



# Interim Report January–March 2021

Avanza Bank Holding AB (publ)

## First quarter 2021 compared to first quarter 2020

- **Customer growth** was 152,800 (86,100), an increase of 78 per cent
- **Net inflow** in the quarter was SEK 30,500 million (21,900), an increase of 40 per cent
- **Operating income** increased by 77 per cent to SEK 957 million. All revenue lines improved. Above all, net brokerage income increased, but also other income, primarily as a result of increased trading in international securities
- **Operating expenses** increased by 13 per cent. In the quarter, a reversal of a write-down of SEK 10 million tied to rental costs for the office on Vasagatan positively affected other expenses. Personnel costs were higher due to more staff
- **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
- **Net profit** amounted to SEK 632 million, an increase of 107 per cent
- The Annual General Meeting approved the proposed dividend of SEK 0.85 per share, corresponding to 10 per cent of profit for 2020. This conforms to the recommendation of the Swedish Financial Supervisory Authority that banks should not distribute more than 25 per cent of their aggregate net earnings for the two financial years 2019–2020. When the recommendation is repealed, the Board of Directors plans to issue another dividend proposal. Estimated distributable earnings of SEK 2.95 per share remain for the financial year 2020
- Anna Casselblad took on the role as CFO on 1 February
- Avanza announced its operating profit and net profit for the first quarter on 12 April, since the market, based on consensus estimates, had substantially underestimated the impact of increased customer activity
- The mortgage offer was expanded in collaboration with Landshypotek Bank
- The Start offer was expanded to include funds and Avanza became the first company in Sweden to refund all fund fees
- “Your month” was launched to give customers a continuous overview of their savings
- Avanza ranked highest in reputation and trust among Swedish financial companies in a survey by Reputation&Trust
- Avanza was named best blog in banking and finance in Navigator’s annual survey
- Avanza was ranked as Sweden’s employer of choice in financial services and technology in Universum’s survey of students

## Quote from Rikard Josefson, CEO Avanza

*“The high level of customer activity from 2020 has continued and even increased at the beginning of 2021. As a result, we can report another record quarter that exceeded the previous quarter by a wide margin. Customer growth for the quarter already surpassed all the previous full years, excluding 2020, and interest in savings has never been higher. With improved pension transfer rights in place, Sweden’s pension savers now can finally choose cheaper and better solutions, based on their personal preferences, without unnecessary fees.”*

	Q1 2021	Q4 2020	Change %	Q1 2020	Change %
Operating income, SEK m	957	706	36	542	77
Operating expenses, SEK m	-202	-221	-8	-179	13
Operating profit, SEK m	756	486	56	361	109
Net profit, SEK m	632	418	51	305	107
Earnings per share before dilution, SEK	4.08	2.70	51	1.98	106
Operating margin, %	79	69	10	67	12
Net inflow, SEK m	30,500	18,700	64	21,900	40
No. of new customers (net)	152,800	85,600	79	86,100	78
Savings capital at the end of the period, SEK m	653,900	570,500	15	368,200	78

*Numbers in the parentheses refer to the corresponding period or date in previous year unless otherwise is stated.*

# 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.

Sustainability is becoming increasingly important to customers and to Avanza's business. 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

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

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



## CEO comment

### The previous record quarter was surpassed by a wide margin

The high level of activity from 2020 continued in the first quarter 2021, which saw even higher customer activity. The number of commission-generating notes was more than 50 per cent higher than the previously most intensive quarter since the pandemic began. Customer activity and growth led to the best quarter in Avanza's history. We grew the number of customers by 152,800 and net inflow was slightly over SEK 30 billion. This in turn led to a record profit of SEK 632 million. When we look back at the quarter, it was a record in practically every respect. One part that particularly stands out is trading in international securities, where the turnover more than doubled in the quarter compared to the fourth quarter. Our customers have truly diversified their investments in several markets. Although we saw a lot of interest in Gamestop at the start of the quarter, the average Gamestop investment per customer was limited and the trading accounted for a small percentage of commissions. The share of new customers who came only for Gamestop was also limited.

Corporate Finance had an excellent quarter and was involved in many deals, both its own and in collaboration with other banks. Corporate Finance offers our customers attractive investment opportunities and provides Avanza with a good source of income, which was evident in the first quarter.

Due to the strong performance since we launched our targets for 2025 just over a year ago, we will reassess them later this year.

### Transparency is an important part of what we offer to earn our customers' trust

During the quarter, there was an important debate on distribution fees, which we welcome. Avanza has, in my opinion, the industry's most transparent model, where our customers clearly see what they pay in fees and how much of this goes to Avanza. For us, it is important to show that there are two sides to this discussion, one where advice is offered and the other with companies like Avanza, which do not offer advice but instead let each customer make their own investment decisions. If we need to change our model in the future and get paid in other ways for the value we create for our customers, I am certain we will be able to do so in a way that is good for both our customers and owners.

We were named best blog in banking and finance in Navigator's annual survey. Informing and educating our customers is an important part of what we do to democratise savings and create a better future for millions of people. Since we operate in an industry built on trust, we are also pleased that Reputation&Trust's survey, which ranks the reputations of financial companies and how much they are trusted, put Avanza on top.

### Attracting new savers and meeting the needs of more sophisticated customers

During the quarter, we welcomed Landshypotek as a new partner in mortgages. The collaboration is an important expansion of our existing mortgage offering with competitive rates and without other commitments or negotiated discounts, and now includes both first and second homes and tenant-owned apartments. I believe that mortgages are on the

way to becoming a staple rather than a relationship product, where simplicity and price are what customers base their decisions on. Being a little frugal about your mortgage also means that you as a borrower can save considerable sums of money.

During the quarter, we launched Start for funds. This means that all customers with less than SEK 50,000 with us are refunded all the fees for their fund savings regardless of the type of account they have. This complements our offer of free stock trading on the Stockholm Stock Exchange for the same customers. The offer is a way to create an incentive and get more people to start saving. The net inflow to funds in the quarter was a record-high SEK 12 billion and total fund capital amounted to SEK 177 billion on 31 March.

For our more initiated customers, we have made progress in technical analysis, which has been well received. And we have made it easier for customers to get back international withholding tax for endowment insurance. This was important to us, since we previously had not lived up to our own requirements.

### Long-awaited improvement in pension transfer rights creates opportunities for both savers and Avanza

We finally have better pension transfer rights in place – at least an important first step. Now Sweden's pension savers can choose cheaper and better solutions, based on their personal preferences, without having to pay unnecessarily high fees. Here Avanza is highly price competitive with a broad range of investment opportunities, which creates growth potential for our pension company. There are activities to make it easier for savers to review their pension situation and make sound choices. I am convinced this will have a positive impact, but how big it will be I could not guess at this point. Avanza has a market share of 1 per cent of the occupational pension market, where SEK 820 billion is directly addressable to us. Occupational pension capital with Avanza currently amounts to SEK 38 billion.

### Our corporate culture is a prerequisite for strong growth

After a record quarter like this, I cannot stress enough the importance of a strong corporate culture. Avanza's success is due to our ability to attract and develop fantastic employees. Employees who are strongly engaged and driven to create the best platform to help our customers manage their finances. And I still see that same energy after more than a year of working from home. I am confident about the future when I see these magical colleagues, who every day are passionate about making Avanza better. That we also received first place in financial services and technology and rose among "Sweden's most preferred employers" in Universum's survey of students makes me confident.

Stockholm, 20 April 2021



Rikard Josefson, CEO Avanza

# Operations

## Activity and market shares

The Stockholm Stock Exchange developed strongly during the quarter and the OMX Stockholm Gross Index rose by 14 per cent. The volatility remained on high levels.

Total turnover on the Stockholm Stock Exchange including First North increased by 15 per cent and the number of transactions was up by 13 per cent compared to the previous quarter. Among Avanza's customers, turnover on these marketplaces increased by 26 per cent and the number of transactions was up by 29 per cent.

In the first 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 increased from the previous quarter.

According to the Swedish Investment Fund Association the fund market once again reported a strong net inflow during the quarter. Avanza's share of new savings in the fund market (excluding PPM) amounted to 27 per cent.

The repo rate remained unchanged at zero per cent and the Riksbank's own forecast indicates a zero per cent repo rate for the foreseeable future.

### Information related to Covid-19

Because of the corona pandemic, Avanza is providing information on its impact on the company.

Avanza's operations have continued uninterrupted with no major disruptions during the quarter. Web service operational availability amounted to 99.9 per cent.

Avanza follow the Swedish Public Health Agency's recommendations and instructions. The vast majority of employees are working remotely and the recommendation to work from home remain. During the pandemic, new communication channels and routines have been adopted to maintain operations, the pace of development and employee engagement, and to safeguard the culture. Many of these new routines are here to stay, at the same time as spontaneous interactions with colleagues should not be underestimated and are easier when everyone can again meet face-to-face in the office. The employee survey in the quarter shows a continued high level of well-being among the employees.

Political measures and stimulus from central banks in light of the pandemic, continued to affect stock market turnover and volatility during the quarter. In the current environment, customers had a continued active interest in their savings, and trading activity among Avanza's customers remained at historically high levels. Customer growth and the net inflow also remained at very high levels.

The aftermath of the pandemic is hard to predict. It is not unusual for customer activity to slow after great turbulence as the market stabilises.

The turbulence during this past year has to a great degree proven the importance of savings and a capital buffer. At the same time, savings possibilities among a lot of people have increased when their leisure activities have been limited. The net inflow going forward could be affected by a lower savings ratio when society reopens and more people return to normal life or if more become unemployed and have limited opportunity to save.

As a result of the strong growth during 2020 and the first quarter of 2021, however, our view is that our lowest level has been raised.

The exposure in Avanza's occupational pension business to the most vulnerable sectors is very limited and the corona

pandemic has had a low impact on the pension business in general. The pandemic has accelerated the acceptance of digital meetings, and the increased number of online meetings has helped to improve efficiency. Even after the pandemic, the majority of interactions with customers is expected to be digital.

Due to the strong growth during 2020 and the increased interest in savings, in light of the corona pandemic, Avanza decided during the fourth quarter 2020 to invest more in the customer offers and user experience in 2021. Cost growth for 2021 is estimated at around 15 per cent, as previously announced. The long-term guidance on an annual cost growth remains at 9–12 per cent.

The long-term strategies and targets remain unchanged.

No provisions were installed, and no actual credit losses were recognised during 2020 nor the first quarter of 2021.

In light of the corona pandemic and the economic uncertainty in society, the Swedish Financial Supervisory Authority (FSA) has encouraged financial firms to be restrictive with dividends until September 2021. The recommendation is that total dividends and buybacks should not exceed 25 per cent of aggregate earnings for the financial years 2019 and 2020. Avanza's aggregate total comprehensive income after tax for the two years amount to SEK 1,945 million, and of this SEK 485 million, or 25 per cent, has been distributed. When the Swedish FSA repeals its recommendation, an estimated additional SEK 457 million, or SEK 2.95 per share, will be available to distribute for 2020.

Due to the pandemic, Avanza's Annual General Meeting 2021 was held by postal vote.

## Events during the first quarter

Through the Start class, Avanza has since 2016 offered free trading on the Stockholm Stock Exchange for customers who have never exceeded SEK 50,000 in savings capital. During the quarter, the offer was expanded to include funds, which means that customers are refunded all their fund fees, including any foreign exchange fees. Among Avanza's customers, just over a half million qualify for the offer, about 300,000 of whom already save in funds. The offer applies to all Avanza's over 1,300 funds and includes all accounts that can invest in funds, also pension accounts. The Start offer is a way to help more people to save and get them off to a good start.

The external mortgage offer was expanded with Landshypotek as a new partner. Avanza became the first company in Sweden to let customers apply for, track and manage mortgages from various lenders on a single platform. The collaboration broadens the offer with competitive rates and at the same time meets the demand for mortgages with higher loan-to-value ratios, new purchases and second homes. Avanza's offer had already included a mortgage for private banking customers and Stabelo's mortgage.

"Your month" was launched to give customers a better overview of the performance of their savings on a monthly basis. The function is an extension of the popular feature "Your year by the numbers" and give customers a better, more continuous overview of their savings.

The monthly savings option on the site and in the apps was improved through new flows and, for example, by making it easier to schedule automatic fund purchases.

The "Technical analysis" function, which is used to forecast future share performance and had long been sought by customers, was improved on the stock pages and launched in the apps.

New Avanza Trackers themes were launched, including renewable energy, digital economy, innovative technology and smart cities. The range of equity traded funds was expanded through the addition of 132 new ETF's.

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 around SEK 600, compared to previous percentage fee based on the capital. The transfer rights only cover policies signed after 2007. There are still many opportunities to simplify the administration of pension transfers in the industry. Avanza continues to support these changes. Avanza's customers can now keep track of their occupational pension transfer directly in the account summary.

In a survey by Reputation&Trust, Avanza was named the financial company in Sweden with the best reputation. The survey shows how the public ranks the reputations of financial companies and how much they are trusted.

In Navigator's annual survey, Avanza was named the best blog in banking and finance where the wide range of available education on personal finances and Avanza's commitment to social issues such as gender equality and sustainability were highlighted.

During the quarter, the results of Universum's ranking of employers preferred by students in Sweden were presented. The survey reported an improvement to 4th place (10) overall in the business sector in competition with companies such as Spotify, Google and Ikea. In finance and technology, Avanza ranked first. In IT, our ranking jumped to 11th (20). The long-term internal goal is to place in the top 10 in the categories of business and IT.

In Corporate Finance, Avanza has for example acted as a financial advisor in Idun Industrier's IPO, Train Alliance's rights issue and Estea Omsorgsfastigheter's new share issue, a retail manager in ACQ Bure's listing, and a retail distributor in the listings by Fractal Gaming Group, Cint Group, Embellence Group and LMK Group.

### **Development of customers and savings capital**

Data on the Swedish savings market for the fourth quarter of 2020 were released in February. Avanza's share of the Swedish savings market was 5.8 per cent at the end of the year and the share of net inflow during 2020 was 19.0 per cent.

Avanza's market share of premiums paid for non-collective agreement occupational pension insurance was 7.2 per cent during 2020, according to statistics from Insurance Sweden. This was an increase from 6.6 per cent the previous year. The market share of the premium inflow for the entire life insurance market, i.e. including endowment insurance, amounted to 11.9 per cent during 2020.

Customer growth was record-high in the first quarter, and 152,800 new customers were added. This was almost an increase of 80 per cent compared to the previous quarter as well as the first quarter in 2020. During the quarter, the number of occupational pension customers grew by 4 per cent. The total number of customers at the end of the period was 1,433,200.

The net inflow amounted to SEK 30.5 billion which was 64 per cent higher than the previous quarter and 40 per cent higher than the first quarter in 2020. The net inflow from existing customers accounted for 50 per cent in the quarter, compared to 63 per cent during 2020. Recurring occupational pension premiums averaged SEK 257 million per month during the last 12-month period, an increase of 7 per cent compared to the corresponding period a year earlier.

Savings capital increased by 15 per cent during the quarter to a record-high SEK 654 billion. The increase during the quarter was mainly due to rising stock prices but also the strong net inflow. 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 17 per cent in the quarter. Net fund inflow amounted to SEK 12.1 billion. Of the fund capital, 27 per cent was invested in Avanza's own funds. Monthly savings in funds by Avanza's customers is growing and at the end of the quarter amounted to SEK 830 million, an increase of 48 per cent compared to the previous year and more than doubled in two years.

Customers' total deposits increased by 5 per cent during the quarter. Customers' liquidity, i.e. deposits as a share of savings capital, decreased from 14 to 13 per cent. Total deposits amounted to SEK 81.8 billion, of which SEK 29 billion related to external deposits.

Total lending increased by 10 per cent in the first quarter to SEK 32.9 billion. External mortgage volume amounted to SEK 15.5 billion at the end of the quarter. Internally financed mortgages for Private Banking customers amounted to SEK 9.6 billion, up by 3 per cent. Margin lending increased by 12 per cent to just over SEK 7.8 billion.

Activity and market shares	2021 Q1	2020 Q4	Change %	2020 Q1	Change %	2020 Jan-Dec
No. commission generating notes, thousands	17,700	11,600	53	9,170	93	40,800
Commission generating turnover, SEK m	422,300	300,400	41	282,400	50	1,148,800
<i>Market shares</i>						
<i>Nasdaq Stockholm and First North:</i>						
No. transactions, %	20.7	18.3	2.4	16.6	4.1	18.1
Turnover, %	9.2	8.4	0.8	7.6	1.6	8.5
Net inflow, SEK m	2021 Q1	2020 Q4	Change %	2020 Q1	Change %	2020 Jan-Dec
Standard	28,470	17,540	63	19,340	48	63,740
Private Banking	1,850	1,180	57	2,510	-26	12,000
Pro	180	-20	-	50	271	560
<b>Net inflow</b>	<b>30,500</b>	<b>18,700</b>	<b>64</b>	<b>21,900</b>	<b>40</b>	<b>76,300</b>
Equity & investment fund accounts	-170	2,630	-104	2,520	-105	12,390
Investment savings accounts	22,900	11,600	98	13,000	76	44,800
Savings accounts	1,160	1,900	-39	1,440	-20	4,910
of which external deposit accounts	1,210	1,890	-36	1,430	-15	4,960
Pension- & insurance-based accounts	6,610	2,570	157	4,940	34	14,200
of which endowment insurance	5,200	1,450	258	3,780	37	9,800
of which occupational pensions	1,240	1,130	10	1,110	12	4,290
<b>Net inflow</b>	<b>30,500</b>	<b>18,700</b>	<b>64</b>	<b>21,900</b>	<b>40</b>	<b>76,300</b>

For definitions see page 23.

No. customers, savings capital and lending, SEK m (unless otherwise stated)	31-03-2021	31-12-2020	Change %	31-03-2020	Change %
Standard, No.	1,403,660	1,252,460	12	1,035,940	35
Private Banking, No.	26,400	25,000	6	24,500	8
Pro, No.	3,140	2,840	11	2,060	52
<b>No. of customers</b>	<b>1,433,200</b>	<b>1,280,300</b>	<b>12</b>	<b>1,062,500</b>	<b>35</b>
of which occupational pension customers, No.	112,600	107,900	4	97,100	16
Standard	379,500	327,700	16	216,200	76
Private Banking	249,000	221,300	13	139,700	78
Pro	25,400	21,500	18	12,300	107
<b>Savings capital</b>	<b>653,900</b>	<b>570,500</b>	<b>15</b>	<b>368,200</b>	<b>78</b>
Equity & investment fund accounts	160,500	150,000	7	103,600	55
Investment savings accounts	277,300	229,300	21	131,600	111
Savings accounts	29,800	28,600	4	24,900	20
of which external deposit accounts	29,000	27,700	5	24,000	21
Pension- & insurance-based accounts	186,300	162,600	15	108,100	72
of which endowment insurance	131,300	113,400	16	72,400	81
of which occupational pensions	38,400	34,200	12	24,100	59
<b>Savings capital</b>	<b>653,900</b>	<b>570,500</b>	<b>15</b>	<b>368,200</b>	<b>78</b>
Equities, bonds, derivatives, etc.	395,100	342,000	16	190,600	107
Investment funds	177,000	150,900	17	93,300	90
Deposits	81,800	77,600	5	84,300	-3
of which external deposits (Savings account+)	29,000	27,700	5	24,000	21
<b>Savings capital</b>	<b>653,900</b>	<b>570,500</b>	<b>15</b>	<b>368,200</b>	<b>78</b>
Internally financed lending	17,400	16,300	7	12,700	37
of which margin lending	7,830	6,970	12	4,290	83
of which mortgages (Superbolånet PB)	9,600	9,320	3	8,390	14
External mortgages (Bolån+)	15,500	13,600	14	10,400	49
<b>Lending</b>	<b>32,900</b>	<b>29,900</b>	<b>10</b>	<b>23,100</b>	<b>42</b>
Deposits/Savings capital, %	13	14	-1	23	-10
Return, average account since 1 Jan, %	9	19	-10	-15	24
OMX Stockholm GI since 1 Jan, %	14	15	-1	-18	32

For definitions see page 23.

## Financial overview

	2021 Q1	2020 Q4	Change %	2020 Q1	Change %	2020 Jan-Dec
<b>Income Statement, SEK m</b>						
Net brokerage income	439	291	51	268	64	1,102
Fund commissions, net	150	125	21	96	56	418
Net interest income <sup>1</sup>	76	73	5	64	20	283
Other income <sup>1</sup>	291	217	34	114	156	545
<b>Operating income</b>	<b>957</b>	<b>706</b>	<b>36</b>	<b>542</b>	<b>77</b>	<b>2,349</b>
Personnel	-137	-135	2	-111	23	-469
Marketing	-9	-5	93	-8	18	-22
Depreciation	-17	-34	-50	-14	18	-84
Other expenses	-39	-48	-17	-45	-13	-188
<b>Operating expenses before credit losses</b>	<b>-202</b>	<b>-221</b>	<b>-8</b>	<b>-179</b>	<b>13</b>	<b>-763</b>
<b>Profit before credit losses</b>	<b>754</b>	<b>485</b>	<b>56</b>	<b>363</b>	<b>108</b>	<b>1,586</b>
Credit losses, net	1	1	46	1	175	-4
Profit/loss from participations in associated companies	-	-	-	-2	-100	-6
<b>Operating profit</b>	<b>756</b>	<b>486</b>	<b>56</b>	<b>361</b>	<b>109</b>	<b>1,576</b>
Tax on profit for the period	-124	-68	83	-56	121	-242
<b>Net profit</b>	<b>632</b>	<b>418</b>	<b>51</b>	<b>305</b>	<b>107</b>	<b>1,335</b>
<b>Key ratios</b>						
Operating margin, %	79	69	10	67	12	67
Profit margin, %	66	59	7	56	10	57
Earnings per share before dilution, SEK	4.08	2.70	51	1.98	106	8.66
Earnings per share after dilution, SEK	3.99	2.66	50	1.98	102	8.58
Return on shareholders' equity, %	74	58	16	64	9	57
Return on assets, %	1.2	0.8	0.3	0.8	0.4	0.8
Credit loss level, %	0.01	0.01	0.00	0.00	0.00	-0.03
Investments, SEK m	19	17	9	7	178	63
Net brokerage income/Operating income, %	46	41	5	49	-4	47
Fund commissions/Operating income, %	16	18	-2	18	-2	18
Net interest income/Operating income, % <sup>1</sup>	8	10	-2	12	-4	12
Other income/Operating income, % <sup>1</sup>	30	31	0	21	9	23
Income to savings capital ratio, %	0.63	0.52	0.10	0.56	0.07	0.51
Costs to savings capital ratio, %	0.13	0.16	-0.03	0.18	-0.05	0.17
Income per customer, SEK	2,820	2,280	24	2,130	33	2,090
Costs per customer, SEK	-600	-710	-16	-700	-15	-680
Net brokerage income per trading day, SEK m	7.1	4.7	53	4.3	68	4.4
Brokerage/Turnover, %	0.122	0.113	0.009	0.108	0.014	0.111
No. trading days	61.5	62.5	-2	63.0	-2	250.0
Average no. employees	518	506	2	452	15	478
Web service operational availability, %	99.9	100.0	-0.1	99.8	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.

<b>Key ratios</b>	31-03-2021	31-12-2020	Change %	31-03-2020	Change %
Shareholders' equity per share before dil., SEK	23.68	20.47	16	11.95	98
Own funds/Capital requirement	1.68	1.74	-3	1.43	17
No. employees	526	510	3	460	14
Share price, SEK	271.40	233.00	16	82.80	228
Market capitalisation, SEK m	42,100	36,100	17	12,700	231

For definitions see page 23.

Extended financial history is available at Avanza's website, [avanza.se/keydata](http://avanza.se/keydata).

## First quarter compared to the previous quarter

Operating profit for the first quarter increased by 56 per cent compared to the previous quarter, mainly as a result of higher revenues.

The operating margin increased to 79 per cent (69) and the return on equity was 74 per cent.

### Revenues

Total operating income increased by 36 per cent compared to the previous quarter. Excluding the one-off gain from the reduced shareholding in Stabelo in the fourth quarter, income increased by 49 per cent. All revenue lines improved, but primarily net brokerage income and currency-related income which is part of other income.

Net brokerage income increased by 51 per cent as a result of increased customer activity. The commission-generating turnover increased by 41 per cent and the number of commission-generating notes were up by 53 per cent. The brokerage income per SEK of turnover increased to 12.2 basis points, a result of an increased share of brokerage income generated in lower brokerage fee classes, in line with the strong customer growth in these segments. The number of commission-generating customers increased by 31 per cent compared to the fourth quarter. The number of trading days decreased by 1.

Fund commissions increased by 21 per cent, mainly due to higher average fund capital. The fund capital increased by 17 per cent during the period. The fund net inflow amounted to SEK 12.1 billion. Income per SEK of fund capital increased by two basis points to 0.38 per cent but was back at 0.36 per cent at the end of the period. 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 foreign exchange fees. This is expected to marginally impact fund commissions. 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 higher margin lending volumes. On 1 February, the interest rate on the mortgage for the private banking customers with savings capital over SEK 10 million was cut from 0.99 per cent to 0.79 per cent. This slightly reduced mortgage income. The return on surplus liquidity decreased despite that the average STIBOR (3M) rate was 3 basis points higher compared to the fourth quarter. This is the result of the bond portfolio being managed with an average duration of 3 months and since STIBOR declined during the fourth quarter and around year-end. Together the resolution fee and the state deposit guarantee fee amounted to SEK 10 million (8). The subordinated loan, which has affected net interest income negatively with just under SEK 1 million per quarter, was redeemed early in December 2020.

Other income, primarily consisting of currency-related income, income from Avanza Markets and Corporate Finance, increased by 34 per cent. A portion of the shareholding in Stabelo was sold in the fourth quarter, which generated a capital gain of SEK 63 million. Excluding this one-off gain, other income increased by 89 per cent, mainly as a result of higher currency-related income. Currency-related income increased to SEK 247 million (114) as a result of increased trading in foreign equities. During the quarter, equity trading in foreign markets by Avanza's customers accounted for 34 per cent (23) of transactions and 27 per cent (17) of turnover. Trading volumes in foreign funds increased to 12 per cent (9) while the share of fund trades was 9 per cent (8). Income from Avanza Markets also increased, and amounted to SEK 32 million (23),

as did income from Corporate Finance which amounted to SEK 23 million (17). Other commission expenses increased as a result of higher costs for payment service commissions, due to increased customer activity.

### Operating expenses

Operating expenses decreased by 8 per cent, primarily as a result of lower depreciation and lower other costs. The fourth quarter includes a one-off write-down of SEK 16 million related to costs for the office on Vasagatan, which could not be sublet. In the first quarter, however, the lease was transferred to a new tenant and a previous write-down of SEK 10 million was reversed, which positively affected other expenses. Excluding these items, operating expenses increased in the quarter by 4 per cent. Neither the write-down nor reversal are included in the cost guidance for 2021. Marketing cost increased due to brand building advertisement and marketing in connection to launches during the quarter.

### Credit losses

Reported credit losses are attributable to calculations of expected credit losses according to IFRS 9.

### Taxes

During the quarter, the corporate tax rate increased to 16.4 (14.0) per cent. The fourth quarters low corporate tax was due to the gain on the reduced holding in Stabelo, which was tax exempt, since it is considered a holding for business purposes. During the first quarter a higher share of revenues was 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 also explains the higher tax rate.

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

### Investments

The investments in the first 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.

## First quarter 2021 compared to first quarter 2020

Operating profit increased by 109 per cent compared to the first quarter in 2020. Operating income increased by 77 per cent, while operating expenses rose by 13 per cent. Excluding the SEK 10 million reversal of the write-down tied to office rent on Vasagatan, operating expenses rose by 19 per cent.

The operating margin increased to 79 per cent (67) and the return on equity was 74 per cent.

### Revenues

Revenues increased by 77 per cent compared to corresponding quarter the previous year. This was mainly due to higher net brokerage income but also higher currency-related income within other income, even though all revenue lines improved significantly.

Net brokerage income increased by 64 per cent, a result of increased customer activity and more commission-generating customers. The number were up by 72 per cent, or 280,000, compared to the end of the first quarter in 2020. The commission-generating notes increased by 93 per cent and

the commission-generating turnover was up by 50 per cent. Brokerage income per SEK of turnover increased from 10.8 to 12.2 basis points. This is a result of an increased share of brokerage income generated in lower brokerage fee classes, in line with the strong customer growth.

Fund commissions increased by 56 per cent due to higher average fund capital. Fund capital was 90 per cent higher compared to the end of the first quarter in 2020. Income per SEK of fund capital increased to 0.38 from 0.33 per cent but was back at 0.36 per cent at the end of the period. The share of index funds was 3.9 per cent units lower compared to the previous year.

Net interest income increased by 20 per cent, mainly due to increased income from lending and primarily from margin lending. The internally financed lending volume increased by 37 per cent during the year. The return on surplus liquidity decreased as a result of lower averaged STIBOR (3M), which was 21 basis points lower compared to the first quarter 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 effect is smaller on the downside than the upside because of the interest rate floor on Private Banking mortgages of -20 basis points against the repo rate. However, the Riksbank's own forecast indicates a zero per cent repo rate for the foreseeable future. The deposit guarantee fee and resolution fee increased to SEK 10 million (8) as a result of higher volumes.

Other income increased by 156 per cent, mainly due to significantly higher currency-related income, which amounted to SEK 247 million (73). Equity trading in foreign markets by Avanza's customers accounted for 34 per cent (12) of transactions and 27 per cent (11) of turnover. Income from Corporate Finance increased to SEK 23 million (14) and income from Avanza Markets amounted to SEK 32 million (29). Other income also includes income from stock lending, in endowment insurance within the insurance company, which was launched in October 2020. This income amounted to SEK 4 million in the quarter, at the same time that SEK 6 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. Costs for search engine optimization were also slightly higher.

#### Operating expenses

Operating expenses increased by 13 per cent. The fourth quarter includes a write-down of SEK 16 million related to costs for the office on Vasagatan which could not be sublet. In the first quarter, the lease was transferred to a new tenant and the previous write-down of SEK 10 million was reversed, which positively affected other expenses. Excluding the reversal expenses rose by 19 per cent. Neither the write-down nor reversal are included in the guidance for 2021. The cost increase, compared to first quarter in the previous year, is primarily due to more staff and increased personnel costs, mainly due to expanded development capacity.

The cost increase for 2021 is estimated 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 percent.

The cost to savings capital ratio decreased by 5 basis points to 0.13 per cent, while the income to savings capital ratio rose by 7 basis points to 0.63 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.

#### Result from participations in associated companies

In connection to the new share issue in Stabelo during the fourth quarter of 2020, Avanza reduced its holding in Stabelo to 19.8 per cent of outstanding shares. After the reduced ownership, Stabelo is classified as a shareholding and thus no longer as an associated company of Avanza. As a result, as of the fourth quarter 2020, Avanza value the holding at fair value via other comprehensive income.

#### Taxes

The tax rate increased to 16.4 per cent (15.6) because a higher share of revenues was 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. The company'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 mortgage loans 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. Education is still needed, however, to increase awareness in the population.

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 provide savings options that are well-suited for the times we live in.

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](http://avanza.se/ir).

## Quarterly overview

Quarterly overview (SEK m unless otherwise stated)	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Net brokerage income	439	291	283	260	268	123	126	105	112
Fund commissions, net	150	125	109	88	96	91	86	83	72
Net interest income <sup>1</sup>	76	73	74	73	64	48	45	42	30
Other income <sup>1</sup>	291	217	110	104	114	66	56	55	53
<b>Operating income</b>	<b>957</b>	<b>706</b>	<b>575</b>	<b>526</b>	<b>542</b>	<b>329</b>	<b>313</b>	<b>284</b>	<b>268</b>
Personnel	-137	-135	-103	-120	-111	-115	-90	-107	-103
Marketing	-9	-5	-7	-2	-8	-3	-4	-3	-8
Depreciation	-17	-34	-19	-17	-14	-22	-14	-14	-14
Other expenses	-39	-48	-49	-46	-45	-48	-40	-42	-40
<b>Operating expenses before credit losses</b>	<b>-202</b>	<b>-221</b>	<b>-177</b>	<b>-185</b>	<b>-179</b>	<b>-187</b>	<b>-148</b>	<b>-166</b>	<b>-164</b>
Credit losses, net	1	1	0	-5	1	0	0	2	-1
Profit/loss from participations in associated companies	-	-	-1	-2	-2	-2	-2	-2	-2
<b>Operating profit</b>	<b>756</b>	<b>486</b>	<b>396</b>	<b>333</b>	<b>361</b>	<b>140</b>	<b>163</b>	<b>117</b>	<b>100</b>
<b>Adjusted operating profit<sup>2</sup></b>	<b>746</b>	<b>439</b>	<b>409</b>	<b>333</b>	<b>361</b>	<b>148</b>	<b>163</b>	<b>117</b>	<b>100</b>
Operating margin, %	79	69	69	63	67	43	52	41	37
Earnings per share before dil., SEK <sup>3</sup>	4.08	2.70	2.15	1.83	1.98	0.79	0.91	0.67	0.57
Shareholders' equity per share before dilution, SEK <sup>3</sup>	23.68	20.47	16.88	14.13	11.95	12.65	11.96	10.10	9.35
Return on shareholders' equity, %	74	58	55	56	64	26	33	27	23
Net inflow	30,500	18,700	16,300	19,400	21,900	6,820	9,940	8,270	7,570
No. of new customers, net	152,800	85,600	79,200	53,000	86,100	37,300	36,800	31,500	33,600
No. of customers at the end of the period	1,433,200	1,280,300	1,194,700	1,115,500	1,062,500	976,400	939,100	902,300	870,800
Savings capital at the end of the period	653,900	570,500	514,200	444,600	368,200	407,700	377,100	359,300	335,700
Income to savings capital ratio, %	0.63	0.52	0.48	0.52	0.56	0.34	0.34	0.33	0.34
Costs to savings capital ratio, %	0.13	0.16	0.15	0.18	0.18	0.19	0.16	0.19	0.21

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

2) See table Items affecting comparability.

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

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

## Financial position

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

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

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

All lending is secured against listed securities or with pledges on houses and tenant-owned apartments. Between 2001 and the first quarter 2021 total actual and expected credit losses amounted to SEK 13 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 quarter 2021 was SEK –8 million (SEK –6m). 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

When the regulatory requirement of a leverage ratio of 3 per cent takes effect at mid-year 2021, it will govern Avanza's capitalisation. In addition, the Swedish Financial Supervisory Authority (FSA) is introducing bank-specific Pillar 2 guidance, which is expected to result in an additional buffer of 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 first quarter, Avanza's leverage ratio for the consolidated situation was 4.3 per cent.

The current somewhat 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.

# Other corporate events

## Executive Management

Anna Casselblad took over as CFO and a member of Group Management on 1 February 2021. 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 is leaving Avanza and is no longer serving in an operational capacity. Birgitta had been Avanza's CFO since 2008 and Deputy CEO since spring 2017.

Gunnar Olsson, COO, took over as Deputy CEO on 1 February, succeeding Birgitta Hagenfeldt.

## 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 quarter 2021 and the company holds no repurchased shares as of 31 March 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

Avanza announced its operating profit and net profit for the first quarter on 12 April, since the market, based on consensus estimates, had substantially underestimated the impact of increased customer activity. Consensus estimates of operating profit for the first quarter averaged SEK 490 million, compared to an outcome of SEK 756 million. Avanza does not publish income or profit forecasts.

## Consolidated Income Statement

SEK m	Note	2021 Q1	2020 Q1	2020-2021 Apr-Mar	2020 Jan-Dec
<b>Operating income</b>					
Commission income <sup>1</sup>	1, 2	1,010	548	2,772	2,310
Commission expenses	3	-129	-70	-371	-312
Interest income calculated using the effective interest method		98	82	381	364
Other interest and similar income <sup>1</sup>		-	-	-	-
Interest expenses		-22	-18	-85	-80
Net result of financial transactions		-1	0	67	67
Other operating income		-	-	0	0
<b>Total operating income</b>		<b>957</b>	<b>542</b>	<b>2,764</b>	<b>2,349</b>
<b>Operating expenses</b>					
General administrative expenses		-172	-152	-660	-640
Depreciation		-17	-14	-87	-84
Other operating expenses		-13	-12	-39	-38
<b>Total operating expenses before credit losses</b>		<b>-202</b>	<b>-179</b>	<b>-786</b>	<b>-763</b>
<b>Operating profit before credit losses</b>		<b>754</b>	<b>363</b>	<b>1,978</b>	<b>1,586</b>
Credit losses, net		1	1	-3	-4
Profit/loss from participations in associated companies		-	-2	-3	-6
<b>Operating profit</b>		<b>756</b>	<b>361</b>	<b>1,971</b>	<b>1,576</b>
Tax on profit for the period		-124	-56	-310	-242
<b>Profit for the period<sup>2</sup></b>		<b>632</b>	<b>305</b>	<b>1,662</b>	<b>1,335</b>
Earnings per share before dilution, SEK		4.08	1.98	10.76	8.66
Earnings per share after dilution, SEK		3.99	1.98	10.61	8.58
Average no. shares before dilution, thousands		154,954	153,786	154,439	154,150
Average no. shares after dilution, thousands		158,332	153,992	156,551	155,581
Outstanding no. shares before dilution, thousands		154,954	153,786	154,954	154,954
Outstanding no. shares after dilution, thousands		158,473	153,786	158,473	157,940
No. shares upon full dilution, thousands		161,704	160,536	161,704	161,704

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 Q1	2020 Q1	2020-2021 Apr-Mar	2020 Jan-Dec
<b>Profit for the period</b>		<b>632</b>	<b>305</b>	<b>1,662</b>	<b>1,335</b>
<i>Items that will be reversed to the Income Statement</i>					
Changes in value of financial instruments <sup>1</sup>		-3	-75	90	18
Tax on changes in value of financial instruments <sup>1</sup>		1	16	-19	-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		-	-	-	-
<b>Total other comprehensive income after tax</b>		<b>-2</b>	<b>-59</b>	<b>71</b>	<b>149</b>
<b>Total profit or loss and other comprehensive income after tax<sup>2</sup></b>		<b>629</b>	<b>246</b>	<b>1,733</b>	<b>1,483</b>

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

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

# Consolidated Balance Sheet

SEK m	Note	31-03-2021	31-12-2020
<b>Assets</b>			
Cash and balances with central banks		2,291	1,428
Treasury bills eligible for refinancing		1,521	245
Loans to credit institutions	4	2,735	2,272
Loans to the public	5	18,327	16,287
Bonds		25,087	25,572
Shares and participations		237	244
Assets in insurance operations		179,686	155,931
Intangible fixed assets		94	82
Right-of-use assets		147	153
Tangible fixed assets		62	64
Other assets		3,583	2,153
Prepaid expenses and accrued income		252	344
<b>Total assets</b>		<b>234,022</b>	<b>204,775</b>
<b>Liabilities and shareholders' equity</b>			
Deposits and borrowing from the public		48,765	43,987
Liabilities in insurance operations		179,688	155,933
Lease liability		149	171
Other liabilities		1,601	1,380
Accrued expenses and deferred income		150	133
Shareholders' equity		3,670	3,172
<b>Total liabilities and shareholders' equity</b>		<b>234,022</b>	<b>204,775</b>

## Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
<b>January - March 2020</b>					
<b>Shareholders' equity 31-12-2019</b>	<b>77</b>	<b>663</b>	<b>9</b>	<b>1,196</b>	<b>1,945</b>
Profit after tax reported in the income statement	–	–	–	305	305
Other comprehensive income for the period	–	–	–59	–	–59
Total comprehensive income for the period	–	–	–59	305	246
<i>Transactions with owners</i>					
Dividend paid	–	–202	–	–152	–354
<b>Shareholder's equity 31-03-2020</b>	<b>77</b>	<b>462</b>	<b>–50</b>	<b>1,349</b>	<b>1,838</b>
<b>January - December 2020</b>					
<b>Shareholder's equity 31-12-2019</b>	<b>77</b>	<b>663</b>	<b>9</b>	<b>1,196</b>	<b>1,945</b>
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
<i>Transactions with owners</i>					
Dividend paid	–	–202	–	–152	–354
New issue (exercise of warrants)	1	96	–	4	101
Warrants issue	–	6	–	–	6
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
<b>January - March 2021</b>					
<b>Shareholders' equity 31-12-2020</b>	<b>77</b>	<b>564</b>	<b>159</b>	<b>2,372</b>	<b>3,172</b>
Profit after tax reported in the income statement	–	–	–	632	632
Other comprehensive income for the period	–	–	–2	–	–2
Total comprehensive income for the period	–	–	–2	632	629
<i>Transactions with owners</i>					
Dividend paid	–	–73	–	–59	–132
<b>Shareholders' equity 31-03-2021</b>	<b>77</b>	<b>491</b>	<b>157</b>	<b>2,944</b>	<b>3,670</b>

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

## Consolidated Cash Flow Statement

SEK m	2021 Q1	2020 Q1
<b>Operating activities</b>		
Operating profit	756	361
Adjustment for items not included in cash flow	-3	6
Taxes paid	-1,510	481
Changes in operating activities' assets and liabilities	3,027	11,729
<b>Cash flow from operating activities</b>	<b>2,270</b>	<b>12,576</b>
<b>Investment operations</b>		
Acquisition and disposals of intangible and tangible fixed asset	-19	-7
Investment in treasury bills eligible for refinancing	-1,276	-7,936
Investment in bonds	483	-5,081
<b>Cash flow from investment operations</b>	<b>-812</b>	<b>-13,024</b>
<b>Financial operations</b>		
Cash dividend	-132	-354
Subordinated bond	-	0
<b>Cash flow from financial operations</b>	<b>-132</b>	<b>-354</b>
<b>Cash flow for the period</b>	<b>1,326</b>	<b>-801</b>
Liquid assets at the beginning of the period <sup>1</sup>	3,675	3,077
Liquid assets at the end of the period <sup>1</sup>	5,000	2,276
<b>Change</b>	<b>1,326</b>	<b>-801</b>

1) Liquid assets are defined as Cash and balances with central banks plus loans to credit institutions excluding pledged assets. At the end of the period SEK 25 million (SEK 80m) of consolidated liquid assets are pledged as collaterals.

## Parent Company Income Statement

SEK m	2021 Jan-Mar	2020 Jan-Mar
<b>Operating expenses</b>		
Administration expenses	-5	-4
Other operating expenses	-3	-2
<b>Operating profit/loss</b>	<b>-8</b>	<b>-6</b>
<b>Profit/loss from financial investments</b>		
Profit/loss from participations in Group companies	-	20
Interest expenses and similar items	0	0
<b>Profit/loss before tax and appropriations</b>	<b>-8</b>	<b>14</b>
Tax on profit/loss for the period	1	-3
<b>Profit/loss for the period</b>	<b>-6</b>	<b>11</b>

## Parent Company statement of comprehensive income

SEK m	2021 Jan-Mar	2020 Jan-Mar
<b>Profit/loss for the period</b>	<b>-6</b>	<b>11</b>
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total profit or loss and other comprehensive income after tax</b>	<b>-6</b>	<b>11</b>

## Parent Company Balance Sheet

SEK m	31-03-2021	31-12-2020
<b>Assets</b>		
Financial fixed assets	657	657
Current receivables <sup>1</sup>	38	124
Liquid assets	139	62
<b>Total assets</b>	<b>833</b>	<b>843</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	77	77
Unrestricted shareholders' equity	614	752
Current liabilities	142	13
<b>Total shareholders' equity and liabilities</b>	<b>833</b>	<b>843</b>

1) Of which receivables from subsidiaries SEK 34 million (SEK 121m as of 31-12-2020).

## 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 and with the regulations and general guidelines issued by the Swedish Financial Supervisory Authority regarding annual reports at credit institutions and securities companies (FFFS 2008:25). 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.

## Notes

### Note 1 Revenue from contracts with customers

SEK m	2021 Q1	2020 Q1	2020-2021 Apr-Mar	2020 Jan-Dec
Trading in commission-generating securities	740	366	1,960	1,586
Fund savings	174	109	525	459
Corporate services	23	14	46	37
Other commission income <sup>1</sup>	73	60	242	229
<b>Total<sup>1</sup></b>	<b>1,010</b>	<b>548</b>	<b>2,772</b>	<b>2,310</b>
<i>Timing of revenue recognition</i>				
Service or goods transferred to customer at a specific point in time	1,010	548	2,772	2,310
Service or goods transferred to customer over time	–	–	–	–
<b>Total</b>	<b>1,010</b>	<b>548</b>	<b>2,772</b>	<b>2,310</b>

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 commission-generating securities and Fund savings.

### Note 2 Commission income

SEK m	2021 Q1	2020 Q1	2020-2021 Apr-Mar	2020 Jan-Dec
Brokerage income	515	306	1,481	1,272
Fund commissions	152	96	473	418
Currency-related income	247	73	530	355
Other commission income <sup>1,2</sup>	95	73	288	266
<b>Total</b>	<b>1,010</b>	<b>548</b>	<b>2,772</b>	<b>2,310</b>

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 Q1	2020 Q1	2020-2021 Apr-Mar	2020 Jan-Dec
Transaction costs <sup>1</sup>	–77	–38	–208	–170
Payment services commissions	–32	–19	–99	–86
Other commission expenses <sup>2</sup>	–20	–13	–64	–57
<b>Total</b>	<b>–129</b>	<b>–70</b>	<b>–371</b>	<b>–312</b>

1) Costs directly related to brokerage income.

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

### Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 1,579 million (SEK 1,630m as of 31 December 2020) which are reported net against client fund payables of SEK 1,579 million (SEK 1,630m as of 31 December 2020). Of the liquid assets of SEK 5,026 million as per the end of the period, SEK 25 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

### Note 5 Lending to the public

Lending to the public is reported after deduction for confirmed and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 13 million (SEK 14m as of 31 December 2020). Thus, the change in the accumulated provision for expected credit losses has affected the result for the period by SEK 1 million.

SEK 912 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 17,415 million, of which SEK 7,818 million (SEK 6,970m as of 31 December 2020) with collateral in the form of securities and SEK 9,597 million (SEK 9,317m as of 31 December 2020) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 10,634 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 1,033 million (SEK 804m as of 31 December 2020).

## Note 6 Financial instruments

### Classification of financial instruments

31-03-2021 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances with central banks	–	2,291	–	–	2,291
Treasury bills eligible for refinancing	–	1,521	–	–	1,521
Loans to credit institutions	–	2,735	–	–	2,735
Loans to the public	–	18,327	–	–	18,327
Bonds	–	18,904 <sup>1)</sup>	6,183	–	25,087
Shares and participations	0	–	237	–	237
Assets in insurance operations	165,687	14,000	–	–	179,686
Intangible fixed assets	–	–	–	94	94
Right-of-use asset	–	–	–	147	147
Tangible assets	–	–	–	62	62
Other assets	–	3,583	–	–	3,583
Prepaid expenses and accrued income	–	219	–	32	252
<b>Total assets</b>	<b>165,687</b>	<b>61,579</b>	<b>6,420</b>	<b>336</b>	<b>234,022</b>
<b>Liabilities</b>					
Deposits and borrowing from the public	–	48,765	–	–	48,765
Liabilities in insurance operations	179,686	–	–	2	179,688
Lease liabilities	–	–	–	149	149
Other liabilities	–	1,323	–	278	1,601
Accrued expenses and deferred income	–	90	–	60	150
<b>Total liabilities</b>	<b>179,686</b>	<b>50,177</b>	<b>–</b>	<b>489</b>	<b>230,352</b>

1) Fair value amounts to SEK 18,954 million.

### Financial instruments valued at fair value

31-03-2021, SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	98,449	0	237	98,686
Fund units	62,925	0	–	62,925
Bonds and other interest-bearing securities	7,524	623	–	8,147
Other securities	2,025	323	–	2,348
<b>Total assets</b>	<b>170,923</b>	<b>947</b>	<b>237</b>	<b>172,107</b>
<b>Liabilities</b>				
Liabilities in insurance operations (investment agreements)	–	179,686	–	179,686
<b>Total liabilities</b>	<b>–</b>	<b>179,686</b>	<b>–</b>	<b>179,686</b>

#### Fair value

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

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

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

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

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

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

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

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

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

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

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

SEK m	31-03-2021	31-12-2020
<b>Own funds</b>		
Shareholders' equity, the Group	3,670	3,172
Less profits which are not audited	-632	-
Assumed/Proposed dividend	-	-132
<b>Shareholders' equity, financial conglomerate</b>	<b>3,038</b>	<b>3,040</b>
<i>Additional</i>		
Solvency capital <sup>1</sup>	2,067	1,794
<i>Less</i>		
Additional value adjustments	-8	-7
Intangible fixed assets	-94	-82
<b>Total own funds</b>	<b>5,003</b>	<b>4,745</b>
<b>Own funds per sector</b>		
Own funds for regulated units in the insurance sector <sup>1</sup>	2,866	2,598
Own funds for regulated units within the banking and investment services sector	2,137	2,147
<b>Total own funds</b>	<b>5,003</b>	<b>4,745</b>
<b>Capital requirement per sector</b>		
Capital requirement for regulated units in the insurance sector <sup>1</sup>	1,731	1,500
Capital requirement for regulated units within the banking and investment services sector	1,246	1,235
of which additional buffer requirement	228	224
of which additional Pillar 2 requirement	280	286
<b>Total capital requirement</b>	<b>2,977</b>	<b>2,735</b>
<b>Capital surplus</b>	<b>2,026</b>	<b>2,010</b>
<b>Own funds/Capital requirement</b>	<b>1.68</b>	<b>1.74</b>

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

The above 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, Placer 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).

During the year only audited profits are included in the calculation of shareholder's equity for the financial conglomerate. Adjustments are made for assumed or proposed dividend if the profit for the period has been audited. Assumed dividend refers to the current period and the proposed dividend is dividend proposed by the Board of Directors to the Annual General Meeting for the full financial year.

When the new Solvency 2 rules took effect on 1 January 2016, the insurance sector became the largest sector for the financial conglomerate. Previously, the banking and investment services sector had been the largest sector. Solvency capital, which refers to the estimated present value of Avanza Pension's future profits generated from the policyholders' assets, is included as a separate item in the above table as a result of the new solvency rules. Capital requirements for regulated units in the insurance sector refers to the estimated Solvency Capital Requirement, which is also based on the policyholders' assets.

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

In accordance with the European capital requirements regulation (CRR), Avanza's consolidated situation refers to Avanza Bank Holding AB (publ) and the subsidiaries Avanza Bank AB (publ) and Avanza Fonder AB. The capital requirements reported in this note refer to Pillar 1, Pillar 2 and additional buffer requirements, according to the capital adequacy rules in effect at the time.

Own funds, SEK m	31-03-2021	31-12-2020
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	711	642
of which: Instrument type 1	77	77
of which: Instrument type 2	634	564
Retained earnings	1,835	961
Accumulated other comprehensive income (and other reserves)	-2	149
Independently reviewed interim profits net of any foreseeable charge or dividend	-	795
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,544</b>	<b>2,546</b>
Additional value adjustments	-8	-7
Intangible assets (net of related tax liability)	-94	-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)	-31	-30
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-134</b>	<b>-119</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,410</b>	<b>2,427</b>
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,410</b>	<b>2,427</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts	-	-
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,410</b>	<b>2,427</b>
<b>Total risk weighted assets</b>	<b>10,096</b>	<b>9,957</b>
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	23.9	24.4
Tier 1 (as a percentage of total risk exposure amount)	23.9	24.4
Total capital (as a percentage of total risk exposure amount)	23.9	24.4
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer (buffer for global systemically important institution or other systemically important institution) expressed as a percentage of total risk exposure amount)	2.5	2.5
of which: capital conservation buffer requirement	2.5	2.5
of which: countercyclical buffer requirement	-	-
of which: system risk buffer requirement	-	-
of which: global systemically important institution or other systemically important institution buffer	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15.9	16.4
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Direct or indirect holdings by the institution of CET1 instrument in financial sector entities where the institution has a significant investment (amount below the threshold of 10% and net of eligible short positions)	244	246

SEK m	31-03-2021	31-12-2020		
<b>Risk exposure amount and capital requirement</b>				
<b>Risk exposure amount</b>				
Credit risk according to the standardised approach	8,122	7,970		
of which exposures to institutions risk weight 20%	543	450		
of which exposures to corporates risk weight 100%	87	94		
of which retail exposures risk weight 75%	346	306		
of which exposures secured by mortgages on immovable property risk weight 35%	3,379	3,272		
of which exposures in default risk weight 100%/150%	11	6		
of which exposures to covered bonds risk weight 10%	2,431	2,475		
of which exposures to equity risk weight 250%	610	614		
of which exposures to other items risk weight 100%	714	754		
Market risk (position risk)	0	14		
Settlement risk	1	0		
Credit valuation adjustment risk according to the standardised method	0	0.0		
Operational risk according to the standardised approach	1,973	1,973		
<b>Total risk exposure amount</b>	<b>10,096</b>	<b>9,957</b>		
<b>Capital requirement</b>				
Credit risk according to the standardised approach	650	6.4%	638	6.4%
of which exposures to institutions risk weight 20%	43	0.4%	36	0.4%
of which exposures to corporates risk weight 100%	7	0.1%	8	0.1%
of which retail exposures risk weight 75%	28	0.3%	24	0.2%
of which exposures secured by mortgages on immovable property risk weight 35%	270	2.7%	262	2.6%
of which exposures in default risk weight 100%/150%	1	0.0%	0	0.0%
of which exposures to covered bonds risk weight 10%	195	1.9%	198	2.0%
of which exposures to equity risk weight 250%	49	0.5%	49	0.5%
of which exposures to other items risk weight 100%	57	0.6%	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	0.0%
Operational risk according to the standardised approach	158	1.6%	158	1.6%
<b>Capital requirement</b>	<b>808</b>	<b>8.0%</b>	<b>797</b>	<b>8.0%</b>
Own funds in relation to capital requirement	2.98		3.05	
Total own funds	2,410	23.9%	2,427	24.4%
Minimum own funds requirement (Pillar 1)	-808	-8.0%	-797	-8.0%
Combined buffer requirement	-252	-2.5%	-249	-2.5%
Additional own funds requirement (Pillar 2)	-289	-2.9%	-295	-3.0%
Total risk-adjusted own funds requirement	-1,349	-13.4%	-1,340	-13.5%
Capital surplus after risk-adjusted own funds requirement	1,061	10.5%	1,087	10.9%
<b>Leverage ratio</b>				
Total exposure amount leverage ratio	55,740		50,032	
Tier 1 capital	2,410		2,427	
Leverage ratio, %	4.3		4.9	

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, 20 April 2021

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 April 2021.

A webcast presentation will be held by Rikard Josefson, CEO, and Anna Casselblad, CFO, on 20 April 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](http://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: 77993852#

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](http://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 – June 2021	14 July 2021
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.

## Brokerage/Turnover<sup>2)</sup>

Gross brokerage income in relation to turnover excluding investment fund trading and free-of-charge trading in Avanza Markets. The ratio shows the effect of price reductions and gives an indication of changes in the customer base and trading in different price tiers.

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

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

## Commission note

A customer's buying and selling assignments involving a specific security. A commission note may comprise one or more transactions. A commission note constitutes the basis on which brokerage is levied.

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

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

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

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

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

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

## Customer

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

## 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.

## Deposits/Savings capital

Deposits in relation to the savings capital at the end of the period. The ratio shows how much liquidity the customers hold and indirectly how much is invested in securities.

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

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

## eNPS

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

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

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

## External deposits

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

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

Kickbacks from fund management companies (comprises commission based on fund volume) and management fees from Avanza funds.

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

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 ratio<sup>2)</sup>

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

## Internally financed lending

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

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

Gross brokerage income less direct costs.

## Net inflow

Deposits, less withdrawals, of liquid assets and securities.

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

Operating profit/loss in relation to operating income.

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

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

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

Profit/loss after tax in relation to operating income.

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

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

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

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.

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

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

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

Estimated capital requirements under Solvency 2 rules.

## 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](http://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.