 per cent to SEK 3,780 billion. In the same period, Avanza's savings capital increased by 15 per cent and the occupational pension capital with 12 per cent.

Avanza's market share of the Swedish savings market increased both in terms of savings capital and net inflow. The market share in the occupational pension market was 1.1 per cent.

Statistics from Insurance Sweden show that Avanza's market share of premiums paid for non-collective agreement occupational pension insurance increased during the 12-months period. The market share of the premium inflow for the entire life insurance market, i.e. including endowment insurance, remained on the same level.

Market shares	Apr 2020- Mar 2021	Jan 2020- Dec 2020	Apr 2019- Mar 2020
<i>The Swedish savings market</i>			
Market share at the end of the period, %	6.2	5.8	4.4
New inflow, %	19.3	19.0	17.8
<i>The Swedish life insurance market</i>			
Premium inflow, %	11.9	11.9	9.5
Premium inflow for non-collectively agreed occupational pension insurance, %	7.5	7.2	6.9

Information related to Covid-19

Political measures and stimulus from central banks in light of the pandemic have increased access to capital and made the stock market more attractive. Since the beginning of 2020, customers have been more active in their savings, and the

trading activity among Avanza's customers have been at historically high levels. Customer growth and the net inflow have been strong as well.

The aftermath of the pandemic is hard to predict. It is not unusual with slower customer activity after great turbulence as the market stabilises. However, the turbulence during the pandemic has emphasised the importance of savings and having a buffer. Because of this, along with a 50 per cent increase in the number of customers in the last 18 months, there is still confidence that Avanza's lowest level have been raised. The net inflow could be affected by a lower savings ratio when society reopens and more people return to normal life.

Although the increase in expenses for 2021 was revised upward to around 15 per cent in December 2020, as a result of the very strong growth, the long-term guidance of an annual increase of 9–12 per cent remains unchanged. Avanza's long-term strategies and targets also stand. Due to the strong growth since January 2020, when the targets for 2025 were set, they will be reassessed and potentially revised higher. This will be announced in connection with the publication of the Preliminary Financial Statement in January 2022.

No provisions were installed, and no actual credit losses connected to the pandemic were recognised during 2020 nor the first six months of 2021.

Launches and events during the quarter

Milestones and Savings Targets were launched in the apps. Milestones show when a customer has reached a new savings level and are designed to encourage savings with Avanza. Savings targets are a tool where customers can set up visual and concrete goals for their savings. They can also create a savings plan to reach those targets. Savings can be tracked in a graph that changes in pace with the value of the accounts. It is also possible to simulate various future scenarios.

Further steps were taken to make sustainable savings easier and the Swan Ecolabel was added to the fund pages. This well-known Ecolabel for the Nordic region is an independent non-profit organisation working on behalf of the government. The label is a good tool for customers to ensure that their funds fulfill their ambitious sustainability work.

The stock pages were updated with a new, more convenient order function as well as larger graphs. The transaction pages were improved to provide a better overview of current orders and historical transactions. In the apps, paid and upcoming dividends can be seen in an updated diagram. Margin lending was expanded to include more eligible securities. In addition, the interest rate on loans against funds was lowered. Benefit levels for margin lending were eliminated as well, which means the same low interest rate for all customers.

In occupational pensions, a new landing page, new product page and new onboarding process for corporate customers were launched. The latter enables companies to sign an occupational pension solution right on the site – regardless of how many employees they have. The service was earlier made available to one-person firms.

On 1 April 2021, a new law took effect on pension transfers. The new law limits the fees charged to transfer occupational pensions and means that savers can transfer their unit-linked insurance to cheaper alternatives at a maximum cost of SEK 600, compared to previous percentage fee based on the capital. During the spring, Avanza carried out activities to make customers' aware of the possibility of moving its pension capital to Avanza and sees increased interest with more

transfer requests among customers. However, a transfer still takes time and will not affect the net inflow until the third quarter at the earliest. Avanza has a very competitive offering and strong brand, but is still a relatively small player in occupational pensions. This provides great growth potential but needs education and communication efforts. Today's transfer rights only cover policies signed after 2007. In a new proposal, the government suggests that transfer rights be extended to pensions signed also before 2007. The proposal is suggested to take effect on 1 July 2022. There are still many improvements to be made to simplify pension transfer administration in the industry. Avanza continues to support these changes.

Avanza ranked highest among banks and number four overall in Sweden in Kantar Sifo's reputation index 2021, which means that one of the year's sustainability targets has been reached. This was also an improvement from sixth place last year.

In Corporate Finance, Avanza served as financial advisor in Cedergrenska's IPO, K2A share issue and Acrinova's rights issue. Avanza was also joint bookrunner in Creaspac's IPO and bookbuilder in Creades' rights issue, in addition to participating as a retail distributor in a number of listings.

During the quarter, the subsidiary Avanza Bank AB reported itself to the Swedish Authority for Privacy Protection (IMY) and the Swedish FSA due to a potential breach of the General Data Protection Regulation (GDPR). Avanza has since late 2019 inadvertently activated functions on its website which have enabled Facebook to collect personal data from Avanza's website in encrypted form. The data collected by Facebook have been deleted and were never used. Activating these functions was a mistake due to handling error. When Avanza realized this, the functions were immediately turned off. Our assessment is that no customers have been put at harm. The IMY and FSA are currently conducting investigations, but it is still too early to determine whether there will be any financial consequences, which however cannot be ruled out.

Development of customers and savings capital

Customer growth remained high in the second quarter, and 85,100 new customers were added. The total number of customers at the end of the period was 1,518,200, of which 8 per cent were occupational pension customers.

During the quarter, the number of daily average active users on the website and in the apps were 505,200, holidays and weekends included.

Savings capital increased during the quarter to a record-high SEK 714 billion. The increase was due to rising stock prices and net inflow. The net inflow amounted to SEK 23 billion. The net inflow from existing customers accounted for 51 per cent in the quarter, compared to 50 per cent in the first quarter and 63 per cent during 2020. Recurring occupational pension premiums averaged SEK 267 million per month during the last 12-month period, an increase of 10 per cent compared to the corresponding period previous year.

At the end of the quarter, 27 per cent of customers' capital was invested in funds, which was 1 percentage point higher than the beginning of the year. Fund capital increased by 10 per cent in the quarter. Net fund inflow amounted to SEK 8.4 billion. 28 per cent of the fund capital was invested in Avanza's own funds. Monthly savings in funds by Avanza's customers continue to grow and at the end of the quarter amounted to SEK 880 million, an increase of 44 per cent compared to the previous year, a duplication in two years.

Customers' total deposits increased by 1 per cent during the quarter. Customers' liquidity, i.e. deposits as a share of savings capital, accounted for 12 per cent, compared to 18 per cent at the end of the second quarter last year.

Total lending increased by 9 per cent, mainly due to increased external mortgage volumes, Bolån+. Internally financed lending increased by 6 per cent, primarily due to higher margin lending.

Net inflow, SEK m	2021	2021	Change	2020	Change	2021	2020	Change	2020
	Q2	Q1	%	Q2	%	Jan-Jun	Jan-Jun	%	Jan-Dec
Standard	18,070	28,470	-36	13,080	39	46,650	32,420	44	63,740
Private Banking	4,800	1,850	160	6,230	-23	6,640	8,740	-24	12,000
Pro	30	180	-81	90	-60	210	140	58	560
Net inflow	22,900	30,500	-25	19,400	18	53,500	41,300	30	76,300
Equity-, fund-, and savings accounts	15,750	23,890	-34	16,370	-3	39,700	33,330	19	62,100
Pension- & insurance-based accounts	7,150	6,610	8	3,030	136	13,800	7,970	73	14,200
of which endowment insurance	5,760	5,200	11	1,950	195	11,000	5,730	91	9,800
of which occupational pensions	1,270	1,240	2	1,030	23	2,510	2,140	17	4,290
Net inflow	22,900	30,500	-25	19,400	18	53,500	41,300	30	76,300
Customers, savings capital and lending, SEK m									
	30-06-2021	31-03-2021	Change	31-12-2020	Change	30-06-2020	Change	%	%
			%		%		%		
Standard, No.	1,487,420	1,403,660	6	1,252,460	19	1,087,770	37		
Private Banking, No.	27,500	26,400	4	25,000	10	25,300	9		
Pro, No.	3,280	3,140	4	2,840	15	2,430	35		
No. of customers	1,518,200	1,433,200	6	1,280,300	19	1,115,500	36		
of which occupational pension customers, No.	117,500	112,600	4	107,900	9	100,200	17		
Standard	408,800	379,500	8	327,700	25	256,600	59		
Private Banking	277,200	249,000	11	221,300	25	172,100	61		
Pro	27,600	25,400	9	21,500	28	15,900	74		
Savings capital	713,600	653,900	9	570,500	25	444,600	61		
Equity-, fund-, and savings accounts	508,900	467,600	9	407,900	25	315,400	61		
Pension- & insurance-based accounts	204,700	186,300	10	162,600	26	129,200	58		
of which endowment insurance	145,700	131,300	11	113,400	28	88,300	65		
of which occupational pensions	41,400	38,400	8	34,200	21	27,900	48		
Savings capital	713,600	653,900	9	570,500	25	444,600	61		
Equities, bonds, derivatives, etc.	436,200	395,100	10	342,000	28	251,200	74		
Mutual funds	194,800	177,000	10	150,900	29	114,100	71		
Deposits	82,600	81,800	1	77,600	6	79,300	4		
of which external deposits (Savings account+)	29,100	29,000	0	27,700	5	25,500	14		
Savings capital	713,600	653,900	9	570,500	25	444,600	61		
Internally financed lending	18,500	17,400	6	16,300	13	14,000	32		
of which margin lending	8,730	7,830	11	6,970	25	5,370	63		
of which mortgages (Superbolånet PB)	9,760	9,600	2	9,320	5	8,640	13		
External mortgages (Bolån+)	17,200	15,500	11	13,600	26	11,200	54		
Lending	35,700	32,900	9	29,900	19	25,200	42		
Return, average account since 1 Jan, %	15	9	6	19	-4	-1	16		
OMX Stockholm GI since 1 Jan, %	22	14	8	15	7	-4	26		

Financial overview

	2021 Q2	2021 Q1	Change %	2020 Q2	Change %	2021 Jan-Jun	2020 Jan-Jun	Change %	2020 Jan-Dec
Income Statement, SEK m									
Net brokerage income	334	439	-24	260	28	772	528	46	1,102
Fund commissions, net	161	150	7	88	83	312	184	69	418
Currency-related income, net	129	247	-48	81	60	376	153	145	355
Net interest income ¹	80	76	5	73	9	156	137	14	283
Other income, net ^{1,2}	50	44	13	24	111	94	65	45	190
Operating income	754	957	-21	526	43	1,710	1,067	60	2,349
Personnel	-145	-137	6	-120	21	-282	-231	22	-469
Marketing	-3	-9	-68	-2	30	-12	-10	21	-22
Depreciation	-17	-17	2	-17	4	-34	-31	10	-84
Other expenses	-51	-39	30	-46	11	-91	-92	-1	-188
Operating expenses before credit losses	-216	-202	7	-185	17	-419	-364	15	-763
Profit before credit losses	537	754	-29	340	58	1,292	703	84	1,586
Credit losses, net	-1	1	-100	-5	-83	1	-4	-	-4
Profit/loss from participations in associated	-	-	-	-2	-	-	-4	-	-6
Operating profit	536	756	-29	333	61	1,292	694	86	1,576
Tax on profit for the period	-86	-124	-31	-52	63	-210	-109	93	-242
Profit for the period	451	632	-29	281	61	1,082	585	85	1,335
Key ratios									
Operating margin, %	71	79	-8	63	8	76	65	11	67
Profit margin, %	60	66	-6	53	6	63	55	8	57
Return on shareholders' equity, %	46	74	-28	56	-10	59	59	0	57
Earnings per share before dilution, SEK	2.91	4.08	-29	1.83	59	6.98	3.81	83	8.66
Earnings per share after dilution, SEK	2.84	3.99	-29	1.81	57	6.83	3.78	80	8.58
Credit loss level, %	0.00	0.01	-0.01	-0.03	0.03	0.00	-0.03	0.03	-0.03
Income to savings capital ratio, %	0.44	0.63	-0.18	0.52	-0.08	0.53	0.52	0.00	0.51
Costs to savings capital ratio, %	0.13	0.13	-0.01	0.18	-0.06	0.13	0.18	-0.05	0.17
Savings capital per customer, SEK	470,000	456,300	3	398,530	18	470,000	398,530	18	445,600
Income per customer, SEK	2,040	2,820	-28	1,930	6	2,420	2,030	19	2,090
Costs per customer, SEK	-590	-600	-2	-680	-14	-590	-690	-14	-680
Net brokerage income/trading day, SEK m	5.6	7.1	-21	4.4	26	6.4	4.3	47	4.4
No. brokerage-generating notes/trading day	229,700	288,000	-20	157,300	46	259,300	151,200	71	163,100
Turnover in brokerage-generating securities/trading day, SEK m	5,670	6,870	-17	4,750	19	6,280	4,610	36	4,600
Turnover in brokerage-generating foreign securities/trading day, SEK m	900	1,600	-44	560	59	1,250	500	150	570
Gross brokerage income/turnover in brokerage-generating securities	0.115	0.122	-0.007	0.108	0.007	0.119	0.108	0.011	0.111
No. trading days	59.5	61.5	-3	58.5	2	121.0	121.5	0	250.0
Investments, SEK m	33	19	72	26	28	52	32	59	63
Average no. employees	545	518	5	466	17	533	459	16	478
Web service operational availability, %	100.0	99.9	0.1	100.0	0.0	100.0	99.9	0.1	99.9

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

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

Key ratios	30-06-2021	31-03-2021	Change %	31-12-2020	Change %	30-06-2020	Change %
Shareholders' equity per share before dil., SEK	26.58	23.68	12	20.47	30	14.13	88
Outstanding no. shares before dilution, thousands	154,954	154,954	0.0	154,954	0.0	153,786	0.8
Outstanding no. shares after dilution, thousands	158,418	158,473	0.0	157,940	0.3	155,745	1.7
No. shares upon full dilution, thousands	161,704	161,704	0.0	161,704	0.0	160,536	0.7
No. employees	564	526	7	510	11	472	19
Share price, SEK	266.90	271.40	-2	233.00	15	132.30	102
Market capitalisation, SEK m	41,400	42,100	-2	36,100	15	20,300	104

Second quarter compared to the previous quarter

Operating profit for the second quarter decreased by 29 per cent compared to the previous quarter. This was mainly due to lower revenues, but also slightly higher expenses.

The operating margin decreased to 71 per cent and the return on shareholder's equity was 46 per cent.

Revenues

Operating income decreased by 21 per cent compared to previous quarter's record-high level. The transaction-related revenues, net brokerage income and net currency-related income, decreased while other revenue lines improved.

Net brokerage income decreased by 24 per cent as a result of lower trading activity. The brokerage-generating turnover decreased by 20 per cent and the number of brokerage-generating notes were down by 23 per cent. The gross brokerage income per SEK of turnover in brokerage-generating securities decreased to 11.5 basis points, a result of an increased share of brokerage income generated by customers in the Private Banking and Pro segments. The quarter had two less trading days.

Net currency-related income decreased to SEK 129 million (247). This was a result of lower activity and less trading in foreign securities. During the quarter, trading in foreign markets among Avanza's customers accounted for 16 per cent (23) of the brokerage-generating turnover.

Net fund commissions increased by 7 per cent, mainly due to higher average fund capital. The fund capital increased by 10 per cent during the period. The fund net inflow amounted to SEK 8.4 billion. Income per SEK of fund capital decreased to 0.35 per cent during the second quarter and was 0.34 per cent at the end of the period, which is explained by a higher share of capital in index funds. In March, the Start offer was expanded to include funds, which means that customers with savings capital never exceeded SEK 50,000 are refunded their entire fund fee, including any currency-related fees. This had full impact in the second quarter, and affected fund commissions by SEK 6 million. It is estimated that the lost income will be compensated by new customers and volume as well as sales of other products, which was the case when the Start offer was launched for share trading in 2016.

Net interest income increased by 5 per cent, mainly due to improved return on surplus liquidity and higher margin lending volumes. The average volume of surplus liquidity was higher in the quarter at the same time that the improved STIBOR (3M) at the beginning of the year had an impact. Liquidity is invested mainly in covered bonds with an average maturity of 3 months tied to STIBOR. Income from mortgages for Private Banking customers was in line with last quarter despite increased volumes. This was due to a lowered interest rate from 0.99 to 0.79 per cent for customers with savings capital of over SEK 10 million, effective as of 1 February. The resolution fee and the state deposit guarantee fee amounted to SEK 10 million (10).

Other income, primarily consisting of income from Avanza Markets and Corporate Finance, increased by 13 per cent. This was mainly a result of lower other commission expenses, which decreased due to lower expenses for search word optimization and payment service commissions, where the latter is tied to the lower customer activity. Income from both Avanza Markets and Corporate Finance remained at SEK 32 million and SEK 23 million, respectively.

Operating expenses

Operating expenses increased by 7 per cent. In the first quarter, a write-down on the former office at Vasagatan of SEK 10 million was reversed, which positively affected other

expenses. Neither the write-down nor reversal are included in the cost guidance for 2021. Excluding the reversal in the first quarter, operating expenses increased by 2 per cent. Personnel cost increased as a result of more staff.

Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. In addition, an expected credit loss from 2011 was realised during the second quarter. More information in Note 5.

Taxes

During the quarter, the effective tax rate decreased slightly to 16.0 (16.4) per cent. The tax rate fluctuates between the quarters depending on the share of revenues generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where most of the revenues are taxed according to tax laws applicable to life insurance companies, which reduces the effective tax rate.

Investments

The investments in the second quarter primarily relates to the project to replace the backoffice system that will enable Avanza to use smarter technology and solutions in order to increase efficiency while at the same time improving scalability and conditions for product development. The estimated investment in replacing the backoffice system during 2020 and 2021 amounts to between SEK 80–100 million and will thereafter be depreciated over 5–10 years.

January-June 2021 compared to January-June 2020

Operating profit increased by 86 per cent compared to the corresponding period in 2020. Operating income increased by 60 per cent, while operating expenses rose by 15 per cent. Excluding the SEK 10 million reversal of the write-down tied to office rent on Vasagatan in the first quarter of 2021, operating expenses rose by 18 per cent.

The operating margin increased to 76 per cent and the return on shareholder's equity was 59 per cent.

Revenues

Operating income increased by 60 per cent compared to the corresponding period previous year. This was mainly due to higher net brokerage income and net currency-related income, even though all other revenue lines improved as well, especially fund commissions.

Net brokerage income increased by 46 per cent, a result of increased trading activity and more brokerage-generating customers. The number was up by 76 per cent compared to the end of the second quarter in 2020. The brokerage-generating notes increased by 71 per cent and the brokerage-generating turnover was up by 36 per cent. Gross brokerage income per SEK of turnover in brokerage-generated securities increased from 10.8 to 11.9 basis points. This was a result of an increased share of brokerage income generated in lower brokerage fee classes, in line with the strong customer growth.

Net currency-related income increased by 145 per cent, a result of the increased activity and increased trading in foreign markets. Trading in foreign securities accounted for 20 per cent (11) of the brokerage-generating turnover.

Net fund commissions increased by 69 per cent due to higher average fund capital. The fund capital was 71 per cent higher compared to end of June 2020. Income per SEK of fund capital increased to 0.36 from 0.34 per cent, and was back at 0.34 per cent at the end of the period. The share of index funds was 1 percentage point lower compared to the previous year.

Net interest income increased by 14 per cent, mainly due to increased income from lending and primarily from margin lending. The internally financed lending volume was 32 per cent higher than a year ago. The return on surplus liquidity decreased as a result of lower averaged STIBOR (3M), which was 23 basis points lower compared to the first six months last year. All else being equal, without taking changes in customer behaviour into account, a 1 percentage point change in the repo rate with today's volumes would affect full-year net interest income by around SEK 450 million. The Riksbank's own forecast indicates a zero per cent repo rate during the entire forecast period until the third quarter 2024. The deposit guarantee fee and resolution fee increased to SEK 19 million (15) due to higher volumes.

Other income increased by 45 per cent, mainly due to higher income from Corporate Finance, which amounted to SEK 46 million (16). Income from Avanza Markets increased as well, and amounted to SEK 64 million (55). Other income also includes income from stock lending in endowment insurance within the insurance company, which was launched in October 2020. Avanza's income amounted to SEK 8 million in the first half year, at the same time SEK 12 million was paid out to customers. Stock lending means that Avanza lends the shares to Morgan Stanley with the customer receiving 60 per cent of the return and Avanza retaining 40 per cent as well as paying the expenses. Other commission expenses increased, mainly due to higher payment service commissions which was a result of increased customer activity.

Operating expenses

Operating expenses increased by 15 per cent. In the first quarter, a write-down on the former office at Vasagatan of SEK 10 million was reversed, which positively affected other expenses. Excluding the reversal expenses rose by 18 per cent during the first half year 2021. Neither the extraordinary cost associated with the office relocation in 2020 nor the reversal are included in the guidance for 2021. The cost increase compared to the first half of 2020 is primarily a result of increased personnel costs. This is due to more staff, mainly within development but also Customer Service.

The estimated cost increase for 2021 remains unchanged at around 15 per cent. The cost increase is to accommodate the very strong growth as well as the increased interest in savings and will be invested in customer offers and an improved user experience. The long-term guidance for annual cost increase remains at 9–12 per cent.

The cost to savings capital ratio decreased by 5 basis points to 0.13 per cent, while the income to savings capital ratio rose slightly to 0.53 per cent. This demonstrates the scalability of Avanza's business model. High cost efficiency makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9. In addition, an expected credit loss from 2011 was realised during the second quarter. More information in Note 5.

Result from participations in associated companies

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

Taxes

The effective tax rate increased to 16.2 per cent (15.7) as a result of a higher share of revenues generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where most of the revenues are taxed according to tax laws applicable to life insurance companies.

As of the 1 January 2021 the Swedish corporate tax rate was reduced to 20.6 per cent from 21.4 per cent.

Seasonal effects

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

Future outlook

The Swedish financial market is becoming highly digitised, which is making it easier for customers to switch banks, at the same time that mobile usage has increased customer activity. Transparency has increased, as has the understanding of the impact that fees have on savings in a low interest rate environment. Customers today also have more rights when it comes to data portability, i.e. the right to receive their data in a format that can be shared with other companies. This is often called Open Banking.

Because of this, the banking market is fragmenting with new competition, which is increasing the importance of customer satisfaction as well as a strong brand and innovation. As customers spread their personal finances between multiple companies, there is a growing need for a better overview, where customers can view and manage their savings in one place.

Demographic trends and the increasing financial burden being placed on the working population, as well as the gradual deterioration of the public and collective pension and welfare systems, are raising the importance of individual savings. Here the stricter loan to value requirements for mortgages have also focused attention on the need for savings. In pension savings, the new law improving transfer rights for occupational pensions which took effect on 1 April 2021 is expected to positively contribute to Avanza's pension business. The new law limits the fees charged on transfers and makes it easier for savers to transfer their policies to less expensive alternatives. However, education is still needed to increase pension awareness, at the same time that it is still an administrative burden to transfer a pension.

The UN's Sustainable Development Goals have brought to the forefront the financial industry's opportunities to positively impact climate change. There has also been talk about climate risks: how a company's products or services could be affected by climate change and how profitability is affected by stricter regulations and climate laws. ESG screening your savings will become an important economic issue when corporate profits are affected by stricter regulations and climate laws. By educating, inspiring and making it easier for customers to find sustainable choices, Avanza can contribute to the Sustainable Development Goals and at the same time ensure an attractive offer.

These trends and changes are expected to continue to drive development in the future regarding digitisation, customer offers and digital decision support, and provide a favorable growth climate for Avanza. Avanza's growth

objectives include attracting broader target groups – experienced and established investors as well as new ones – and attracting a larger proportion of existing customer's savings by offering new products and services. Avanza's modern platform, high user experience, low prices and broad range of products and services provide ample opportunity to meet savers' changing needs and habits. Growth among new customers is expected to increase the share of fund savings

at Avanza, which, together with the growth objectives in pensions and mortgages, reduce sensitivity to market fluctuations.

Also read the section about Covid-19 and its effects on Avanza's operations on page 4 of this report. More information about the long-term trends can be found in Avanza's Annual Report at avanza.se/ir.

Quarterly overview

Quarterly overview, SEK m	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net brokerage income	334	439	291	283	260	268	123	126	105
Fund commissions, net	161	150	125	109	88	96	91	86	83
Currency-related income, net	129	247	114	88	81	73	31	33	29
Net interest income ¹	80	76	73	74	73	64	48	45	42
Other income, net ^{1,2}	50	44	103	22	24	41	35	23	25
Operating income	754	957	706	575	526	542	329	313	284
Personnel	-145	-137	-135	-103	-120	-111	-115	-90	-107
Marketing	-3	-9	-5	-7	-2	-8	-3	-4	-3
Depreciation	-17	-17	-34	-19	-17	-14	-22	-14	-14
Other expenses	-51	-39	-48	-49	-46	-45	-48	-40	-42
Operating expenses before credit losses	-216	-202	-221	-177	-185	-179	-187	-148	-166
Credit losses, net	-1	1	1	0	-5	1	0	0	2
Profit/loss from participations in associated companies	-	-	-	-1	-2	-2	-2	-2	-2
Operating profit	536	756	486	396	333	361	140	163	117
Adjusted operating profit³	536	746	439	409	333	361	148	163	117
Operating margin, %	71	79	69	69	63	67	43	52	41
Earnings per share before dil., SEK ⁴	2.91	4.08	2.70	2.15	1.83	1.98	0.79	0.91	0.67
Shareholders' equity per share before dilution, SEK ⁴	26.58	23.68	20.47	16.88	14.13	11.95	12.65	11.96	10.10
Return on shareholders' equity, %	46	74	58	55	56	64	26	33	27
Net inflow	22,900	30,500	18,700	16,300	19,400	21,900	6,820	9,940	8,270
No. of new customers, net	85,100	152,800	85,600	79,200	53,000	86,100	37,300	36,800	31,500
No. of customers at the end of the period	1,518,200	1,433,200	1,280,300	1,194,700	1,115,500	1,062,500	976,400	939,100	902,300
Savings capital at the end of the period	713,600	653,900	570,500	514,200	444,600	368,200	407,700	377,100	359,300
Income to savings capital ratio, %	0.44	0.63	0.52	0.48	0.52	0.56	0.34	0.34	0.33
Costs to savings capital ratio, %	0.13	0.13	0.16	0.15	0.18	0.18	0.19	0.16	0.19

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

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

3) See table Items affecting comparability.

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

Items affecting comparability, SEK m	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Operating income									
Other income (reduced holding in Stabelo AB)			63						
Operating expenses									
Depreciation (write-down of right-of-use assets Vasagatan)			-16				-8		
Other expenses (relocation costs)				-13					
Other expenses (reversal of write-down Vasagatan)		10							
Total	-	10	47	-13	-	-	-8	-	-

Financial position

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

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

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

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the second quarter 2021 total actual and expected credit losses amounted to SEK 14 million, which is equivalent, on average, to 0.02 per cent per year.

Significant risks and uncertainty factors

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

A detailed description of the Group's risk exposure and risk management is provided in Avanza's Annual Report for 2020, Note 37 and pages 36–39. It is deemed that there are no significant risks other than those risks described in the Annual Report and in this report.

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for the first six months 2021 was SEK –16 million (SEK –12m). The Parent Company does not report any revenues.

A dividend payment, related to 2020, of SEK 132 million (SEK 354m) has been made to the shareholders in March 2021, following the decision at the Annual General Meeting.

Capital surplus

On 28 June 2021, the regulatory requirement of a leverage ratio of 3 per cent took effect and will govern Avanza's capitalisation. In addition, the Swedish Financial Supervisory Authority (FSA) will introduce a bank-specific Pillar 2 guidance, which is expected to result in an additional buffer of around 0.2–0.5 per cent of the exposure amount for the leverage ratio. For Avanza, the Pillar 2 guidance is expected to be announced in 2022, after the Swedish FSA has finalized the supervisory review and evaluation process. To ensure a wide margin to the requirement regardless of market conditions, Avanza has set an internal leverage ratio target of 3.8 per cent for the consolidated situation and the bank. The leverage ratio is negatively affected by customers' increased deposits, resulting in fluctuations of the ratio during a market slump when deposits usually rise. At the end of the second quarter, Avanza's leverage ratio for the consolidated situation was 4.7 per cent.

The current higher ratio is a result of the Swedish FSA's recommendation that financial companies be restrictive with dividends and buybacks until 30 September 2021. When the recommendation is repealed, Avanza's Board of Directors plans to call an extraordinary general meeting with another dividend proposal for 2020. This is expected in the fourth quarter and available funds are estimated to be SEK 457 million, corresponding to SEK 2.95 per share. Avanza's policy to distribute at least 70 per cent of profit still applies for 2021 and subsequent years. Details on own funds and the capital requirement for the consolidated situation can be found in Note 8.

Financial position ¹	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Common Equity Tier 1 (CET1) capital, SEK m	2,647	2,410	2,427	1,529	1,409	1,401	1,411	1,427	1,133
Total capital, SEK m	2,647	2,410	2,427	1,598	1,479	1,468	1,490	1,505	1,222
Common Equity Tier 1 ratio, %	25.0	23.9	24.4	17.9	16.3	17.3	16.9	18.7	15.1
Total capital ratio, %	25.0	23.9	24.4	18.8	17.1	18.1	17.8	19.7	16.3
Overall capital requirements, %	13.0	13.1	13.1	11.8	11.8	11.9	14.4	14.5	14.0
Leverage ratio, % ²	4.7	4.3	4.9	3.1	2.8	2.5	3.5	3.5	2.8

1) Refers to consolidated situation.

2) Regulatory requirement effective from 28 June 2021.

Other corporate events

Executive Management

Anna Casselblad took over as CFO and a member of Group Management on 1 February. Anna started as an operational manager in Avanza's compliance department in autumn 2012 and was since the spring of 2017 the head of the Avanza Group's compliance function, including overall responsibility for the companies under the supervision of the Swedish FSA. Anna also has several years of experience as a financial sector auditor at PwC in Stockholm. Anna succeeds Birgitta Hagenfeldt, who left Avanza on May 31. Birgitta was Avanza's CFO from 2008 and Deputy CEO from spring 2017. Gunnar Olsson, COO, took over as Deputy CEO on 1 February.

Annual General Meeting 2021

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

The Chairman of the Board and Board members were re-elected, with the exception of Birgitta Klasén, who declined re-election. Leemon Wu was elected as a new member of the Board.

As proposed, a dividend of SEK 0.85 per share was authorised.

The income statements and balance sheets for the Parent Company and the Group for the financial year 2020 were adopted. Avanza's Annual and Sustainability Report for 2020 was published on 26 February 2021.

Incentive programmes

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

Repurchase of the company's own shares

The Board of Directors has from the Annual General Meeting 2021 been authorised to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were repurchased in the first six months 2021 and the company holds no repurchased shares as of 30 June 2021.

Transactions with associated parties

Avanza's transactions with associated parties are presented in the Annual Report for 2020, Note 38. No significant changes have taken place since then.

Significant events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

Consolidated Income Statement

SEK m	Note	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating income						
Commission income ¹	1, 2	780	525	1,789	1,073	2,310
Commission expenses	3	-106	-75	-235	-145	-312
Interest income calculated using the effective interest method		105	93	204	175	364
Other interest and similar income ¹		-	-	-	-	-
Interest expenses		-25	-20	-47	-38	-80
Net result of financial transactions		0	2	0	2	67
Other operating income		-	-	-	-	0
Total operating income		754	526	1,710	1,067	2,349
Operating expenses						
General administrative expenses		-192	-163	-364	-315	-640
Depreciation		-17	-17	-34	-31	-84
Other operating expenses		-7	-6	-20	-19	-38
Total operating expenses before credit losses		-216	-185	-419	-364	-763
Operating profit before credit losses		537	340	1,292	703	1,586
Credit losses, net		-1	-5	1	-4	-4
Profit/loss from participations in associated companies		-	-2	-	-4	-6
Operating profit		536	333	1,292	694	1,576
Tax on profit for the period		-86	-52	-210	-109	-242
Profit for the period²		451	281	1,082	585	1,335
Earnings per share before dilution, SEK		2.91	1.83	6.98	3.81	8.66
Earnings per share after dilution, SEK		2.84	1.81	6.83	3.78	8.58
Average no. shares before dilution, thousands		154,954	153,786	154,954	153,786	154,150
Average no. shares after dilution, thousands		158,615	155,359	158,478	154,691	155,581

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

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

Consolidated statement of comprehensive income

SEK m	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Profit for the period	451	281	1,082	585	1,335
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments ¹	-2	70	-5	-5	18
Tax on changes in value of financial instruments ¹	0	-15	1	1	-4
Changes in value of associated companies	-	-	-	-	-10
Tax on changes in value of associated companies	-	-	-	-	-
<i>Items that will not be reversed to the Income Statement</i>					
Changes in value of shares and participations	-	-	-	-	144
Tax on changes in value of shares and participations	-	-	-	-	-
Total other comprehensive income after tax	-2	55	-4	-4	149
Total profit or loss and other comprehensive income after tax²	449	336	1,078	582	1,483

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

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

Consolidated Balance Sheet

SEK m	Note	30-06-2021	31-12-2020
Assets			
Cash and balances with central banks		737	1,428
Treasury bills eligible for refinancing		1,428	245
Loans to credit institutions	4	2,366	2,272
Loans to the public	5	19,705	16,287
Bonds		24,417	25,572
Shares and participations		239	244
Assets in insurance operations		197,905	155,931
Intangible fixed assets		117	82
Right-of-use assets		138	153
Tangible fixed assets		64	64
Other assets		4,971	2,153
Prepaid expenses and accrued income		270	344
Total assets		252,357	204,775
Liabilities and shareholders' equity			
Deposits and borrowing from the public		48,368	43,987
Liabilities in insurance operations		197,907	155,933
Lease liability		140	171
Other liabilities		1,653	1,380
Accrued expenses and deferred income		170	133
Shareholders' equity		4,119	3,172
Total liabilities and shareholders' equity		252,357	204,775

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - June 2020					
Shareholders' equity 31-12-2019	77	663	9	1,196	1,945
Profit after tax reported in the income statement	–	–	–	585	585
Other comprehensive income for the period	–	–	–4	–	–4
Total comprehensive income for the period	–	–	–4	585	582
Transactions with owners					
Dividend paid	–	–202	–	–152	–354
Shareholder's equity 30-06-2020	77	462	5	1,629	2,173
January - December 2020					
Shareholder's equity 31-12-2019	77	663	9	1,196	1,945
Profit after tax reported in the income statement	–	–	–	1,335	1,335
Other comprehensive income for the period	–	–	159	–10	149
Total comprehensive income for the period	–	–	159	1,325	1,483
Changed accounting principle interest-bearing securities	–	–	–8	–	–8
Transactions with owners					
Dividend paid	–	–202	–	–152	–354
New issue (exercise of warrants)	1	96	–	4	101
Warrants issue	–	6	–	–	6
Shareholders' equity 31-12-2020	77	564	159	2,372	3,172
January - June 2021					
Shareholders' equity 31-12-2020	77	564	159	2,372	3,172
Profit after tax reported in the income statement	–	–	–	1,082	1,082
Other comprehensive income for the period	–	–	–4	–	–4
Total comprehensive income for the period	–	–	–4	1,082	1,078
Transactions with owners					
Dividend paid	–	–73	–	–59	–132
Shareholders' equity 30-06-2021	77	491	155	3,394	4,119

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

Consolidated Cash Flow Statement

SEK m	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun
Operating activities				
Operating profit	536	333	1,292	694
Adjustment for items not included in cash flow	8	8	18	14
Taxes paid	-1,163	-884	-2,673	-404
Changes in operating activities' assets and liabilities	-2,234	-4,241	781	7,488
Cash flow from operating activities	-2,853	-4,784	-582	7,793
Investment operations				
Acquisition and disposals of intangible and tangible fixed asset	-33	-26	-52	-32
Investment in treasury bills eligible for refinancing	93	6,007	-1,183	-1,929
Investment in bonds	667	-803	1,149	-5,885
Cash flow from investment operations	727	5,178	-85	-7,846
Financial operations				
Cash dividend	-	-	-132	-354
Subordinated bond	-	0	-	0
Cash flow from financial operations	-	0	-132	-354
Cash flow for the period	-2,125	394	-799	-407
Liquid assets at the beginning of the period ¹	5,000	2,276	3,675	3,077
Liquid assets at the end of the period ¹	2,875	2,670	2,875	2,670
Change	-2,125	394	-799	-407

1) Liquid assets are defined as cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 228 million (SEK 48m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement

SEK m	2021 Jan-Jun	2020 Jan-Jun
Operating expenses		
Administration expenses	-10	-8
Other operating expenses	-5	-4
Operating profit/loss	-16	-12
Profit/loss from financial investments		
Profit/loss from participations in Group companies	-	23
Interest expenses and similar items	0	0
Profit/loss before tax and appropriations	-16	11
Appropriations		
Group contribution	-5	-
Profit/loss before tax	-21	11
Tax on profit/loss for the period	4	-2
Profit/loss for the period	-17	8

Parent Company statement of comprehensive income

SEK m	2021 Jan-Jun	2020 Jan-Jun
Profit/loss for the period	-17	8
Total other comprehensive income after tax	-	-
Total profit or loss and other comprehensive income after tax	-17	8

Parent Company Balance Sheet

SEK m	30-06-2021	31-12-2020
Assets		
Financial fixed assets	660	657
Current receivables ¹	19	124
Liquid assets	8	62
Total assets	687	843
Shareholders' equity and liabilities		
Restricted shareholders' equity	77	77
Unrestricted shareholders' equity	604	752
Current liabilities	5	13
Total shareholders' equity and liabilities	687	843

1) Of which receivables from subsidiaries SEK 16 million (SEK 121m as of 31-12-2020).

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, 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. 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 remain unchanged from those applied in the Annual Report 2020.

The information on pages 1-12 is an integrated part of this financial report.

Note 1 Revenue from contracts with customers

SEK m	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Trading in commission-generating securities	503	372	1,243	738	1,586
Fund savings	180	96	354	205	459
Corporate services	23	2	46	16	37
Other commission income ¹	74	55	147	114	229
Total¹	780	525	1,789	1,073	2,310
<i>Timing of revenue recognition</i>					
Service or goods transferred to customer at a specific point in time	780	525	1,789	1,073	2,310
Service or goods transferred to customer over time	-	-	-	-	-
Total	780	525	1,789	1,073	2,310

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

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

Note 2 Commission income

SEK m	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Brokerage income	387	299	902	605	1,272
Fund commissions	167	88	319	184	418
Currency-related income	129	81	376	153	355
Other commission income ^{1 2}	97	57	193	131	266
Total	780	525	1,789	1,073	2,310

1) Includes mainly income from Avanza Markets, but also from Corporate Finance, compensation for distribution, advertising sales, subscriptions and customer's ad-on services.

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

Note 3 Commission expenses

SEK m	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Transaction costs ¹	-53	-39	-129	-77	-170
Payment services commissions	-30	-22	-62	-40	-86
Other commission expenses ²	-24	-14	-44	-27	-57
Total	-106	-75	-235	-145	-312

1) Costs directly related to brokerage income.

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

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,468 million (SEK 1,630m as of 31 December 2020) which are reported net against client fund payables of SEK 1,468 million (SEK 1,630m as of 31 December 2020). Of the liquid assets of SEK 3,103 million as per the end of the period, SEK 228 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 for confirmed and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 9 million (SEK 14m as of 31 December 2020). Thus, the change in the accumulated provision for expected credit losses, of SEK 5 million, is primarily explained by the confirmation of previous expected credit losses of SEK 5 million during the first six months. The net change for this item, of SEK 5 million, have not affected the result of the period.

SEK 1,224 million (SEK 0m as per 31 December 2020) of lending to the public at the end of the period was covered in its entirety by cash pledged on endowment insurance accounts. This portion of lending does not affect net interest income since the deposit rate is the same as the lending rate. The rest of lending to the public amounted to SEK 18,481 million, of which SEK 8,723 million (SEK 6,970m as of 31 December 2020) with collateral in the form of securities and SEK 9,758 million (SEK 9,317m as of 31 December 2020) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 10,832 million (SEK 10,129m as of 31 December 2020) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,070 million (SEK 804m as of 31 December 2020).

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

30-06-2021 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	–	737	–	–	737
Treasury bills eligible for refinancing	–	1,428	–	–	1,428
Loans to credit institutions	–	2,366	–	–	2,366
Loans to the public	–	19,705	–	–	19,705
Bonds	–	18,555 ¹	5,862	–	24,417
Shares and participations	1	–	237	–	239
Assets in insurance operations	183,505	14,400	–	–	197,905
Intangible fixed assets	–	–	–	117	117
Right-of-use asset	–	–	–	138	138
Tangible assets	–	–	–	64	64
Other assets	–	4,971	–	–	4,971
Prepaid expenses and accrued income	–	229	–	41	270
Total assets	183,506	62,392	6,099	360	252,357
Liabilities					
Deposits and borrowing from the public	–	48,368	–	–	48,368
Liabilities in insurance operations	197,905	–	–	2	197,907
Lease liabilities	–	–	–	140	140
Other liabilities	–	1,311	–	342	1,653
Accrued expenses and deferred income	–	98	–	73	170
Total liabilities	197,905	49,776	–	557	248,238

1) Fair value amounts to SEK 18,611 million.

Financial instruments valued at fair value

30-06-2021, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	111,447	0	237	111,684
Fund units	68,476	0	–	68,476
Bonds and other interest-bearing securities	7,110	628	–	7,738
Other securities	1,378	330	–	1,708
Total assets	188,411	958	237	189,606
Liabilities				
Liabilities in insurance operations (investment agreements)	–	197,905	–	197,905
Total liabilities	–	197,905	–	197,905

Fair value

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

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

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

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

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

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. The majority of the shares and funds pertaining to the insurance operations and bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Liabilities in the insurance operations are included in

this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.

- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

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

Note 7 Capital requirement for the financial conglomerate

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

SEK m	30-06-2021	31-12-2020
Own funds		
Shareholders' equity, the Group	4,119	3,172
Assumed/Proposed dividend	-558	-132
Shareholders' equity, financial conglomerate	3,561	3,040
<i>Additional</i>		
Solvency capital ¹	2,239	1,794
<i>Less</i>		
Additional value adjustments	-8	-7
Intangible fixed assets	-117	-82
Total own funds	5,675	4,745
Own funds per sector		
Own funds for regulated units in the insurance sector ¹	3,313	2,598
Own funds for regulated units within the banking and investment services sector	2,362	2,147
Total own funds	5,675	4,745
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹	1,892	1,500
Capital requirement for regulated units within the banking and investment services sector ²	1,278	1,209
of which additional combined buffer requirement	240	224
of which additional Pillar 2 requirement ²	260	260
Total capital requirement	3,170	2,709
Capital surplus	2,505	2,036
Own funds/Capital requirement	1.79	1.75

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

2) Comparative figures for the additional own fund requirement are adjusted and equivalent to the Swedish Financial Supervisory Authority's estimated Pillar 2 requirements from the latest supervisory review and evaluation process in 2020. The quarterly internally estimated capital requirement in Pillar 2 is shown in a separate table.

Note 8 Own funds and capital requirement for the consolidated situation

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

Other than the changes in the capital adequacy rules effective as of 28 June 2021, there are currently no pending requirements that affect Avanza's capital requirements, own funds or large exposures. The Swedish Financial Supervisory Authority has not yet announced the institution-specific Pillar 2 guidance that will apply to Avanza and is not expected until 2022. Consequently, these requirements are not reflected in the table below. To ensure that Avanza meets the risk-based own funds and leverage ratio requirements, the company follows both external and internal buffer requirements. Avanza is well-capitalised to manage current and upcoming requirements.

Own funds, SEK m	30-06-2021	31-12-2020
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	709	642
of which: Instrument type 1	77	77
of which: Instrument type 2	632	564
Retained earnings	1,837	961
Accumulated other comprehensive income (and other reserves)	-4	149
Independently reviewed interim profits net of any foreseeable charge or dividend	239	795
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,782	2,546
Additional value adjustments	-8	-7
Intangible assets (net of related tax liability)	-117	-82
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-10	-30
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-135	-119
Common Equity Tier 1 (CET1) capital	2,647	2,427
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	2,647	2,427
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	2,647	2,427
Total risk weighted assets	10,598	9,957
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount), %	25.0%	24.4%
Tier 1 (as a percentage of total risk exposure amount), %	25.0%	24.4%
Total capital (as a percentage of total risk exposure amount), %	25.0%	24.4%
Combined buffer requirement, %	2.5%	2.5%
of which: capital conservation buffer requirement, %	2.5%	2.5%
of which: countercyclical buffer requirement, %	0.0%	0.0%
of which: system risk buffer requirement, %	0.0%	0.0%
of which: global systemically important institution or other systemically important Institution buffer, %	0.0%	0.0%

Risk exposure amount and capital requirement, SEK m	30-06-2021		31-12-2020	
Risk exposure amount				
Credit risk according to the standardised approach	8,623		7,970	
of which exposures to institutions	467		450	
of which exposures to corporates	119		94	
of which retail exposures	627		306	
of which exposures secured by mortgages on immovable property	3,445		3,272	
of which exposures in default risk weight	0		6	
of which exposures to covered bonds	2,363		2,475	
of which exposures to equity	664		614	
of which exposures to other items	937		754	
Market risk (position risk)	3		14	
Settlement risk	0		0	
Credit valuation adjustment risk according to the standardised method	–		0	
Operational risk according to the standardised approach	1,973		1,973	
Total risk exposure amount	10,598		9,957	
Capital requirement				
Credit risk according to the standardised approach	690	6.5%	638	6.4%
of which exposures to institutions	37	0.4%	36	0.4%
of which exposures to corporates	10	0.1%	8	0.1%
of which retail exposures	50	0.5%	24	0.2%
of which exposures secured by mortgages on immovable property	276	2.6%	262	2.6%
of which exposures in default risk weight	0	0.0%	0	0.0%
of which exposures to covered bonds	189	1.8%	198	2.0%
of which exposures to equity	53	0.5%	49	0.5%
of which exposures to other items	75	0.7%	60	0.6%
Market risk (position risk)	0	0.0%	1	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	0	0.0%
Operational risk according to the standardised approach	158	1.5%	158	1.6%
Capital requirement	848	8.0%	797	8.0%
Total own funds	2,647	25.0%	2,427	24.4%
Minimum own funds requirement (Pillar 1)	–848	–8.0%	–797	–8.0%
Combined buffer requirement	–265	–2.5%	–249	–2.5%
Additional own funds requirement ¹²	–260	–2.5%	–260	–2.6%
Pillar 2 guidance ²	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	–1,373	13.0%	–1,305	13.1%
Capital surplus after risk-based capital requirement	1,274	12.0%	1,122	11.3%
Leverage ratio				
Leverage ratio total exposure measure	56,075		50,032	
Leverage ratio, %	4.7%		4.9%	
Tier 1 capital	2,647	4.7%	2,427	4.9%
Minimum own funds requirement	1,682	3.0%	–	–
Additional own funds requirement ²	–	–	–	–
Leverage ratio guidance ²	–	–	–	–
Total leverage ratio requirement (desired level of own funds)	1,682	3.0%	–	–
Capital surplus after leverage ratio requirement	965	1.7%	2,427	4.9%

1) Comparative figures for the additional own fund requirement are adjusted and equivalent to the Swedish Financial Supervisory Authority's estimated Pillar 2 requirements from the latest review and supervisory review and evaluation process in 2020. The quarterly internally estimated capital requirement in Pillar 2 is shown in a separate table.

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

Financial reports

Key metrics, SEK m		30-06-2021	31-03-2021	31-12-2021	30-09-2020	30-06-2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,647	2,410	2,427	1,529	1,409
2	Tier 1 capital	2,647	2,410	2,427	1,529	1,409
3	Total capital	2,647	2,410	2,427	1,598	1,479
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	10,598	10,096	9,957	8,525	8,663
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	25.0%	23.9%	24.4%	17.9%	16.3%
6	Tier 1 ratio (%)	25.0%	23.9%	24.4%	17.9%	16.3%
7	Total capital ratio (%)	25.0%	23.9%	24.4%	18.8%	17.1%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.5%	2.6%	2.6%	1.3%	1.3%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.4%	1.4%	1.5%	0.7%	0.7%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.8%	1.9%	2.0%	1.0%	1.0%
EU 7d	Total SREP own funds requirements (%)	10.5%	10.6%	10.6%	9.3%	9.3%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	13.0%	13.1%	13.1%	11.8%	11.8%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.5%	13.3%	13.8%	8.6%	7.0%
Leverage ratio						
13	Leverage ratio total exposure measure	56,075	55,740	50,032	49,688	50,575
14	Leverage ratio (%)	4.7%	4.3%	4.9%	3.1%	2.8%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%				
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%				
EU 14c	Total SREP leverage ratio requirements (%)	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%				
EU 14e	Overall leverage ratio requirement (%)	3.0%				
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	14,511	14,606	14,344	13,175	11,954
EU 16a	Cash outflows - Total weighted value	5,251	5,171	5,096	4,918	4,804
EU 16b	Cash inflows - Total weighted value	4,515	4,129	3,956	4,312	4,867
16	Total net cash outflows (adjusted value)	1,366	1,346	1,412	1,341	1,305
17	Liquidity coverage ratio (%)	844%	838%	780%	719%	608%
Net Stable Funding Ratio						
18	Total available stable funding	44,829				
19	Total required stable funding	27,314				
20	NSFR ratio (%)	164%				

Internal capital requirement in pillar 2		2021-06-30	2020-12-31
Industry concentration		45	42
Geographical concentration		55	51
Name concentration		7	8
Total credit-related concentration risk		107	102
Other market risk - credit spread		121	108
Interest rate risk and additional market risk - interest rate risk in the banking book (IRRBB)		75	85
Pension risk		-	-
Total internal capital requirement in pillar 2		303	295

The Board of Directors and the CEO ensure 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, 14 July 2021

Sven Hagströmer
Chairman of the Board

Magnus Dybeck
Member of the Board

Catharina Eklöf
Member of the Board

Viktor Fritzen
Member of the Board

Jonas Hagströmer
Member of the Board

Mattias Miksche
Member of the Board

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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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CEST) on 14 July 2021.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 14 July 2021 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. Phone number for participants:

- Sweden: +46 (0)8 566 426 51
- UK: +44 33 330 008 04
- US: +1 63 191 314 22
- Confirmation code: 30170806#

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

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

This 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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Financial calendar

Interim Report January – September 2021	18 October 2021
Preliminary Financial Report 2021	20 January 2022

Definitions

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

Gross brokerage income/Turnover in brokerage-generating securities²⁾

Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of price cuts and gives an indication of changes in the customer base as well as trading in various brokerage fee classes.

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.

Note

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

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.

Customer

Individual or company with at least one account with holdings or an external mortgage (Bolån+).

Deposits

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

Earnings per share¹⁾

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

eNPS

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

Equity per share¹⁾

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

External deposits

Savings accounts in external banks and credit market companies, Savings account+, opened and managed by customers via Avanza's website.

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.

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 price reductions and gives an indication of changes in the customer base and trading in various price tiers.

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 lending

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

The Swedish life insurance market

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

Net brokerage income²⁾

Gross brokerage income less direct costs.

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.

Net inflow

Deposits, less withdrawals, of liquid assets and securities.

Operating margin¹⁾

Operating profit/loss in relation to operating income.

Own funds³⁾

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

Profit margin¹⁾

Profit/loss after tax in relation to operating income.

Return on assets¹⁾

Profit/loss after tax in relation to the average assets during the period. The ratio is reported in the annual report in accordance with FFFS 2008:25.

Return on equity¹⁾

Profit/loss after tax in relation to the average shareholders' equity during the period. The return on shareholders' equity for interim periods is recalculated at a yearly rate.

Savings capital

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

Savings capital per customer²⁾

Savings capital in relation to the number of customers at the end of the 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.

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.

Solvency capital requirement³⁾

Estimated capital requirements under Solvency 2 rules.

Turnover

Turnover in security trading.

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

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

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