

Preliminary Financial Statement 2023

Fourth quarter 2023 compared to fourth quarter 2022

- **Operating income** increased by 4 per cent to SEK 882 million. Net interest income rose, mainly due to higher market interest rates. Fund commissions and net currency-related income were also higher, while net brokerage income decreased as a result of lower trading activity. Other income decreased
- **Operating expenses** increased by 12 per cent to SEK 306 million, mainly due to higher personnel costs and other expenses
- **Costs for the full year** amounted to SEK 1,148 million, which was slightly below the cost cap of SEK 1,160 million for the full year, as previously announced. The cost increase for 2024 is estimated at 9.5 (11) per cent
- **Operating profit** amounted to SEK 580 million, an increase of 1 per cent
- **Profit for the period** was SEK 499 million, an increase of 1 per cent
- **Earnings per share** before dilution amounted to SEK 3.18, an increase of 1 per cent
- The Board of Directors proposes a dividend of SEK 11.50 per share (7.50), corresponding to 91 per cent of the profit for 2023

Events during the quarter

- Gunnar Olsson was appointed as Acting CEO after the management suitability assessment of Knut Frängsmyr was withdrawn
- Avanza received the Swedish Quality Index's award for most satisfied customers in the savings category for the 14th year in a row
- Two new fixed income funds were launched – Avanza Ränta Global and Avanza Ränta Kort
- Avanza's emission reduction targets were verified and approved by Science Based Target initiative
- Philip Scholtzé was recruited to the position of Savings Economist and will begin on 1 February

No. of customers

+7%

Total 1,901,100

"We are presenting a strong report for the quarter, but also for the year as a whole, which produced the highest income generation in Avanza's history. At the end of the year we saw signs that optimism is returning to the stock market after signals that interest rates have peaked. Let's hope that better times are ahead. Our customers have continued to save – according to the latest data from the third quarter, our customers accounted for no less than 33% of the net inflow to the savings market," says acting CEO Gunnar Olsson.

Savings capital

+18%

Total SEK 782 bn

	Q4 2023	Q3 2023	Change %	Q4 2022	Change %	Jan-Dec 2023	Jan-Dec 2022	Change %
Operating income, SEK m	882	854	3	847	4	3,437	2,973	16
Operating expenses, SEK m	-306	-266	15	-273	12	-1,148	-1,031	11
Operating profit, SEK m	580	588	-1	573	1	2,292	1,940	18
Profit for the period, SEK m	499	510	-2	494	1	1,982	1,666	19
Earnings per share before dilution, SEK	3.18	3.25	-2	3.16	1	12.64	10.69	18
Operating margin, %	66	69	-3	68	-2	67	65	1
Return on shareholders' equity, %	36	41	-5	42	-6	38	36	2
Net inflow, SEK m	18,100	21,200	-15	-7,450	-	72,300	23,600	207
No. of new customers (net)	27,900	31,300	-11	12,700	120	124,400	116,600	7
No. of customers at the end of the period	1,901,100	1,873,200	1	1,776,700	7	1,901,100	1,776,700	7
Savings capital at the end of the period, SEK m	781,700	715,400	9	663,900	18	781,700	663,900	18
Income to savings capital ratio, %	0.47	0.47	0.00	0.52	-0.05	0.48	0.42	0.05
Costs to savings capital ratio, %	0.16	0.15	0.02	0.17	0.00	0.16	0.15	0.01

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

Avanza in brief

This is Avanza

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

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

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

An investment in growth

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

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

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

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

Vision & business model

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

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

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

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

Long-term targets 2025

Satisfied customers

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

Engaged employees

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

Value growth

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

Sustainability

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

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



CEO comment

The past year was eventful in many ways. I am extremely proud of what we at Avanza have accomplished and feel both humbled and inspired to lift Avanza to the next level together with my colleagues.

At the end of the quarter we saw signs that optimism is returning to the stock market

We operate in a turbulent world where another war broke out during the quarter. Signs of slowing inflation and hopes that interest rates have peaked still affected stock market activity positively and we saw optimism begin to return in December. Stock market turnover among customers increased in the quarter, but from low levels. Let's hope that things turns around now and that better days are ahead, even though households still face challenges that could affect the savings ratio. We at Avanza would note, though, that our customers have continued to save. We had a total net inflow of SEK 72 billion in 2023 and for the first nine months of the year, the share of the net inflow to the savings market was 18%. Data for the fourth quarter have not been released yet. To my knowledge, no other company in the savings market has even come close to this level of net inflow. This is promising, for Avanza and our customers. Net inflows, satisfied customers and engaged employees are what build a successful Avanza and create shareholder value over time. We will continue doing this, and doing it even better in the coming years.

Another strong quarterly profit

We are presenting a strong report for the quarter, but also for the year as a whole, which produced the highest income generation in Avanza's history. Looking at the bottom line, profit for the year was the second highest ever, mainly driven by net interest income, although fund commissions also increased. Trading income was squeezed by lower customer activity during the year, but increased slightly during the quarter – including Avanza Markets. Going forward, income could be affected by potential policy rate cuts, and it remains to be seen whether the optimism in the stock market continues. Obviously, policy rate cuts would adversely affect the return on surplus liquidity, but also mortgage loans, whose rates are directly tied to the policy rate. Other rate adjustments to our loan and deposit products will be a result of customer behaviour and the competitive landscape. When a decreased interest rate also begins to affect risk-taking in the stock market in a positive way, Avanza is well positioned with many customers interested in the stock market. We saw the power in the customer base during the more positive trading days also in 2023.

As a result of the strong profit and solid margins to the capital requirements, the Board of Directors is proposing a dividend of SEK 11.50 per share, corresponding to a dividend ratio of 91%. This ensures a continued very good buffer.

Challenging targets for 2025 require a focus on efficiency and long-term development

In light of the recent stock market upturn, we received a boost to our savings capital, but we are still far from our target of a 10% share of the Swedish savings market by the end of 2025. Despite a high share of the net inflow, we will need a strong stock market in the next two years to get there. Our target of a costs to savings capital ratio of 12 basis points over time has also been adversely affected by the trend in savings capital in recent years, although we also increased our costs. Costs for the full year 2023 landed at SEK 1,148 million, up 11% but

slightly below the cost cap we had announced. The estimate for 2024 is a cost increase of 9.5%. The increase is mainly due to personnel costs, including a wage increase of 4% and higher pension premium, but also in large part due to higher information and licensing costs, mainly caused by inflation. Growth prospects with current staffing remain high and we will not make any major changes to the number of employees during the year, so the people plan from the last two years still applies in large part. On the other hand, we continue to work with internal efficiencies in order to free up resources for our growth areas. Some employee turnover – which in 2023 was 13% – is natural, so the number of employees is likely to move somewhat during the year.

Avanza's emphasis going forward is on short-term challenges, at the same time that we also have to focus on long-term development. We want to provide our customers with stability, service and quality here and now, while ensuring that we make strategic progress in the development of our offering with the help of new technology and other opportunities that arise.

Our data platform provides an important database of knowledge and insight on savings and investments. Data that we can base our product development on and which helps us to create even more relevant customer offerings. It is this data, together with the dialogue we have with customers, that has also helped us to create a world-class user experience and given us our high ratings from customers.

Expectations from customers are high, and we are doing everything we can to meet them

Nearly two million customers have entrusted us as their partner for savings and investments. For the 14th year in a row we won the Swedish Quality Index award for Sweden's most satisfied savings customers. While we are certainly proud of this distinction, we are also aware that we have to fight every day to maintain our customers' trust. We had service disruptions during the year and our availability was 99.8%. We are not pleased with this. The stability of our services is a hygiene factor and must work. "With great power comes great responsibility," wrote Stan Lee, the man behind Spider-Man. This also applies to Avanza. We want to and will be better – our customers deserve it.

Funds and pensions are important growth areas

Expectations from customers are high and our focus going forward is to strengthen the offering for our more active customers, help new savers to get started in a sustainable way, and keep improving our pension offering.

In 2023, we increased our occupational pension capital by 27%. In recent years, the pension business has demonstrated stability. However, even we are at risk of being affected by the labour market and layoffs primarily in the tech sector, which will impact the growth rate for premium inflows in 2024. We therefore have to work even harder to improve our user experience within the pension business – both for companies and individuals – to continue to attract new customers.

The transfer market has improved in recent years and we are seeing more and more customers transfer their pensions to us. There is still a great deal more to be desired from the transfer market, however, especially when it comes to vested pensions where new contributions are no longer being made. Not even after their employment has ended does a saver have the right to fully decide how their capital is managed. Approximately 25% of our customers who have requested to

transfer vested pensions to Avanza have been denied by their former employer or because the employer is no longer in business. This is because the rules require the former employer to sign off on the transfer, which we feel is totally unreasonable.

We are also very proud that Avanza Fonder has now passed the SEK 100 billion milestone in assets under management, of which SEK 18 billion is outside Avanza in the public premium pension system. Avanza Fonder grew its assets under management more than any other Swedish fund company in 2023. We also launched five new funds during the year which were well received. The growth rate for fund savings on the platform has risen by 27%, compared to 18% for the savings capital as a whole.

Validated science-based emissions reduction targets

In 2022, we submitted our emission reduction targets to the Science Based Target initiative, an international organisation that is working to reduce greenhouse gas emissions by showing companies how to set climate targets and verifying them. In December, we had our targets verified and approved. As a result, we have received external approval that our targets are ambitious enough and align with the Paris Agreement's 1.5°C target and that we have presented a reasonable roadmap to reach the targets. As a digital company with a resource-efficient organisation, our greatest impact is through our indirect emissions, such as business travel, procurement of goods and services, and our employees' commute, but most importantly the emissions in the companies that Avanza Fonder invests in. Sustainability for Avanza is however not only a commitment to environmental and social issues, but also includes governance and financial aspects. It is a question of ensuring long-term value for customers and employees as well as society as a whole, and ultimately for Avanza and our owners.

More forward-leaning than ever

Now that we have put the fourth quarter of 2023 behind us and are looking ahead, I do so with great confidence. We will continue to democratise savings through information, education and user-friendly services. Sweden has a high level of stock and fund investment. It is gratifying therefore that the government just before Christmas proposed a tax-exempt base level for investment savings accounts and endowment insurance of SEK 300,000. Equity and fund savings contribute to a better future for millions of people and to a greater understanding of the economy on both a macro and micro level. This is needed at a time when we as individuals need to take more personal responsibility for our finances.

In 2024, Avanza celebrates 25 years. We have come far and have achieved a great deal together – customers, employees and owners. On the back of our proud history, I believe more strongly than ever that all of us want to forge ahead and truly show that we are Avanza and that we have just begun!

Stockholm, 18 January 2024



Gunnar Olsson, acting CEO Avanza



Operations during the quarter

Activity and market

The Stockholm Stock Exchange, OMX Stockholm Gross Index, rose by 14 per cent in the quarter. Volatility increased slightly, but with significant fluctuations throughout the quarter.

Turnover on the Stockholm Stock Exchange including First North increased by 19 per cent and the number of transactions by 9 per cent compared to the previous quarter. Among Avanza's customers, turnover increased by 9 per cent and the number of transactions were unchanged. Avanza remained by far the largest Swedish player on the Stockholm Stock Exchange including First North in terms of number of transactions and turnover, but decreased its market shares compared to the previous quarter, mainly due to increased market shares among major Swedish banks with institutional trading.

According to data from the Swedish Investment Fund Association, the fund market reported a net outflow of nearly SEK 0.4 billion in the quarter. Avanza's net inflow to mutual funds was SEK 5 billion.

The Riksbank left the policy rate unchanged at 4.00 per cent in November. The Riksbank's forecast is that monetary policy will have to remain tight and it is signalling that the policy rate could be raised further if the inflation outlook deteriorates – although the market is expecting rate cuts in 2024. The next policy rate decision will be published on 1 February 2024.

Market shares	2023 Q4	2023 Q3	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
<i>Nasdaq Stockholm and First North</i>					
No. transactions, %	18.3	19.9	17.6	19.1	17.3
Turnover, %	6.4	7.2	8.3	7.0	8.1
<i>The Swedish fund market (excl. PPM)</i>					
Net savings, % ^{1,2}	NM	45.4	6.9	35.2	NM

¹ For the full year 2022 the net outflow in the Swedish fund market was SEK 4 billion, whereas Avanza had a net inflow of nearly SEK 2 billion.

² For the fourth quarter 2023 the net outflow in the Swedish fund market was nearly SEK 400 million, whereas Avanza had a net inflow of SEK 5 billion.

Data on the Swedish savings market for the third quarter of 2023 was published in November, which amounted to close to SEK 11,000 billion, an increase of nearly 8 per cent compared to a year earlier. The occupational pension market increased by 12 per cent and amounted to SEK 4,000 billion. During the same period, Avanza's savings capital increased by 12 per cent and the occupational pension capital by 25 per cent.

Avanza's share of the Swedish savings market increased to 6.5 per cent. The market share of the net inflow for the third quarter was 33 per cent.

Market shares	Oct 2022- Sep 2023	Jul 2022- Jun 2023	Oct 2021- Sep 2022	Jan 2022- Dec 2022
<i>The Swedish savings market¹</i>				
Market share at the end of the period, %	6.5	6.6	6.3	6.4
Net inflow, %	13.6	8.8	10.7	5.8
<i>The Swedish life insurance market</i>				
Premium inflow, %	9.1	9.1	10.4	9.6
Premium inflow for non-collectively agreed occupational pension insurance, %	8.3	8.6	8.4	8.5

¹ The market share in the fourth quarter 2022 was negatively affected by an outflow of SEK -4.4 billion linked to a cooperation with an asset management firm.

The market share regarding premiums paid for non-collectively agreed occupational pension for the last twelve-month period remained at the same level as the corresponding quarter of the previous year. The market share of premium inflow in the competitive pension and life insurance market, i.e. including endowment insurance, decreased.

Performance on targets 2023

- Won the Swedish Quality Index's award for Sweden's most satisfied savings customers for the 14th consecutive year.
- Employee Net Promoter Score of 58, which shows continued very high employee engagement.
- Achieved a market share of 6.5 per cent of the Swedish savings market per the third quarter, compared to the target of a market share of 10 per cent by the end of 2025. Market share statistics lag one quarter.
- Return on shareholders' equity amounted to 38 per cent, above the target of at least 35 per cent.
- The Board of Directors proposes a dividend of SEK 11.50 SEK per share, corresponding to 91 per cent of profit for the year.
- The costs to savings capital ratio was 16 basis points. The target is a maximum of 12 basis points over time, and was set knowing that individual years could be impacted by market conditions, which has occurred since the target was set in January 2022.
- The share of capital in sustainable investments increased and the sustainability score decreased from 20.0 to 19.6, according to sustainability information from Morningstar. The aim is as low a score as possible on a scale of 0–100.
- Equality in savings is still low, even though women's share of the savings capital increased slightly to 26 per cent (25) by the end of the year, while the share of women among Avanza's customers was 39 per cent (38).
- Net zero emissions: Avanza had its 1.5°C target verified and approved by SBTi in 2023. This means cutting emissions in half by 2030. Avanza's climate impact will be presented in the Annual and Sustainability Report 2023 as well as in the Climate Report 2023 at avanza.se/ir.

Launches and events

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

Two new fixed income funds were launched – Avanza Ränta Global and Avanza Ränta Kort – in partnership with Captor Fund Management AB. The funds give Avanza's customers an opportunity to benefit from the higher interest rate environment to generate returns with both short- and long-term investment horizons.

The fund pages can now be filtered for information on which funds pay cash dividends.

The stock pages have been improved to meet the needs of more active customers. Stock shorting data and history for Swedish stocks, as well as pre- and aftermarket performance for U.S. stocks have been added, which customers had been requesting for some time. The old stock pages have been completely replaced to provide a more scalable solution with room for further improvements. The new stock pages, which have been in place for a while, offer several popular features, including quarterly reports and related material for every stock, over 1,000 company analyses from Morningstar, the ability to see which funds have a particular stock as one of their largest holdings, the largest holdings in an investment company's portfolio, the initial steps to better ESG data, and full-page graphs for a better overview of a stock's performance and return.

For the fourth quarter, SEK 15 million is paid to customers regarding stock lending. For the full year 2023, Avanza's customers will receive SEK 91 million. With the Start offering for funds, SEK 21 million will be refunded to customers for the full year 2023.

The search function on the platform was improved with sorting by relevance and filtering of search results.

As a step to further improve the pension offering, where several current and potential occupational pension customers have employees who do not speak Swedish, an information page was added with the most common questions and answers in English.

In keeping with tradition, "Your 2023" by the numbers was launched for customers to track the performance of their holdings and how they did in relation to the average Avanza customer. The annual summary also contains information and insight on stock market fluctuations, risk diversification and the importance of thinking long-term.

For the fourteenth year in a row, Avanza won the Swedish Quality Index's (SQI) annual award for Sweden's most satisfied savings customers. SQI's survey showed that average customer satisfaction for the entire industry declined compared to 2022. Avanza's rating also went down, but less than the industry average. Compared to the industry as a whole, Avanza especially stood out in terms of proactivity, product quality and simplicity.

In December, Avanza's sustainability targets were verified and approved by the Science Based Target initiative. Avanza has committed to reduce its direct emissions by 50 per cent by 2030, to continue to buy 100 per cent renewable energy and that at least 65 per cent of direct investments within Avanza Fonder will be invested in companies with their own science-based climate targets not later than 2027, and 100 per cent by 2040.

Development of customers and savings capital

The number of customers increased by 27,900 net in the quarter and amounted to a total of 1,901,100 as of 31 December. This represents a total increase of 124,400 customers during the year, an increase of 7 per cent compared to 2022. The share of women among new customers was 46 per cent during the fourth quarter, and women made up 39 (38) per cent of the total number of customers as of 31 December. Of the total number of customers, 9 per cent were occupational pension customers. Customer churn rolling 12 months was 0.3 per cent. The number of average daily active users on the platform increased slightly during the quarter, especially in the last two months, to 350,000, holidays and weekends included.

Net inflow in the quarter amounted to SEK 18.1 billion. Net inflow for the full year amounted to SEK 72.3 billion, an increase of over 200 per cent compared to 2022. Customers within the Standard segment accounted for the vast majority of the net inflow in the quarter as well as for the full year. New customers accounted for 31 per cent of the net inflow in the quarter and for 24 per cent in the full year. The savings capital increased in the quarter to SEK 782 billion, mainly as a result of the rising stock market, but also due to net inflows. This results in a total increase in the savings capital of 18 per cent for the full year, compared to a rise of 19 percent for the Stockholm Stock Exchange's broad index, OMXSGL. The majority of the savings capital in securities was invested in Swedish securities.

Total recurring monthly savings by Avanza's customers, excluding occupational pensions, remained stable at SEK 1.5 billion. Recurring occupational pension premiums averaged SEK 361 million per month in the trailing 12-month period, an increase of 8 per cent compared to the corresponding period a year earlier. The lower growth rate compared to the first half of the year and earlier is a result of the economic situation and personnel reductions, especially within the tech industry.

At the end of the quarter, 31 per cent of customers' capital was invested in funds, in line with the beginning of the quarter. Nearly 36 per cent of the fund capital was invested in Avanza's own funds. Total fund capital increased by 9 per cent during the quarter and net inflow was SEK 5 billion. Fund capital increased by SEK 51.4 billion during the year, of which net inflow accounted for SEK 24 billion.

Customers' deposits as a percentage of the savings capital, decreased to 13.6 per cent in the quarter and customers continued to buy securities on a net basis. Deposits in Avanza's own savings account, which since February is available to all customers and where the interest rate as of 31 December was 3.50 per cent, amounted to SEK 26.8 billion. Deposits in accounts that pay interest represent 93 per cent of customers' total deposits excluding external savings accounts, compared to 92 per cent at the end of the third quarter.

Lending within internally financed mortgages increased slightly, while margin lending decreased marginally. The external mortgage volumes continued to decrease. The Swedish mortgage market's growth rate has significantly slowed over the year while competition has increased.

Net inflow, SEK m	2023 Q4	2023 Q3	Change %	2022 Q4	Change %	2023 Jan-Dec	2022 Jan-Dec	Change %
Standard	16,200	19,180	-16	1,940	732	65,870	35,350	87
Private Banking	1,510	1,800	-16	-8,640	-	4,770	-11,500	-
Pro	390	220	81	-750	-	1,660	-250	-
Net inflow	18,100	21,200	-15	-7,450	-	72,300	23,600	207
Equity-, fund-, and savings accounts	19,040	18,230	4	-1,880	-	62,100	18,560	236
Pension- & insurance-based accounts	-940	2,970	-	-5,570	-83	10,200	5,040	101
of which endowment insurance	-2,660	1,570	-	-4,840	45	3,510	1,760	99
of which occupational pensions	1,670	1,330	26	1,600	5	6,340	5,740	10
Net inflow	18,100	21,200	-15	-7,450	-	72,300	23,600	207
Customers, savings capital and lending, SEK m	31-12-2023	30-09-2023	Change %	31-12-2022	Change %			
Standard, No.	1,865,590	1,838,420	1	1,741,530	7			
Private Banking, No.	31,900	31,200	2	31,700	1			
Pro, No.	3,610	3,580	1	3,470	4			
No. of customers	1,901,100	1,873,200	1	1,776,700	7			
of which occupational pension customers, No.	165,300	160,700	3	148,300	11			
Standard	446,500	412,400	8	377,200	18			
Private Banking	285,600	259,600	10	257,900	11			
Pro	49,600	43,400	14	28,800	72			
Savings capital	781,700	715,400	9	663,900	18			
Equity-, fund-, and savings accounts	559,600	510,000	10	476,200	18			
Pension- & insurance-based accounts	222,100	205,400	8	187,700	18			
of which endowment insurance	147,400	136,800	8	127,800	15			
of which occupational pensions	58,300	53,500	9	45,800	27			
Savings capital	781,700	715,400	9	663,900	18			
Equities, bonds, derivatives, etc.	432,500	390,600	11	377,700	15			
Mutual funds	243,100	223,400	9	191,700	27			
Deposits	106,100	101,400	5	94,500	12			
of which savings account	26,800	22,500	19	3,400	688			
of which external deposits (Savings account+)	42,700	40,100	6	36,000	19			
Savings capital	781,700	715,400	9	663,900	18			
Internally financed lending	19,600	19,500	1	19,300	2			
of which margin lending	8,100	8,120	-0	8,040	1			
of which mortgages (Bolån PB)	11,500	11,400	1	11,200	3			
External mortgages (Bolån+)	20,300	21,300	-5	24,100	-16			
Lending	39,900	40,800	-2	43,400	-8			
Return, average account since 1 Jan, %	7	0	7	-21	28			
OMX Stockholm GI since 1 Jan, %	19	4	15	-22	41			

Financial overview

	2023 Q4	2023 Q3	Change %	2022 Q4	Change %	2023 Jan-Dec	2022 Jan-Dec	Change %
Income Statement, SEK m								
Net brokerage income	161	162	0	196	-18	724	956	-24
Fund commissions, net	150	153	-2	137	10	594	577	3
Currency-related income, net	69	71	-4	65	6	287	364	-21
Net interest income	431	404	7	369	17	1,574	789	99
Other income, net	72	64	12	81	-11	258	286	-10
Operating income	882	854	3	847	4	3,437	2,973	16
Personnel	-189	-154	22	-166	14	-704	-636	11
Marketing	-6	-9	-39	-7	-16	-28	-28	1
Depreciation, amortisation and impairment	-23	-22	3	-21	7	-88	-81	9
Other expenses	-89	-80	11	-79	13	-328	-286	14
Operating expenses before credit losses	-306	-266	15	-273	12	-1,148	-1,031	11
Profit before credit losses	576	588	-2	574	0	2,289	1,941	18
Credit losses, net	3	0	-	-1	-	3	-1	-
Operating profit	580	588	-1	573	1	2,292	1,940	18
Tax on profit for the period	-80	-78	3	-78	3	-310	-274	13
Profit for the period	499	510	-2	494	1	1,982	1,666	19
Key ratios								
Operating margin, %	66	69	-3	68	-2	67	65	1
Profit margin, %	57	60	-3	58	-2	58	56	2
Return on shareholders' equity, %	36	41	-5	42	-6	38	36	2
Earnings per share before dilution, SEK	3.18	3.25	-2	3.16	1	12.64	10.69	18
Earnings per share after dilution, SEK	3.18	3.25	-2	3.15	1	12.64	10.67	18
Credit loss level, %	0.01	0.00	0.01	0.00	0.00	0.02	0.00	0.02
Income to savings capital ratio, %	0.47	0.47	0.00	0.52	-0.05	0.48	0.42	0.05
Costs to savings capital ratio, %	0.16	0.15	0.02	0.17	0.00	0.16	0.15	0.01
Savings capital per customer, SEK	411,190	381,940	8	373,650	10	411,190	373,650	10
Income per customer, SEK	1,870	1,840	2	1,910	-2	1,870	1,720	9
Costs per customer, SEK	-650	-570	13	-620	5	-620	-600	5
Net brokerage income/trading day, SEK m	2.6	2.5	4	3.1	-16	2.9	3.8	-24
No. brokerage-generating notes/trading day	118,900	118,400	0	135,500	-12	134,900	161,100	-16
Turnover in brokerage-generating securities/trading day, SEK m	2,890	2,700	7	3,670	-21	3,200	4,260	-25
Turnover in brokerage-generating foreign securities/trading day, SEK m	470	490	-4	420	13	510	610	-18
Gross brokerage income/turnover in brokerage-generating securities, %	0.106	0.112	-0.006	0.099	0.008	0.108	0.104	0.004
No. trading days	62.5	65.0	-4	63.5	-2	249.0	251.0	-1
Investments, SEK m	5	8	-38	9	-44	24	43	-43
Average no. employees	666	663	0	642	4	654	622	5
Platform availability, %	99.9	100.0	-0.1	99.8	0.1	99.8	99.9	-0.1
Key ratios								
	31-12-2023	30-09-2023			Change %	31-12-2022		Change %
Shareholders' equity per share before dil., SEK	37.09	33.72	10			31.61		17
Outstanding no. shares before dilution, thousands	157,237	156,957	0.2			156,619		0.4
Outstanding no. shares after dilution, thousands	157,363	156,998	0.2			156,994		0.2
No. shares upon full dilution, thousands	160,837	162,469	-1.0			161,269		-0.3
No. employees	661	671	-1			635		4
Share price, SEK	231.20	189.40	22			223.60		3
Market capitalisation, SEK m	36,400	29,700	23			35,000		4

Fourth quarter compared to the previous quarter

Operating profit for the third quarter decreased by 1 per cent. This was mainly a result of seasonally low personnel costs in the third quarter. Operating income increased.

The operating margin decreased by three percentage points to 66 per cent and the return on shareholders' equity was 36 per cent.

Operating income

Operating income increased by 3 per cent compared to the previous quarter. Net interest income and other income increased, while currency-related income and fund commissions decreased. Net brokerage income was stable.

Net brokerage income remained at the same level, where the number of brokerage-generating notes decreased by 3 per cent, while brokerage-generating turnover increased by 3 per cent. Gross brokerage income per brokerage-generating turnover decreased from 11.2 to 10.6 basis points, due to Private Banking and Pro accounting for a higher share of the brokerage income. Their share increased to 27 per cent (24). The number of trading days were 2.5 fewer.

Net currency-related income decreased by 4 per cent to SEK 69 million (71) due to lower turnover in foreign securities. Turnover in brokerage-generating foreign securities decreased by 7 per cent. Turnover in foreign funds also decreased. Brokerage-generating trading in foreign markets accounted for 16 per cent (18) of total brokerage-generating turnover.

Net fund commissions decreased by 2 per cent due to lower income per SEK of fund capital, even though fund capital volumes by the end of the quarter increased by 9 per cent. Average income per SEK of fund capital decreased to 26.4 basis points (27.3) as a result of increased share of capital in index funds. Income per SEK of fund capital was 26.4 basis points even at the end of the quarter. The share of index funds increased by 0.2 percentage points since the end of last quarter, to nearly 44 per cent. Net inflow to funds amounted to SEK 5 billion.

Net interest income increased by 7 per cent, despite increased interest expenses. Interest income increased by 5 per cent, mainly as a result of a higher return on surplus liquidity. Return on surplus liquidity increased to SEK 485 million (428), but income from lending was also higher. Increased returns on surplus liquidity was a result of both a larger liquidity portfolio, due to deposits increasing more than lending, as well as higher market interest rates. The bond portfolio is tied to the 3M STIBOR. Income from Avanza's internally financed lending increased and amounted to SEK 224 million (204). The average interest rate on internally financed lending increased to 4.59 per cent (4.22). The mortgage rate was raised by 0.25 percentage points on 1 August and consequently did not fully impact earnings until the fourth quarter. Another hike of 0.50 percentage points was made on 1 November. The policy rate hike in September has been delayed until February 2024 and will most likely be postponed further. The rate on margin lending was raised by an average of 0.44 percentage points at the end of September, while average volumes decreased slightly compared to the previous quarter. The interest rate on Avanza's own savings account, was last raised in September, is now 3.50 per cent. Interest expenses for deposits in the quarter amounted to SEK 275 million (217). The average interest rate on deposits in the quarter was 1.76 per cent (1.44). The resolution fee and deposit guarantee fee decreased to SEK 4 million (11), calculated based on actual results for 2023, which was slightly lower than previously estimated.

Other income increased by 12 per cent, mainly due to higher income from Corporate Finance and Avanza Markets.

Income from Corporate Finance amounted to SEK 13 million (1) and those from Avanza Markets to SEK 43 million (33) due to higher trading activity. Income from stock lending decreased to SEK 10 million (17).

Operating expenses

Operating expenses increased by 15 per cent, mainly as a result of seasonally low personnel costs in the third quarter. Other costs increased primarily as a result of higher expenses for consultants, which were lower during the summer months. Marketing costs decreased.

Credit losses

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

Taxes

In the quarter, the effective tax rate increased to 13.9 per cent (13.2). The tax rate fluctuates between quarters depending on the share of income generated in the bank, where the ordinary corporate tax rate applies, in contrast with the insurance company, where a majority of the income is taxed according to the tax laws applicable to life insurance companies, which reduces the effective tax rate.

Full year 2023 compared to full year 2022

Operating profit increased by 18 per cent compared to 2022. Operating income as well as operating expenses increased.

The operating margin increased by one percentage point to 67 per cent. The return on shareholders' equity increased to 38 per cent.

Operating income

Operating income increased by 16 per cent, a result of significantly higher net interest income. Net fund commissions also increased. Net brokerage income and net currency-related income decreased, as did other income.

Net brokerage income decreased by 24 per cent due to lower customer activity. Activity decreased in all customer segments. The number of brokerage-generating notes was 17 per cent lower and brokerage-generating turnover decreased by 25 per cent. Gross brokerage income per brokerage-generating turnover increased to 10.8 basis points (10.4).

Net currency-related income decreased by 21 per cent as a result of lower turnover in brokerage-generating foreign securities and foreign funds, which decreased by 20 per cent.

Net fund commissions increased by 3 per cent due to 27 per cent higher fund capital, while average income per SEK of fund capital decreased from 30 to 28 basis points. This was a result of an increased share of capital in index funds. The share of fund capital in index funds was nearly 44 per cent, compared to just below 40 per cent a year earlier. As a result, income per SEK of fund capital was 26.4 basis points by the end of the year.

Net interest income increased by 99 per cent, mainly due to higher market interest rates and an increased return on surplus liquidity. Income from internally financed lending also increased, a result of higher lending rates. The average interest rate on internally financed lending increased to 4.12 per cent (2.38). Interest expenses increased significantly after Avanza started paying interest on customers' deposits on 1 January 2023 and introduced its own savings account for all customers in February 2023. Interest expenses for deposits amounted to SEK 737 million (8). The average interest rate on deposits during 2023 was 1.21 per cent. The resolution fee and deposit guarantee fee amounted to SEK 36 million (44).

Other income decreased by 10 per cent. Mainly income from Avanza Markets decreased due to lower trading activity, while income from stock lending and external deposits increased. As previously communicated, the limit on how much can be borrowed was raised from SEK 5 billion to SEK 10 billion in the third quarter 2022, and the number of shares and accounts included in the stock lending programme was also expanded. Income from Avanza Markets amounted to SEK 142 million (182) and income from stock lending to SEK 59 million (46).

Operating expenses

Operating expenses increased by 11 per cent to SEK 1,148 million, mainly due to increased personnel costs and higher other expenses. Personnel costs increased by 11 per cent as a result of more employees and salary increases of 4 per cent. The average number of employees increased by 5 per cent, in accordance with the people plan for 2022 which has remained unchanged for 2023. Other expenses increased by 14 per cent, mainly because of higher costs for licenses and trading information. Amortisations increased due to the new backoffice system.

The costs to savings capital ratio increased to 16 basis points (15). The long-term target to spotlight efficiency and the focus on costs remain unchanged with a maximum costs to savings ratio of 12 basis points over time. During the last two years, market fluctuations have had a negative impact on the savings capital, which have affected the ratio. High cost-efficiency is still prioritised and makes Avanza resilient in various market conditions, at the same time that it provides an important competitive advantage.

The cost increase for 2024 is estimated at 9.5 per cent. More than half of the increase is higher personnel costs, the majority of which is attributable to total wage adjustments of 4 per cent, higher occupational pension premiums for employees and increased costs due to the replacement of the CEO. New personnel will not be added in 2024 other than in exceptional circumstances. The costs for licenses and information are increasing, mainly as a result of inflation adjustments, but also due to the increased number of employees. This portion accounts for approximately one third of the total cost increase.

Credit losses

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

Taxes

The effective tax rate decreased to 13.5 per cent (14.1) as a result of a higher share of income generated in the insurance company, where most of the income is taxed according to the laws applicable to life insurance companies, which reduces the effective tax rate.

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

Net interest income sensitivity

The policy rate was left unchanged at 4.00 per cent in November. The Riksbank's forecast is that monetary policy will have to remain tight and it is signalling that the policy rate could be raised further – even though the market is expecting rate cuts in 2024. The Riksbank's next rate decision will be announced on 1 February 2023.

Changes in the policy rate affects the return on surplus liquidity which mainly is invested in covered bonds, as deposits with the Riksbank as well as with systemically important Nordic banks. The bond portfolio is tied to the 3M STIBOR. The portion invested in Riksbank Certificates and as deposits with the Riksbank is linked to the policy rate. Avanza's internally financed lending is comprised of mortgage loans to Private Banking customers and margin lending. The mortgage rate is directly tied to the policy rate, but the increases in the mortgage rate to reflect the latest policy rate hikes have been postponed a few months. Half of the policy rate hike from May as well as the hike from July took effect on the mortgage on 1 November. The policy rate hike from September 2023 has been postponed until 1 February 2024, and will most likely be postponed further. The interest rate on margin lending is based on demand and the competitive landscape.

The cost side of net interest income mainly consists of interest payments on customer deposits. On 1 January 2023, Avanza started paying interest on deposits in equity and fund accounts, investment savings accounts (ISK) and endowment insurance. Deposits in these accounts, including Avanza's own savings account which since February is available to all customers, represent 93 per cent of customers' total deposits excluding external savings accounts. Deposits in Avanza's own savings account amounted to SEK 26.8 billion as of 31 December 2023 and the interest rate was unchanged at 3.50 per cent since September.

All else being equal, without accounting for changes in volume or customer behaviour, the competitive landscape or the bond portfolio's interest rate duration, a 1 percentage point decrease or raise of the policy rate would affect full-year net interest income by between SEK -210 million and SEK 650 million. The calculation is based on rates by the end of the fourth quarter and only highlights the sensitivity in the net interest income. On the upside, Avanza has absorbed the entire increase without sharing with customers, which would be implausible, and on the downside lowered rates on both deposits as well as lending.

Seasonal effects

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

Future outlook

Households' conditions for saving have changed due to high inflation and rising interest rates, while the understanding of as well as the need for saving is increasing in society. As a result of the macroeconomic conditions and market turbulence, market activity has decreased in the last two years. However, the economic situation has required adaptability and underscores the importance of a sustainable business model. Avanza's customer-centric corporate culture and modern organisation are well-suited to parry, but also to capitalise on the opportunities that the changing market conditions have created and could mean in the future.

A strong savings tradition and good opportunities for growth

A high share of the population in Sweden has is owning stocks and funds. While Avanza already has a high market share of the equity-owning population, there is still good growth potential. Everyone in Sweden with a bank account who understands the importance of saving is a potential customer. Avanza's growth ambition includes attracting broader target groups, experienced and established investors as well as new ones – and to attract a larger share of existing customers' savings with new products and services. Growth among new customers is expected to increase Avanza's share of fund savings, which along with the growth targets in pensions and mortgages reduces the sensitivity to market fluctuations.

Greater responsibility for personal finances

For some time, we have been shifting toward a society where individuals are expected to take on greater responsibility for their financial well-being. Everyone needs a buffer for unexpected events, in addition to which savings are needed for every stage of life. There is a great need for private pension savings, and it will remain that way as long as the pension system is designed according to today's model where the level of compensation is expected to decline in the coming decades. For the individual this means either delaying retirement or offsetting for the difference through personal savings. Another example is the structure of the housing market, where nearly 80 per cent of homeowners have a mortgage. With rising mortgage rates, inflation and real wage cuts, the incentive to save for a home increases. In addition, there is a big savings gap between men and women. Women save less compared to men, and put more of their money into savings accounts. Avanza is actively working to reach a broader audience and promote women's savings.

Digitisation and increased competition

Digitisation is leading to a more agile financial market with a wider range of competitively priced products and services, as well as higher demands on the user experience. This along with macroeconomic conditions, as well as the insight on the potential for personal savings, have led to increased competition in the savings market, particularly as regards active traders with a high net worth. Avanza's strong brand, user experience and high customer satisfaction are important strengths when new competitors enter the savings market. As Sweden's largest platform for savings and investments, Avanza also have a solid database and extensive expertise in personal savings, a competitive advantage in the development of new products and services. This helps to stay relevant and create personalised services, while also creating exciting opportunities in AI. Avanza's large customer base provide an attractive platform for interesting collaborations that can strengthen the offering and Avanza's user experience further.

New regulations and stronger consumer protection

The EU has been working for many years to strengthen the European capital markets and to harmonise and clarify regulations. Avanza is well positioned with respect to the rules on increased transparency, improved consumer protection and digital development. For Avanza, the interests of customers come first, and clarity and transparency are emphasized in pricing. Avanza has always advocated low fees and a long-term approach and avoided commission-driven advice, instead developing tools on the platform to help customers save based on their personal needs.

The government has for several years tried to make the transfer market in Sweden more efficient, which has been done by expanding transfer rights and limiting the fees charged on occupational pension transfers. At the same time, the complex and administratively time-consuming transfer process has not changed and more work is needed to create a well-functioning, freer pension market. Should the transfer market be simplified, Avanza has a competitive pension offering without platform fees, a wide range of investment opportunities and a strong user experience.

Since its introduction in 2012, the Investment savings account have quickly become the most popular account form for saving in securities. The introduction of the account has simplified investing in the stock market and reduced barriers to entry. In late 2023, the government presented a proposal on a tax-exempt basic level of SEK 300,000, which would further reduce the barriers to begin investing in the stock market and is expected to have a positive impact on savings. It is still uncertain, however, when the proposal will be approved.

Intergenerational wealth transfers

The big generation born in the 1940s and 50s has built up tremendous wealth and today owns a large share of total savings capital. Within a few years there will be a major transfer of wealth from older to younger generations in several countries. Avanza has attracted a large share of young customers in the last ten years. Younger customers generally have fewer resources than older customers, which affects the relationship between customer inflow and growth in savings capital and income here and now. If Avanza continues to create attractive offerings and good reasons to stay on the platform, there is great potential in the young savers who have learned about and become interested in the savings market. Avanza has a low customer churn at less than 1 per cent.

The financial industry's role for sustainable development

The financial industry, with its ability to steer capital to sustainable economic activities, has a key role to play in the transition to a sustainable economy. For Avanza, it is important to live up to this and have a platform with sustainable products in each area, as well as extensive support to help customers integrate ESG aspects in their investment decisions. This is becoming an increasingly important competitive advantage as demand for sustainable savings products steadily grows. Continuously improving our sustainability offering and increasing transparency on the platform also align with the EU Action Plan on Financing Sustainable Growth and the many sustainability regulations that have been implemented in recent years, and which will enhance the basis of the tools and information available on Avanza's platform.

For more information on long-term trends, see Avanza's Annual Report at avanza.se/ir. Also see page 14 for more on significant risks and uncertainty factors.

Nine quarters in summary

Quarterly overview, SEK m	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net brokerage income	161	162	172	229	196	216	215	328	354
Fund commissions, net	150	153	147	144	137	141	143	157	176
Currency-related income, net	69	71	65	83	65	80	86	133	135
Net interest income	431	404	390	349	369	222	115	83	82
Other income, net	72	64	59	64	81	81	58	66	78
Operating income	882	854	833	868	847	740	618	768	824
Personnel	-189	-154	-183	-178	-166	-141	-170	-159	-159
Marketing	-6	-9	-2	-11	-7	-8	-5	-9	-7
Depreciation, amortisation and impairment	-23	-22	-22	-22	-21	-21	-21	-18	-18
Other expenses	-89	-80	-80	-79	-79	-68	-77	-63	-68
Operating expenses before credit losses	-306	-266	-287	-289	-273	-238	-272	-249	-253
Credit losses, net	3	0	0	0	-1	0	-1	2	0
Operating profit	580	588	546	579	573	502	345	521	571
Adjusted operating profit¹	580	588	546	579	573	502	345	521	571
Operating margin, %	66	69	66	67	68	68	56	68	69
Earnings per share before dil., SEK	3.18	3.25	3.02	3.20	3.16	2.78	1.90	2.85	3.11
Shareholders' equity per share before dilution, SEK	37.09	33.72	30.25	34.84	31.61	28.23	25.00	32.78	30.21
Return on shareholders' equity, %	36	41	37	38	42	42	26	36	41
Net inflow	18,100	21,200	16,100	17,000	-7,450	6,030	8,400	16,600	17,900
No. of new customers, net	27,900	31,300	24,000	41,100	12,700	24,100	19,700	60,100	71,800
No. of customers at the end of the period	1,901,100	1,873,200	1,841,900	1,817,800	1,776,700	1,764,000	1,739,900	1,720,200	1,660,100
Savings capital at the end of the period	781,700	715,400	736,900	715,700	663,900	639,900	652,700	740,900	809,600
Income to savings capital ratio, %	0.47	0.47	0.46	0.50	0.52	0.46	0.35	0.40	0.43
Costs to savings capital ratio, %	0.16	0.15	0.16	0.17	0.17	0.15	0.16	0.13	0.13

1) No items affecting comparability during reported periods.

Financial position

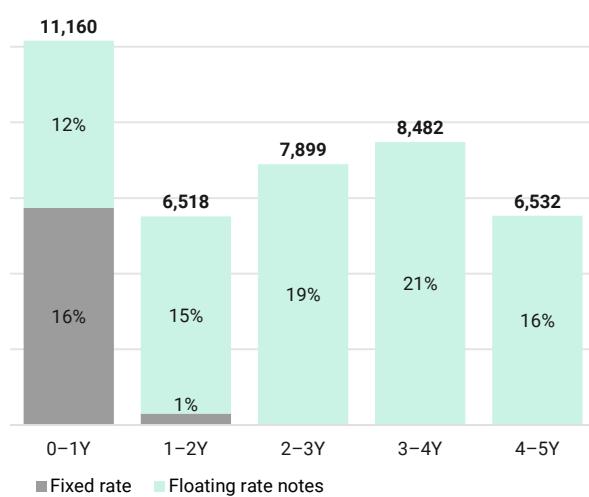
Avanza is self-financed through equity and customer deposits. The majority of deposits and borrowings from the public are covered by the government deposit guarantee and are spread across a very large number of households. Deposits increased by 14 per cent since the beginning of the year and amounted as of 31 December 2023 to SEK 61.7 billion. The increase was a result of net inflows. Customers continued to net buy securities. Loans to the public increased by 2 per cent during the year to SEK 19.6 billion as of 31 December 2023. All lending is secured by listed securities or pledges on homes or tenant-owned apartments, and the credit quality is assessed to be good. The average loan-to-value ratio for mortgages by the end of the year amounted to 41 per cent and for margin lending to 26 per cent. Between 2001 and 31 December 2023, actual and expected credit losses amounted to SEK 12 million, or an average of 0.02 per cent per year. Avanza has no realised credit losses attributable to events after 2011. Lending as a share of deposits amounted to 31.7 per cent as of 31 December 2023.

Surplus liquidity, which as of 31 December 2023 amounted to SEK 47.8 billion, is mainly invested in covered bonds, Riksbank Certificates and as deposits with the Riksbank and systemically important Nordic banks, and to a lesser extent bonds issued by the Swedish government and municipalities. All of Avanza's assets have high liquidity and all covered bonds have the highest bond rating with Standard & Poor's

(AAA) or Moody's (Aaa). The average fixed interest term regarding interest-bearing securities is a maximum of 3 months. Interest-bearing securities with fixed interest terms, excluding Riksbank Certificates with just one week's fixed interest term, constituted 4 per cent of all interest-bearing securities as of 31 December 2023. Interest rate risk is limited as Avanza intends, and normally has the capacity, to hold its bonds to maturity. To cope with short-term fluctuations in deposits and lending from/to the general public, a significant share of the assets is held on account and is disposable immediately or the following business day. Avanza's bond portfolio has an even maturity structure annually, quarterly and to a certain extent monthly, meaning that large negative changes in surplus liquidity normally are managed with the help of ongoing maturities. Avanza is also a monetary counterparty to the Riksbank and all bonds can be pledged to the Riksbank. Consequently, the risk of having to sell bond holdings in advance at a lower market value is limited, reducing the risk of negative price movements due to changes in credit spreads or interest rates. If Avanza still has to sell bonds in advance, the effect on earnings is limited. The amortised cost of the bonds as of 31 December was SEK 42 million higher than the fair value.

Avanza has a strong capital position with good margins to the regulatory requirements as well as low risk in the balance sheet. The dividend policy stipulates a dividend of 70 per cent of profit for the year, but in light of Avanza's strong capitalisation and solid margins to the capital requirements, the Board of Directors is proposing to the Annual General Meeting a dividend of SEK 11.50 per share, corresponding to a dividend ratio of 91 per cent of profit for the year. The Swedish Financial Supervisory Authority at the end of September announced the results from its 2023 Supervisory Review and Evaluation Process (SREP) for Avanza. The Pillar 2 guidance (P2G) on the leverage ratio was reduced from 0.9 per cent to 0.5 per cent and the risk-based Pillar 2 requirement (P2R) was raised from 3.6 per cent to 5.7 per cent. As a result, Avanza has to have a total leverage ratio of 3.5 per cent and total risk-based capital of 18.2 per cent. The decision means that the risk-based capital requirement could determine Avanza's capitalisation, although the leverage ratio is a more sensitive measure of deposit fluctuations. As of 31 December, Avanza's leverage ratio for the consolidated situation was 5.0 per cent, including the proposed dividend. This means that deposits can increase by SEK 31 billion without risking to fall short of the requirement of 3.5 per cent. Avanza's capital structure is continuously evaluated from a capital efficiency perspective in part to identify opportunities to issue Additional Tier 1 capital if market conditions improve. Details on own funds and capital requirements for the consolidated situation can be found in Note 8.

Maturity structure of interest-bearing securities as of 31 December 2023
(SEK m, nominal value)



¹ Fixed rate

² Floating rate notes

Financial position ¹	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Common Equity Tier 1 (CET1) capital, SEK m	3,574	3,696	3,572	3,504	3,402	3,148	2,979	3,000	2,966
Total capital, SEK m	3,574	3,696	3,572	3,504	3,402	3,148	2,979	3,000	2,966
Common Equity Tier 1 ratio, %	24.7	29.1	28.2	26.3	26.2	25.3	24.0	23.1	24.0
Total capital ratio, %	24.7	29.1	28.2	26.3	26.2	25.3	24.0	23.1	24.0
Total risk-based capital requirement, % ²	18.2	18.2	16.1	15.1	15.1	15.1	12.6	12.5	12.6
Leverage ratio, % ²	5.0	5.4	5.4	5.6	5.5	4.6	4.4	4.5	4.8
Lending/deposits, %	31.7	34.6	35.0	38.6	35.5	37.2	38.2	38.9	37.8

¹ Refers to the consolidated situation.

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

Significant risks and uncertainty factors

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

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

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

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

The Swedish financial market has performed strongly for many years. At the same time, the last few years' market turbulence has negatively impacted the willingness to take risk and, as a result, stock market activity has decreased, which has negatively affected and negatively affects Avanza's commission income. Reduced risk appetite together with higher deposit rates can also lead to capital transfers from risk assets to savings accounts and securities with lower risk and where Avanza's compensation is lower. Reduced risk appetite and higher interest rates could also affect households' willingness to amortise, which is happening. Furthermore, the higher policy rate has resulted in a rising government borrowing rate, which serves as the basis for the taxation of investment savings accounts. This has raised the tax in recent years from 0.375 per cent to 1.086 per cent. The tax is based on the total account value as well as deposits. In the short term, this could scare off stock investors.

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

In May, the EU Commission proposed a ban on commissions on all investment services without advice. Since Avanza does not offer advice, the external fund business and

Avanza Markets would primarily be affected. At this point it is still a proposal, which has to be negotiated within the EU and introduced into Swedish law – if it reaches that point – which is expected to take several years at least. Avanza regards the proposal as regrettable and not in the best interest of savers and has voiced its opposition through the Swedish Securities Markets Association, among other ways. A critical counterproposal has also been presented by the EU parliament. If the proposal nevertheless does pass, Avanza has various alternatives for adapting its business model.

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

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

The Parent Company Avanza Bank Holding AB (publ)

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group and does not conduct any operations beside the role as owner of its subsidiaries. The Parent Company does not report any revenues. The operating result for 2023 was SEK -41 million (SEK -34m). The Parent Company's equity per the end of 2023 amounted to SEK 2,642 million (SEK 1,981m per 31 December 2022) and liquid assets amounted to SEK 6 million (SEK 6m per 31 December 2022). Anticipated dividends from subsidiaries of SEK 1,813 million (SEK 1,205m) were recognised for 2023.

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

Other corporate events

Executive Management

In the beginning of April, Rikard Josefson notified the Board of Directors that he intends to leave Avanza as CEO at the latest by the end of June 2024. In September, it was announced that Knut Frängsmyr had been appointed new CEO, but in November the management suitability assessment for Knut was withdrawn and the employment was terminated. Gunnar Olsson was appointed as Acting CEO on 13 November.

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

Avanza's Group Management currently consists of nine members, of which five are women.

Annual General Meeting 2023

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

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

The proposed dividend of SEK 7.50 per share was approved.

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

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

Annual General Meeting 2024

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

Nomination committee

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

Dividend

The Board of Directors is proposing a dividend of SEK 11.50 per share (7.50), representing 91 per cent (70) of profit for 2023. The policy is to pay a dividend of 70 per cent of profit for the year, taking into account capital requirements, including Pillar 2 requirements and guidance, as well as the internal buffer requirement.

Incentive programmes

The incentive programme resolved by the Annual General Meeting on 17 March 2020 had exercise periods on 31 August 2023, 26 October 2023, and on 23 November 2023. After recalculation, in accordance with the terms set by the Annual General Meeting, the exercise price amounted to SEK 185.30 per share. In total, 617,922 shares were subscribed and issued. As of 31 December 2023, the number of registered and outstanding shares amounts 157,236,949.

The Annual General Meeting 2021 approved three incentive programmes based on warrants (2021/2024, 2022/2025 and 2023/2026). Each programme extends for three years and comprises a maximum of 1,200,000 warrants entitling the holder to subscribe for an equal number of shares. If all the warrants are exercised, each incentive programme will result in maximum dilution of 0.76 per cent. The 2023/2026 programme, which was subscribed in 2023, has an exercise price of SEK 258.95 and the expiration date is 26 November 2026. The warrant programme has been implemented on market terms.

Repurchase of the company's own shares

The Board of Directors was authorised by the Annual General Meeting 2023 to acquire the company's own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares have been repurchased in 2023 and the company holds no repurchased shares as of 31 December 2023.

New issues of shares

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

Transactions with associated parties

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

Significant events after the end of the reporting period

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

Consolidated Income Statement

SEK m	Note	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Operating income					
Commission income	1, 2	526	564	2,176	2,512
Commission expenses	2	-74	-89	-311	-331
Interest income calculated using the effective interest method	3	728	412	2,537	935
Other interest and similar income	3	1	1	3	1
Interest expenses	3	-298	-44	-966	-147
Net result of financial transactions		0	0	-1	-1
Other operating income		0	4	0	4
Total operating income		882	847	3,437	2,973
Operating expenses					
General administrative expenses		-270	-239	-1,007	-900
Depreciation, amortisation and impairment		-23	-21	-88	-81
Other operating expenses		-13	-13	-53	-50
Total operating expenses before credit losses		-306	-273	-1,148	-1,031
Operating profit before credit losses					
		576	574	2,289	1,941
Credit losses, net	3	-1	-1	3	-1
Operating profit		580	573	2,292	1,940
Tax on profit for the period		-80	-78	-310	-274
Profit for the period¹		499	494	1,982	1,666
Earnings per share before dilution, SEK		3.18	3.16	12.64	10.69
Earnings per share after dilution, SEK		3.18	3.15	12.64	10.67
Average no. shares before dilution, thousands		157,058	156,619	156,754	155,916
Average no. shares after dilution, thousands		157,058	156,785	156,838	156,209

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

Consolidated statement of other comprehensive income

SEK m	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Profit for the period				
	499	494	1,982	1,666
<i>Items that will be reversed to the Income Statement</i>				
Changes in value of financial instruments ¹	25	44	58	-116
Tax on changes in value of financial instruments ¹	-5	-9	-12	24
<i>Items that will not be reversed to the Income Statement</i>				
Changes in value of shares and participations	-31	-	-99	-
Tax on changes in value of shares and participations	-	-	-	-
Total other comprehensive income after tax	-11	35	-53	-92
Total profit or loss and other comprehensive income after tax²	488	530	1,929	1,574

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

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

Consolidated Balance Sheet, condensed

SEK m	Note	31-12-2023	31-12-2022
Assets			
Cash and balances with central banks		8,630	4,915
Treasury bills eligible for refinancing		4,698	802
Loans to credit institutions	4	2,599	2,052
Loans to the public	5	19,583	19,259
Bonds		31,195	31,789
Shares and participations		154	237
Assets in insurance operations		213,713	180,337
Intangible fixed assets		87	107
Right-of-use assets		96	87
Tangible fixed assets		58	60
Other assets		774	837
Prepaid expenses and accrued income		866	608
Total assets		282,453	241,091
Liabilities and shareholders' equity			
Deposits and borrowing from the public		61,728	54,308
Liabilities in insurance operations		213,715	180,339
Lease liability		92	83
Other liabilities		922	1,260
Accrued expenses and deferred income		164	150
Shareholders' equity		5,832	4,951
Total liabilities and shareholders' equity		282,453	241,091

Changes in the Group's shareholders' equity

SEK m	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Total equity
January - December 2022					
Shareholders' equity 31-12-2021	78	477	157	3,989	4,700
Profit for the period	–	–	–	1,666	1,666
Other comprehensive income after tax	–	–	–92	–	–92
Total profit or loss and other comprehensive income after tax	–	–	–92	1,666	1,574
Transactions with owners					
Dividend paid	–	–	–	–1,431	–1,431
New issue (exercise of share warrants)	1	90	–	5	96
Warrants issue	–	12	–	–	12
Shareholders' equity 31-12-2022	78	579	65	4,229	4,951
January - December 2023					
Shareholders' equity 31-12-2022	78	579	65	4,229	4,951
Profit for the period	–	–	–	1,982	1,982
Other comprehensive income after tax	–	–	–53	–	–53
Total profit or loss and other comprehensive income after tax	–	–	–53	1,982	1,929
Transactions with owners					
Dividend paid	–	–	–	–1,175	–1,175
New issue (exercise of share warrants)	0	114	–	–	114
Warrants issue	–	8	–	4	13
Shareholders' equity 31-12-2023	79	701	12	5,041	5,832

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

Consolidated Cash Flow Statement, condensed

SEK m	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Operating activities				
Operating profit	580	573	2,292	1,940
Adjustment for items not included in cash flow	24	22	91	83
Taxes paid	205	310	-138	3,751
Changes in operating activities' assets and liabilities	1,866	-3,103	6,497	1,875
Cash flow from operating activities	2,675	-2,199	8,743	7,649
Investment activities				
Acquisition and disposals of intangible and tangible fixed assets	-5	-9	-24	-43
Acquisition of shares and participations	-	-	-15	-
Net investment in treasury bills eligible for refinancing	-500	1,259	-3,897	1,721
Net investment in bonds	-1,683	363	553	-6,052
Cash flow from investment activities	-2,189	1,613	-3,383	-4,374
Financial activities				
Amortisation lease liability	-11	-11	-43	-40
Cash dividend	-	-	-1,175	-1,431
New issue (exercise of share warrants)	52	-	115	96
Warrants issue	-1	-	13	12
Cash flow from financial activities	40	-11	-1,091	-1,363
Cash flow for the period	526	-596	4,269	1,912
Liquid assets at the beginning of the period ¹	10,685	7,538	6,942	5,030
Liquid assets at the end of the period ¹	11,211	6,942	11,211	6,942
Change	526	-596	4,269	1,912

1) Liquid assets are defined as cash and balances with central banks as well as loans to credit institutions excluding pledged assets. At the end of the period SEK 19 million (SEK 25m) of consolidated liquid assets are pledged as collaterals.

Parent Company Income Statement, condensed

SEK m	2023 Jan-Dec	2022 Jan-Dec
Operating expenses		
Administration expenses	-31	-21
Other operating expenses	-10	-13
Operating profit/loss	-41	-34
Profit/loss from financial investments		
Profit/loss from participations in Group companies	1,813	1,205
Interest income and similar items	2	0
Interest expenses and similar items	-1	0
Profit/loss before tax and appropriations	1,774	1,171
Appropriations		
Group contribution	49	74
Profit/loss before tax	1,823	1,245
Tax on profit/loss for the period	-2	-8
Profit/loss for the period	1,820	1,237

Parent Company statement of comprehensive income

SEK m	2023 Jan-Dec	2022 Jan-Dec
Profit/loss for the period		
Items that will not be reversed to the income statement		
Changes in value of shares and participations	-99	-
Tax on changes in value of shares and participations	-	-
Total other comprehensive income after tax	-99	-
Total profit/loss and other comprehensive income after tax	1,721	1,237

Parent Company Balance Sheet, condensed

SEK m	31-12-2023	31-12-2022
Assets		
Financial fixed assets	582	663
Current receivables ¹	2,066	1,331
Cash and bank balances	6	6
Total assets	2,653	2,000
Shareholders' equity and liabilities		
Restricted shareholders' equity	79	78
Unrestricted shareholders' equity	2,564	1,903
Current liabilities	11	19
Total shareholders' equity and liabilities	2,653	2,000

1) Of which receivables from subsidiaries SEK 2,053 million (SEK 1,321m as of 31 December 2022).

Notes

Accounting principles

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

The accounting principles and calculation methods for both the Group and the Parent Company are unchanged from those applied in the Annual Report 2022.

The information on pages 1-15 is an integrated part of this financial report.

Note 1 Revenue from contracts with customers

SEK m	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Trading in commission-generating securities	256	288	1,125	1,438
Fund savings	160	149	639	635
Corporate services	13	5	16	11
Other commission income	97	123	395	429
Total	526	564	2,176	2,512
<i>Timing of revenue recognition</i>				
Service or goods transferred to customer at a specific point in time	526	564	2,176	2,512
Service or goods transferred to customer over time	–	–	–	–
Total	526	564	2,176	2,512

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

Note 2 Net commission income

SEK m	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Commission income				
Brokerage income	192	230	862	1,111
Fund commissions	155	142	615	596
Currency-related income	69	65	288	365
Other commission income ¹	110	128	412	439
Total commission income	526	564	2,176	2,512
Commission expenses				
Transaction costs ²	–31	–34	–138	–156
Payment services commissions	–22	–22	–94	–91
Other commission expenses ³	–22	–33	–80	–84
Total commission expenses	–74	–89	–311	–331
Total net commission income	451	475	1,864	2,181

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

2) Costs directly related to brokerage income.

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

Note 3 Net interest income

SEK m	2023 Q4	2022 Q4	2023 Jan-Dec	2022 Jan-Dec
Interest income				
Interest income from loans to credit institutions	121	60	389	86
Interest income from loans to the public ¹	237	185	986	558
Interest income from interest-bearing securities	370	166	1,162	290
Other interest income	1	1	3	1
Total interest income	729	412	2,540	936
Interest expenses				
Interest expenses for loans to credit institutions	0	0	0	-6
Interest expenses for deposits from the public ¹	-287	-34	-922	-94
Resolution and state deposit guarantee fee	-4	-8	-36	-44
Other interest expenses	-7	-1	-8	-2
Total interest expenses	-298	-44	-966	-147
Total net interest income	431	369	1,574	789

¹ Q4 2023 includes interest income of SEK 13 million related to customers' credit accounts, which are matched by an equal interest expense. For Q4 2022, the corresponding amount was SEK 26 million and SEK 85 million for the full year 2022.

Note 4 Lending to credit institutions

Client fund receivables, attributable to banking business, amounted at the end of the period to SEK 716 million (SEK 1,667m as of 31 December 2022) which are reported net against client fund payables of SEK -716 million (SEK 1,667m as of 31 December 2022). Of the liquid assets of SEK 11,229 million as per the end of the period, SEK 19 million were pledged as collateral, mainly referring to Swedish credit institutions and the stock exchange.

Note 5 Lending to the public

Lending to the public is reported after deduction of realised and expected credit losses. At the end of the period the accumulated provisions for expected credit losses amounted to SEK 6 million (SEK 9m as of 31 December 2022). The parameters in the models for expected credit losses (ECL) were re-evaluated in the fourth quarter, with the result that the provisions for expected credit losses decreased. Thus, the accumulated provision for expected credit losses has affected profits for the period by SEK 3 million.

Lending to the public amounted to SEK 19,583 million, of which SEK 8,096 million (SEK 8,037m as of 31 December 2022) with collateral in the form of securities and SEK 11,486 million (SEK 11,222m as of 31 December 2022) with collateral in the form of houses and tenant-owned apartments. Regarding mortgage loans SEK 12,809 million (SEK 13,081m as of 31 December 2022) has been granted at the end of the period, implying that the commitment for granted, undisbursed mortgage loans amount to SEK 1,319 million (SEK 1,853m as of 31 December 2022).

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

31-12-2023 SEK m	Fair value via Income Statement	Amortised cost	Fair value via Other comprehensive income	Non-financial instruments	Total
Assets					
Cash and balances with central banks	-	8,630	-	-	8,630
Treasury bills eligible for refinancing	-	4,698	-	-	4,698
Loans to credit institutions	-	2,599	-	-	2,599
Loans to the public	-	19,583	-	-	19,583
Bonds	-	23,391 ¹	7,805	-	31,195
Shares and participations	1	15	138	-	154
Assets in insurance operations	203,190	10,523	-	-	213,713
Intangible fixed assets	-	-	-	87	87
Right-of-use asset	-	-	-	96	96
Tangible assets	-	-	-	58	58
Other assets	-	774	-	-	774
Prepaid expenses and accrued income	-	749	-	117	866
Total assets	203,191	70,962	7,943	357	282,453
Liabilities					
Deposits and borrowing from the public	-	61,728	-	-	61,728
Liabilities in insurance operations	213,713	-	-	2	213,715
Lease liabilities	-	-	-	92	92
Other liabilities	-	330	-	592	922
Accrued expenses and deferred income	-	79	-	85	164
Total liabilities	213,713	62,137	-	772	276,621

¹) Fair value amounts to SEK 23,348 million.

Financial instruments valued at fair value

31-12-2023, SEK m	Level 1	Level 2	Level 3	Total
Assets				
Equities	111,637	–	138	111,775
Fund units	87,409	–	–	87,409
Bonds and other interest-bearing securities	9,847	10	–	9,857
Other securities	2,089	3	–	2,093
Total assets	210,983	13	138	211,134
Liabilities				
Liabilities in insurance operations (investment agreements)	–	213,713	–	213,713
Total liabilities	–	213,713	–	213,713

Fair value

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

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

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

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

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

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. Fair value is determined by using the official bid rate on the closing date. The majority of equities and funds pertaining to the insurance operations as well as bonds and other interest-bearing securities in Avanza's liquidity portfolio are included in this category. Pension and insurance customers (assets in the insurance operations) are, in principle, only permitted to hold securities traded on a regulated market or a multilateral trading facility (MTF), investment funds or securities on unlisted securities markets managed electronically by Avanza.
- Level 2 – The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties. Bonds that are less liquid can be found at this level and are measured on the yield curve. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data). This category's stockholdings refer to an unlisted ownership in Stabelo Group AB. When there is a lack of active market, the choice of valuation model in level 3 is governed by what is deemed appropriate for the individual instrument. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge of valuation in financial markets. In cases where it is considered necessary, relevant adjustments are made to reflect fair value, in order to accurately reflect the parameters that exist in the financial instruments and that should be reflected in its valuation.

The level of the hierarchy for fair values where the valuation at fair value is categorised in its entirety shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. No instruments have been reclassified since the end of last year.

Note 7 Capital requirement for the financial conglomerate

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

SEK m	31-12-2023	31-12-2022
Own funds per sector		
Own funds for regulated units in the insurance sector ¹	3,532	3,006
Own funds for regulated units within the banking and investment services sector	3,138	2,990
Total own funds	6,670	5,996
Capital requirement per sector		
Capital requirement for regulated units in the insurance sector ¹	2,213	1,795
Capital requirement for regulated units within the banking and investment services sector	2,345	1,863
Total capital requirement	4,557	3,658
Capital surplus	2,113	2,338
Own funds/Capital requirement	1.46	1.64

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

Note 8 Capital adequacy and liquidity information

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

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

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

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

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

Own funds, SEK m	31-12-2023	31-12-2022
Common Equity Tier 1 (CET1) capital		
Shareholders' equity according to the balance sheet	5,482	4,694
Forseeable dividend	-1,808	-1,175
Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,674	3,519
Additional value adjustments	-13	-9
Intangible assets (net of related tax liability)	-87	-107
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-99	-117
Common Equity Tier 1 (CET1) capital	3,574	3,402
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	3,574	3,402
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	3,574	3,402

Risk exposure amount and capital requirement, SEK m	31-12-2023	31-12-2022		
Risk exposure amount				
Credit risk according to the standardised approach	9,570	9,182		
of which exposures to institutions	499	396		
of which exposures to corporates	39	83		
of which retail exposures	237	320		
of which exposures secured by mortgages on immovable property	4,036	3,959		
of which exposures in default risk weight	17	44		
of which exposures to covered bonds	2,813	3,016		
of which exposures to equity	479	689		
of which exposures to other items	1,450	676		
Counterparty credit risk	1	2		
Market risk (position risk)	1	0		
Settlement risk	0	3		
Credit valuation adjustment risk according to the standardised method	–	–		
Operational risk according to the standardised approach	4,877	3,812		
Total risk exposure amount	14,450	12,999		
Capital requirement				
Credit risk according to the standardised approach	766	5.3%	735	5.7%
of which exposures to institutions	40	0.3%	32	0.2%
of which exposures to corporates	3	0.0%	7	0.1%
of which retail exposures	19	0.1%	26	0.2%
of which exposures secured by mortgages on immovable property	323	2.2%	317	2.4%
of which exposures in default	1	0.0%	4	0.0%
of which exposures in the form of covered bonds	225	1.6%	241	1.9%
of which equity exposures	38	0.3%	55	0.4%
of which other items	116	0.8%	54	0.4%
Counterparty credit risk	0	0.0%	0	0.0%
Market risk (position risk)	0	0.0%	0	0.0%
Settlement risk	0	0.0%	0	0.0%
Credit valuation adjustment risk according to the standardised method	–	0.0%	–	0.0%
Operational risk according to the standardised approach	390	2.7%	305	2.3%
Capital requirement	1,156	8.0%	1,040	8.0%
Total own funds	3,574	24.7%	3,402	26.2%
Minimum own funds requirement (Pillar 1)	1,156	8.0%	1,040	8.0%
Combined buffer requirement	650	4.5%	455	3.5%
Additional own funds requirement (Pillar 2) ¹	825	5.7%	467	3.6%
Pillar 2 guidance	–	–	–	–
Total risk-based capital requirement (desired level of own funds)	2,631	18.2%	1,961	15.1%
Capital surplus after risk-based capital requirement	943	6.5%	1,441	11.1%
Leverage ratio				
Leverage ratio total exposure measure	71,011		62,464	
Leverage ratio, %	5.0%		5.5%	
Tier 1 capital	3,574	5.0%	3,402	5.5%
Minimum own funds requirement (Pillar 1)	2,130	3.0%	1,874	3.0%
Additional own funds requirement (Pillar 2)	–	–	–	–
Leverage ratio guidance	355	0.5%	562	0.9%
Total leverage ratio requirement (desired level of own funds)	2,485	3.5%	2,436	3.9%
Capital surplus after leverage ratio requirement	1,089	1.5%	966	1.5%

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

Key metrics, SEK m	31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	3,574	3,696	3,572	3,504	3,402
2 Tier 1 capital	3,574	3,696	3,572	3,504	3,402
3 Total capital	3,574	3,696	3,572	3,504	3,402
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	14,450	12,718	12,676	13,314	12,998
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
6 Tier 1 ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
7 Total capital ratio (%)	24.7%	29.1%	28.2%	26.3%	26.2%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.7%	5.7%	3.6%	3.6%	3.6%
EU 7b of which: to be made up of CET1 capital (percentage points)	3.2%	3.2%	2.0%	2.0%	2.0%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	4.3%	4.3%	2.7%	2.7%	2.7%
EU 7d Total SREP own funds requirements (%)	13.7%	13.7%	11.6%	11.6%	11.6%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9 Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%	1.0%	1.0%
EU 9a Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10 Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11 Combined buffer requirement (%)	4.5%	4.5%	4.5%	3.5%	3.5%
EU 11a Overall capital requirements (%)	18.2%	18.2%	16.1%	15.1%	15.1%
12 CET1 available after meeting the total SREP own funds requirements (%)	11.0%	15.4%	16.6%	14.7%	14.6%
Leverage ratio					
13 Leverage ratio total exposure measure	71,011	69,009	66,318	62,607	62,464
14 Leverage ratio (%)	5.0%	5.4%	5.4%	5.6%	5.5%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value - average)	22,390	19,328	17,339	16,370	17,464
EU 16a Cash outflows - Total weighted value	6,591	6,552	6,598	6,650	6,687
EU 16b Cash inflows - Total weighted value	2,893	2,904	2,891	3,225	4,303
16 Total net cash outflows (adjusted value)	3,699	3,648	3,707	3,586	3,075
17 Liquidity coverage ratio (%)	606%	531%	471%	469%	649%
Net Stable Funding Ratio					
18 Total available stable funding	58,935	57,120	55,097	50,924	51,878
19 Total required stable funding	29,341	29,187	28,347	28,731	29,317
20 NSFR ratio (%)	201%	196%	194%	177%	177%

Additional information on liquidity

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

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

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

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

Liquidity reserve, SEKm	31-12-2023	31-12-2022
Liquid assets	9,508	6,376
Covered bonds and securities issued by governments and municipalities	33,094	29,090
Total liquid assets	42,602	35,466
Sources of funding, SEKm	31-12-2023	31-12-2022
Deposits and borrowing from the public	61,728	54,308
Lease liability	92	83
Other liabilities	1,562	1,306
Accrued expenses and deferred income	146	140
Shareholders' equity	5,482	4,694
Total liabilities and shareholders' equity	69,011	60,531

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

Stockholm, 18 January 2024

Sven Hagströmer
Chairman of the board

Magnus Dybeck
Member of the board

Catharina Eklöf
Member of the board

Jonas Hagströmer
Member of the board

John Hedberg
Member of the board

Linda Hellström
Member of the board

Johan Roos
Member of the board

Sofia Sundström
Member of the board

Hans Toll
Member of the board

Leemon Wu
Member of the board

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This information is information that Avanza Bank Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.45 (CET) on 19 January 2024.

A webcast presentation will be held by Gunnar Olsson, Acting CEO, and Anna Casselblad, CFO, on 19 January 2024 at 10.00 (CET). The presentation will be held in English and there will be opportunities to ask questions. The presentation can be followed at avanza.se/ir. Further information and registration for participation is available at investors.avanza.se/en/ir/calendar/upcoming-events.

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

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

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

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Corporate web: avanza.se/ir

Upcoming publication dates for monthly statistics

January 2024	5 February 2024
February 2024	5 March 2024
March 2024	4 April 2024

Financial calendar

Annual report 2023	23 February 2024
Annual General Meeting	11 April 2024
Interim Report January – March	19 April 2024
Interim Report January – June	12 July 2024
Interim Report January – September	18 October 2024

Definitions

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

Client funds²⁾ Liquid assets with Avanza which are held on behalf of a third party, and which consequently are not reported in the balance sheet.	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.	in which the own funds and the capital requirement are determined.
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.	Gross brokerage income/Turnover in brokerage-generating securities²⁾ Gross brokerage income in relation to turnover excluding investment fund trading and Avanza Markets. The ratio shows the effect of trading in various brokerage fee classes.	P/E ratio²⁾ Share price in relation to earnings per share.
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.	Income per customer²⁾ Operating income on an annual basis in relation to the average number of customers during the period. The ratio shows the effect of trading activity, trading in various brokerage fee classes and price changes.	Profit margin²⁾ Profit/loss after tax in relation to operating income.
Credit loss level¹⁾ Net credit losses in relation to opening balance for lending to credit institutions and lending to the public.	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.	Return on shareholders' equity²⁾ Profit/loss after tax in relation to the average shareholders' equity during the period. Recalculated at an annual basis.
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.	Internally financed lending²⁾ Lending to the public as per the balance sheet less the portion which is covered in its entirety by cash pledged on endowment insurance accounts, without deducting provisions for expected credit losses.	Savings capital²⁾ The combined value of accounts held with Avanza. Savings capital is affected by in- and outflows as well as changes in value.
Customer²⁾ Individual or company with at least one account with holdings or an external mortgage.	Lending/Deposits¹⁾ Lending to the public as per the balance sheet in relation to deposits by the public as per the balance sheet.	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.
Deposits²⁾ Deposits by the public as per balance sheet with deduction for the portion which represents cash pledged on endowment insurance accounts and which entirely corresponds to the lending to the public, and the addition of client fund deposits and external deposits.	Leverage Ratio³⁾ Leverage ratio is a non-risk-weighted measure showing Tier 1 capital and the total exposure amount according to Article 429 of the CRR.	Solvency capital³⁾ Estimated future present value of the insurance company Avanza Pension's profits generated from policyholders' capital.
Earnings per share²⁾ Profit/loss after tax in relation to the weighted average number of shares during the period before and after dilution.	Note²⁾ A customer's buying and selling assignments involving a specific security. A note may comprise one or more transactions.	Solvency capital requirement³⁾ Estimated capital requirements under Solvency 2 rules.
eNPS Employee Net Promoter Score, i.e., employees' recommendation level, according to Avanza's pulse surveys.	Net brokerage income²⁾ Gross brokerage income less direct costs.	Surplus liquidity²⁾ Surplus liquidity consists of cash and balances with central banks, treasury bills eligible for refinancing, loans to credit institutions, and bonds on the balance sheet, as well as client funds.
Equity per share²⁾ Shareholders' equity in relation to the number of outstanding shares before dilution at the end of the period.	Net inflow²⁾ Deposits, less withdrawals, of liquid assets and securities.	The Swedish savings market Total capital in the Swedish savings market according to Statistics Sweden's Savings Barometer, less Avanza's unaddressable assets. The data are published with a quarterly lag.
External deposits²⁾ Savings accounts in external banks and credit market companies opened and managed via Avanza's platform.	Operating margin²⁾ Operating profit/loss in relation to operating income.	The Swedish life insurance market Total capital in the occupational pension market according to Statistics Sweden's Savings Barometer. Premium inflow according to data from Insurance Sweden. Non-collective agreement occupational private pension adjusted for undistributed premiums in plan agreements. The data are published with a quarterly lag.
External mortgages²⁾ External mortgages in financial institutions opened and managed via Avanza's platform.	Own funds³⁾ Equity adjusted for deductions in accordance with the provisions governing credit institutions, fund management companies and insurance companies regarding the way	Turnover²⁾ Turnover in security trading.

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

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

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