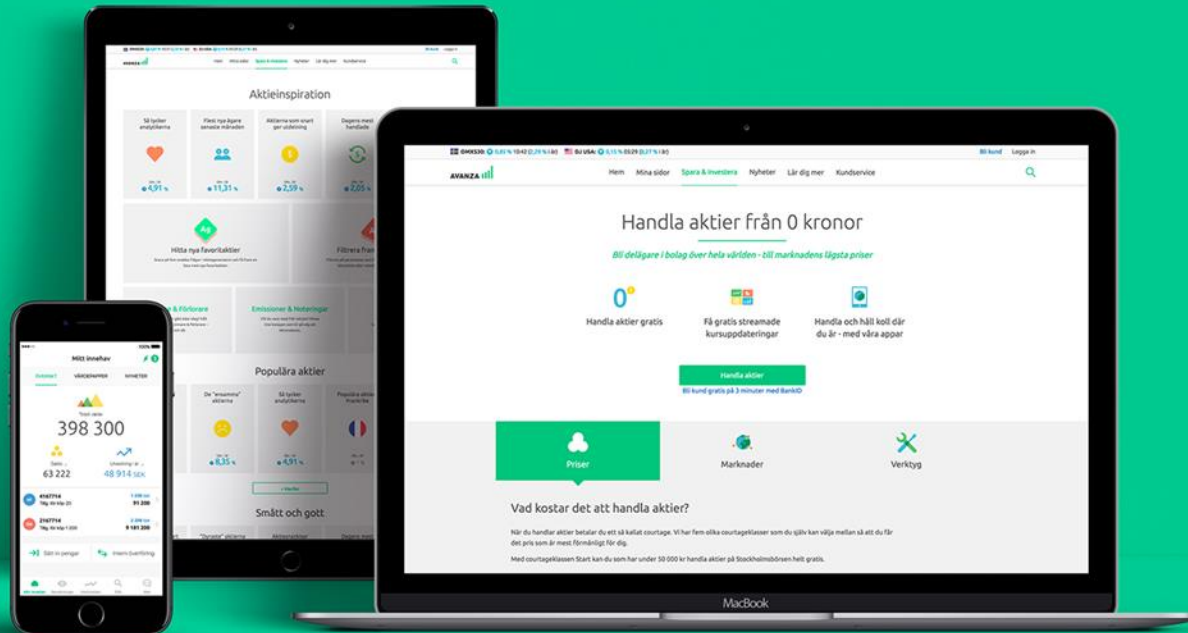


# Nordea Small & Mid cap seminar 2018

Rikard Josefson, CEO



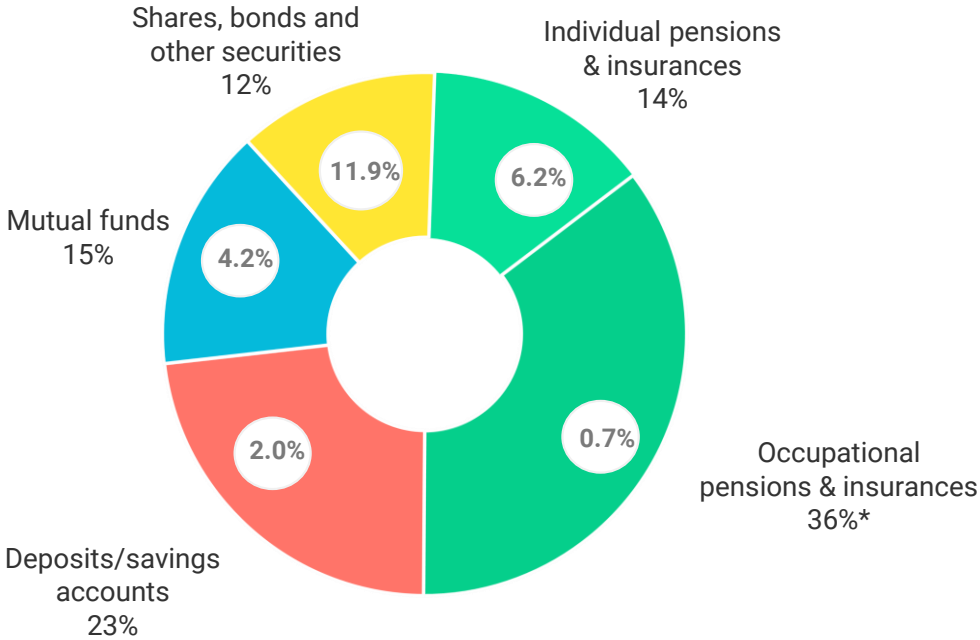
AVANZA 

# Sweden's leading online savings platform

- Founded in 1999
- No 1 in stock market transactions in Sweden
- Most satisfied savings customers in Sweden for 8 consecutive years
- 785,200 customers
- SEK 318 bn in savings capital
- 407 employees
- 3.7% market share of the Swedish savings market



# Significant growth potential with a 3.7% market share of the Swedish savings market



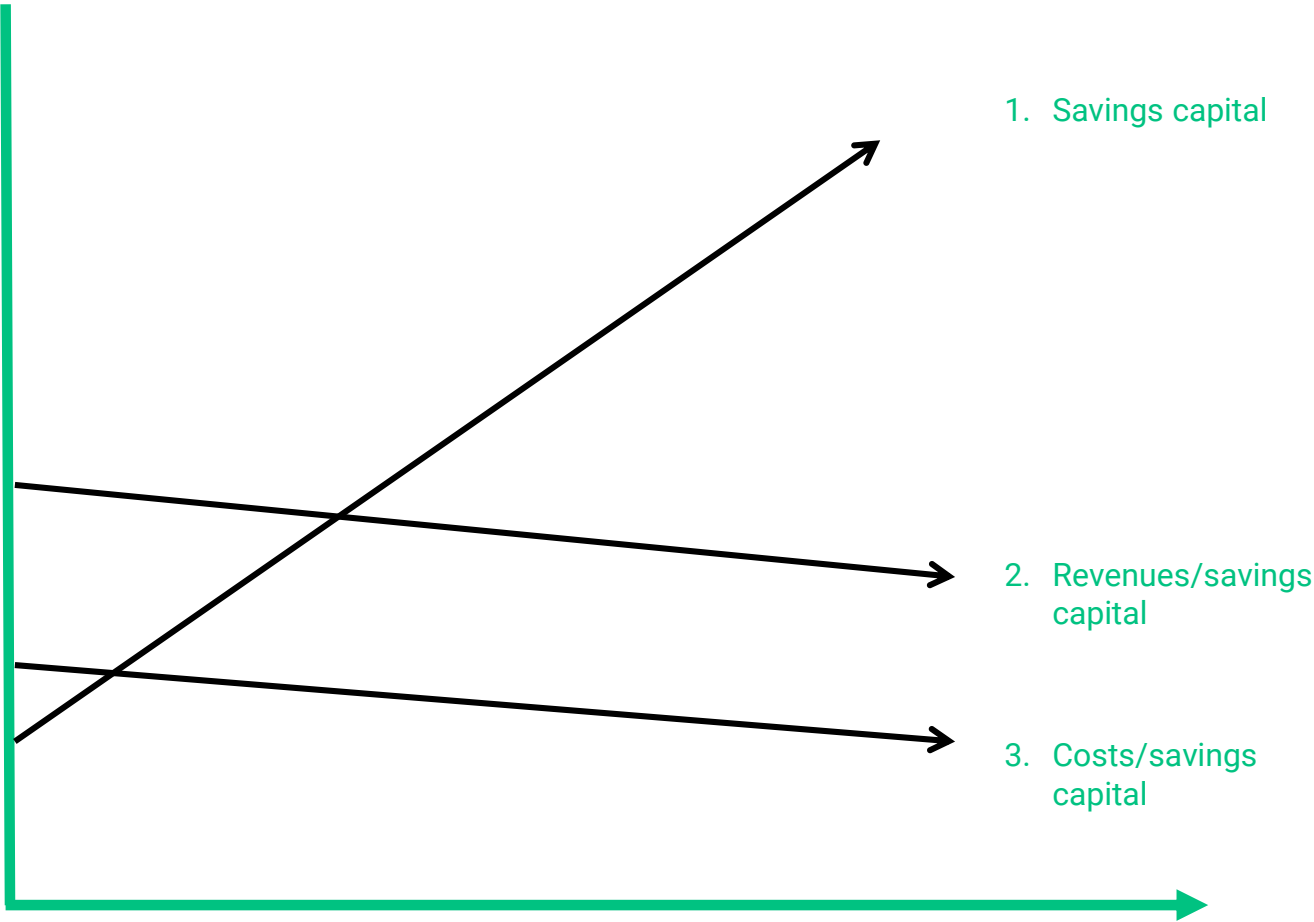
The Swedish savings market  
SEK 7,850 bn

Annual market growth of on  
average 8% last ten years

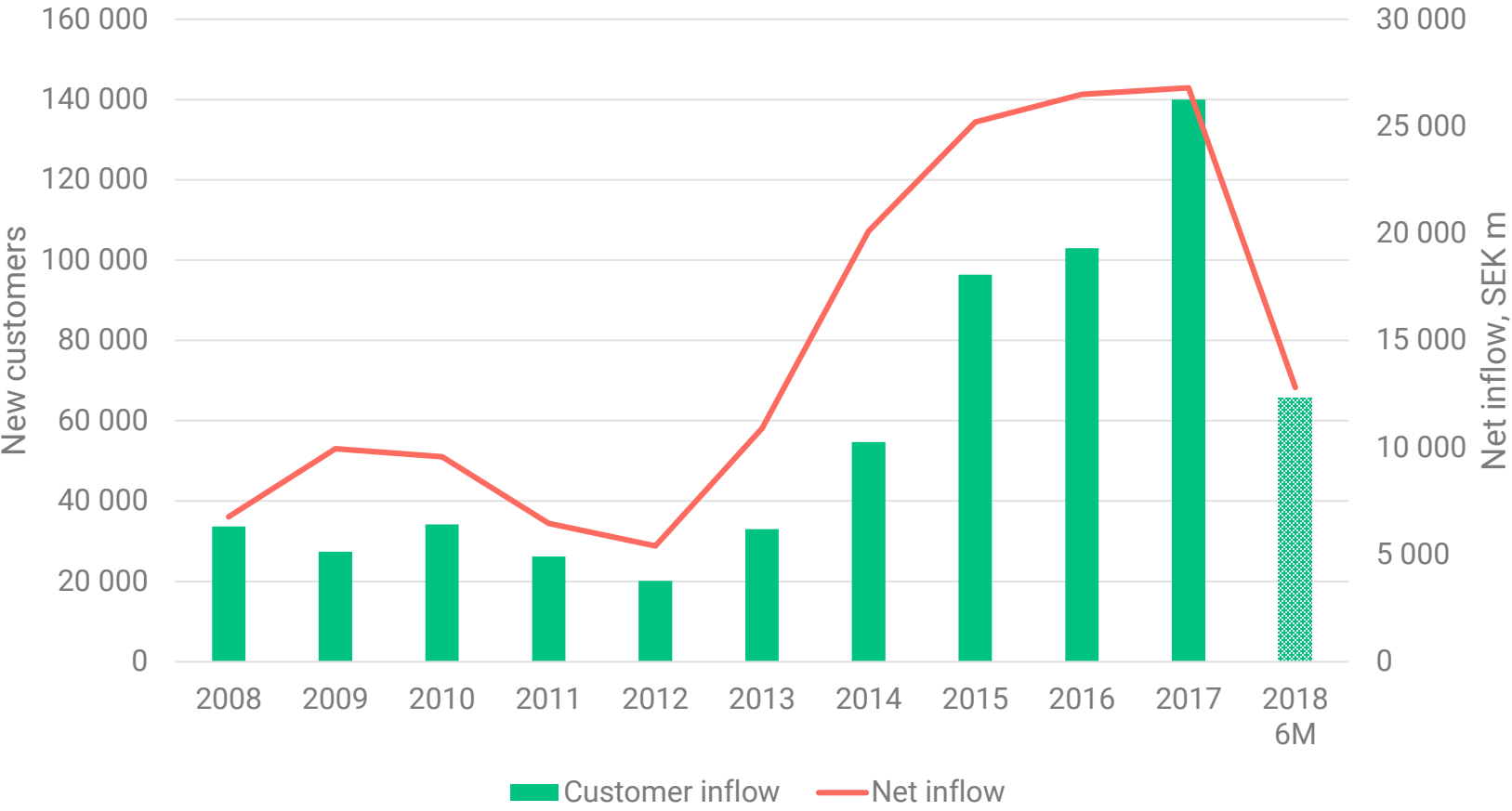
An estimated 80% of the Swedish  
population saves in funds and 13%  
own shares

\* An estimated 50% of the market is addressable for Avanza

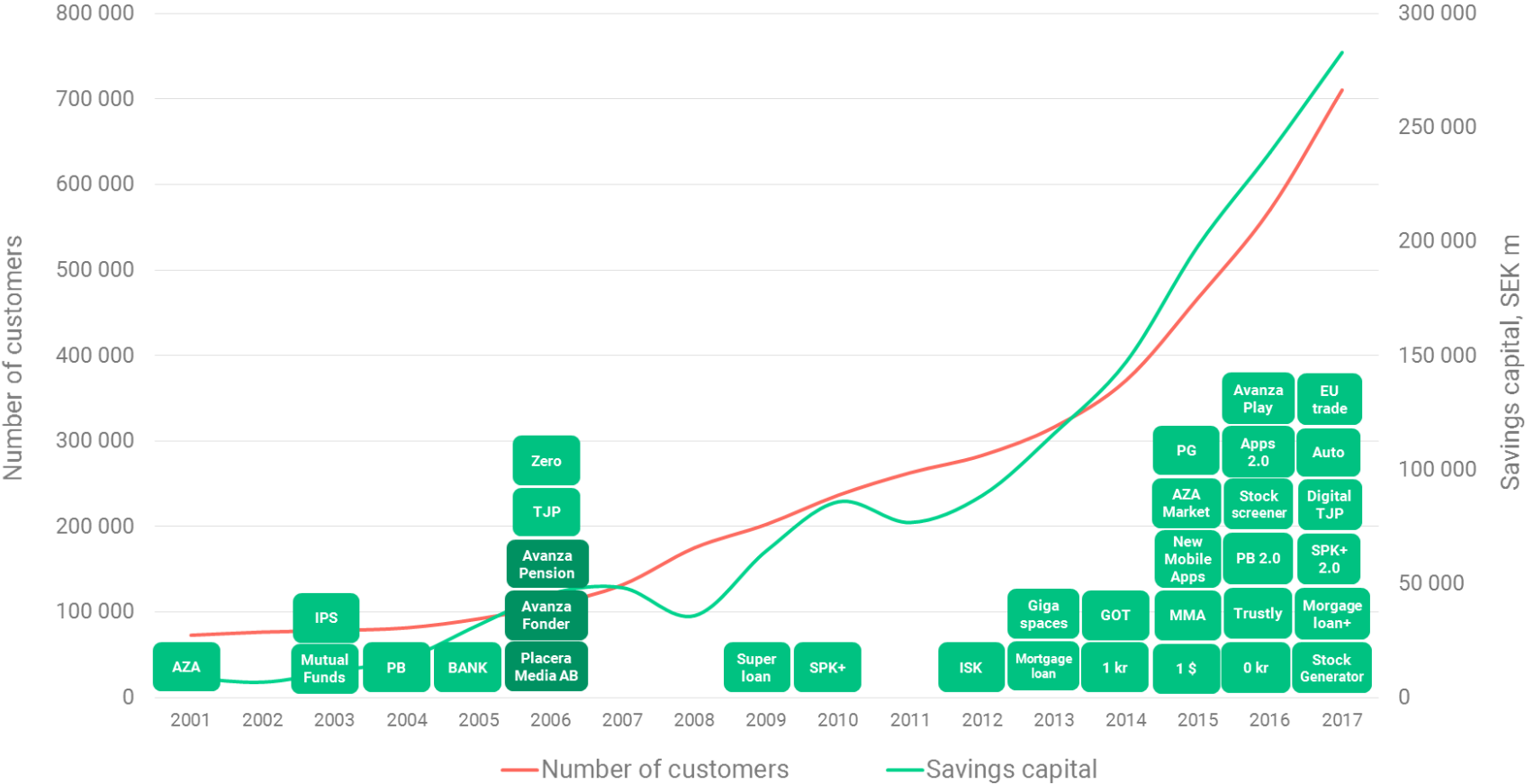
# Growth strategy built on scale



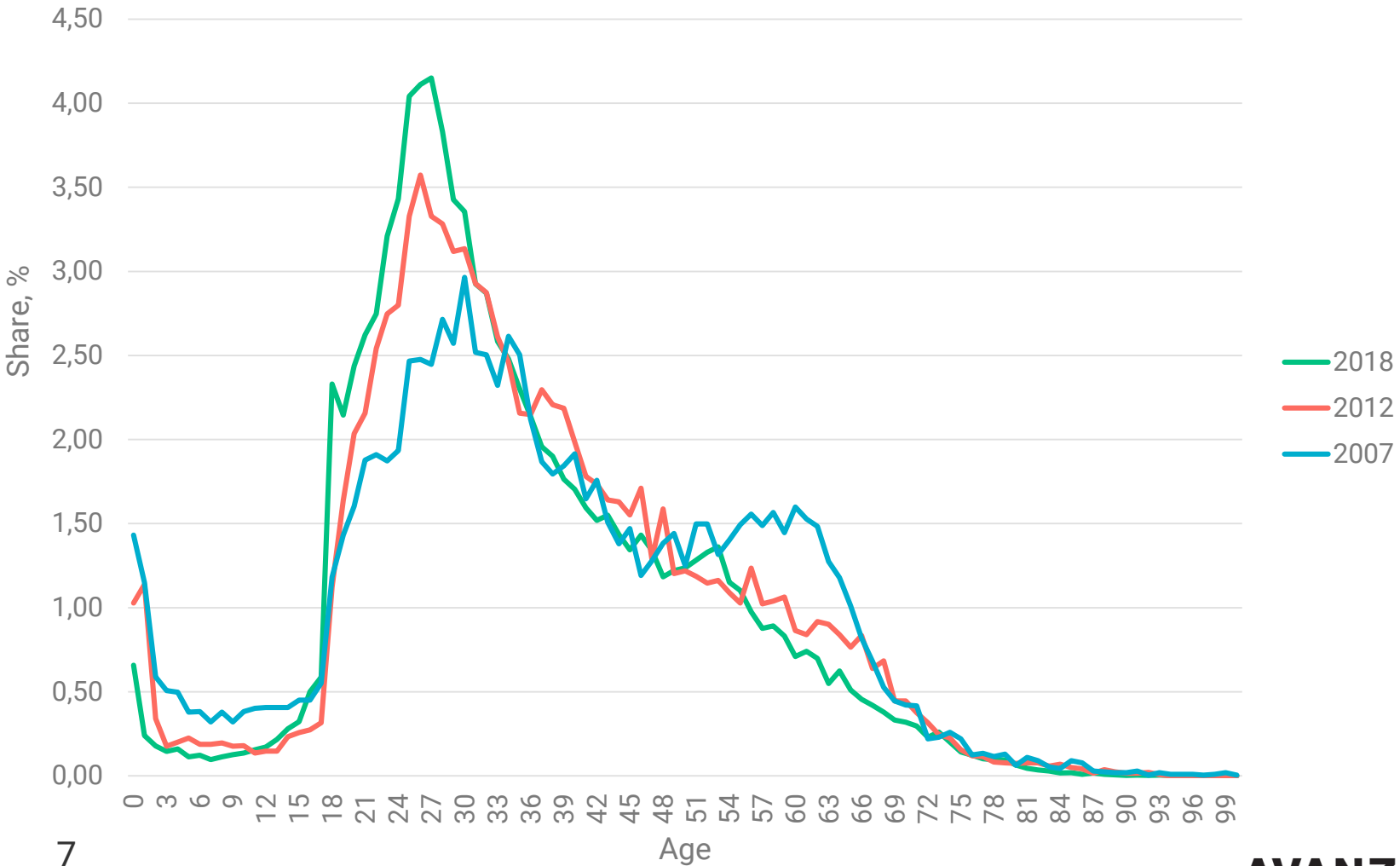
# Strong customer growth, which drives net inflow



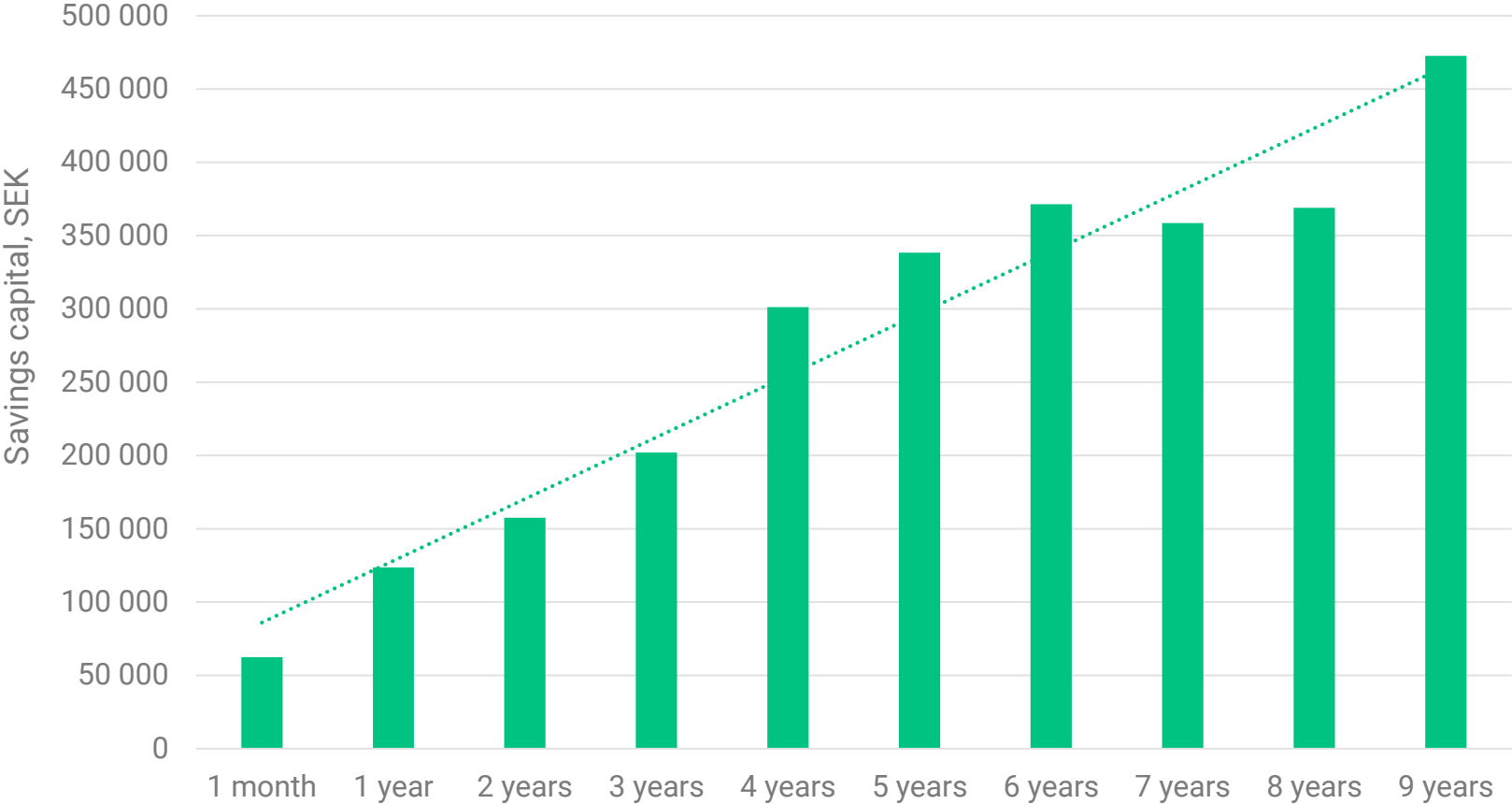
# A history of growth built on innovation



# Age distribution among new customers



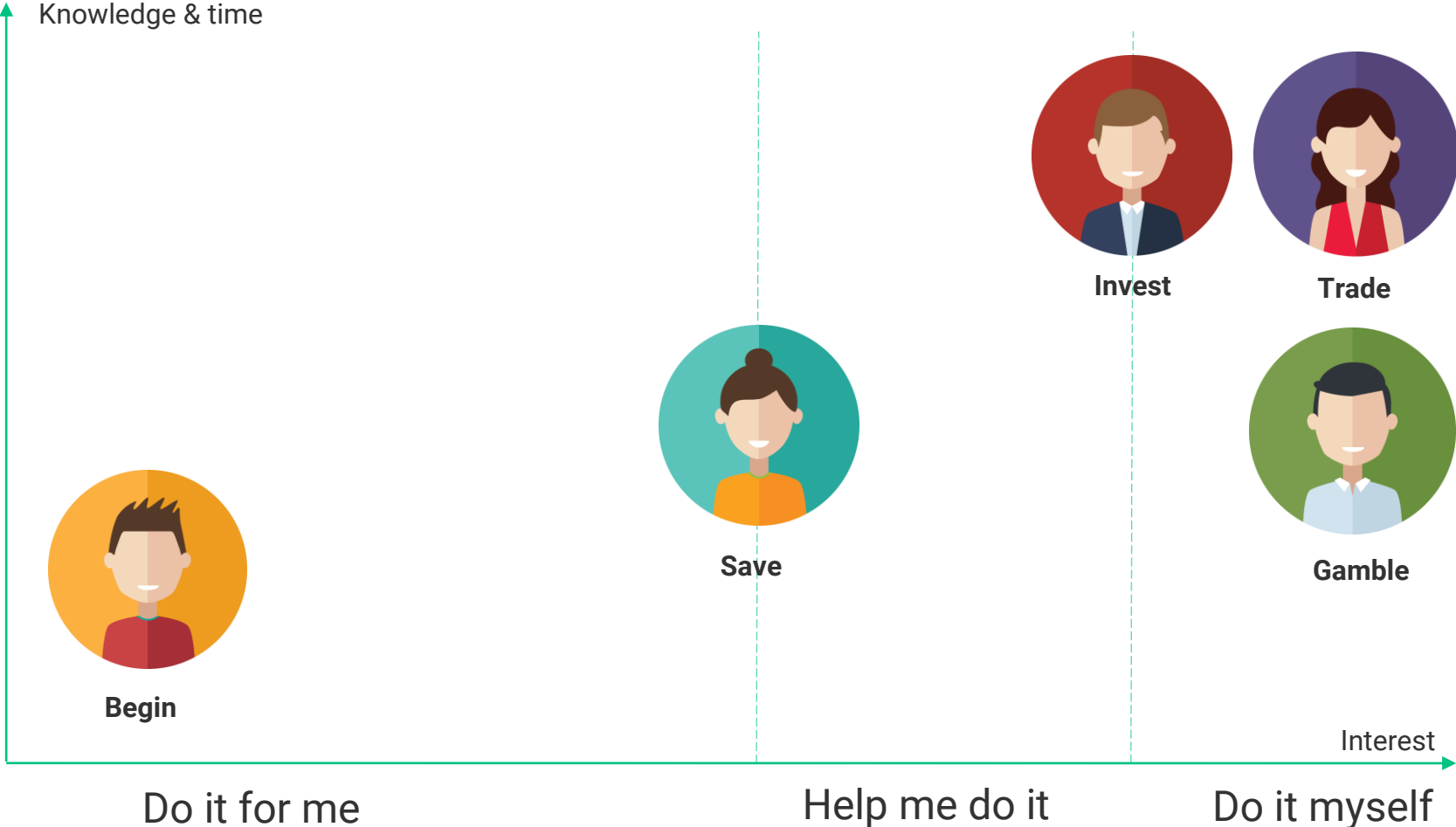
# Customer's savings capital grow by number of years at Avanza



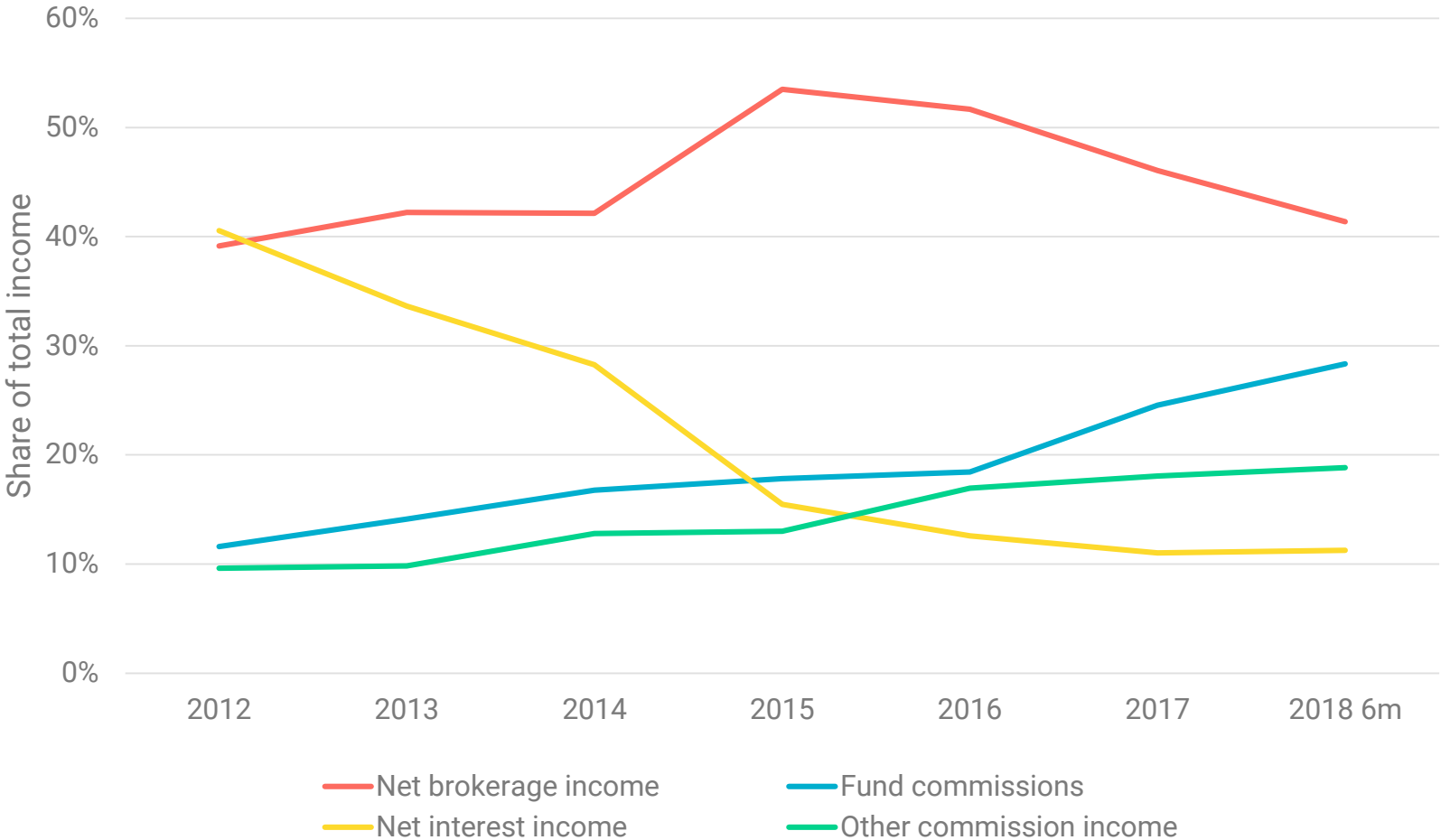
■ Average savings capital per customer (excluding customers with > SEK 10m in savings capital)



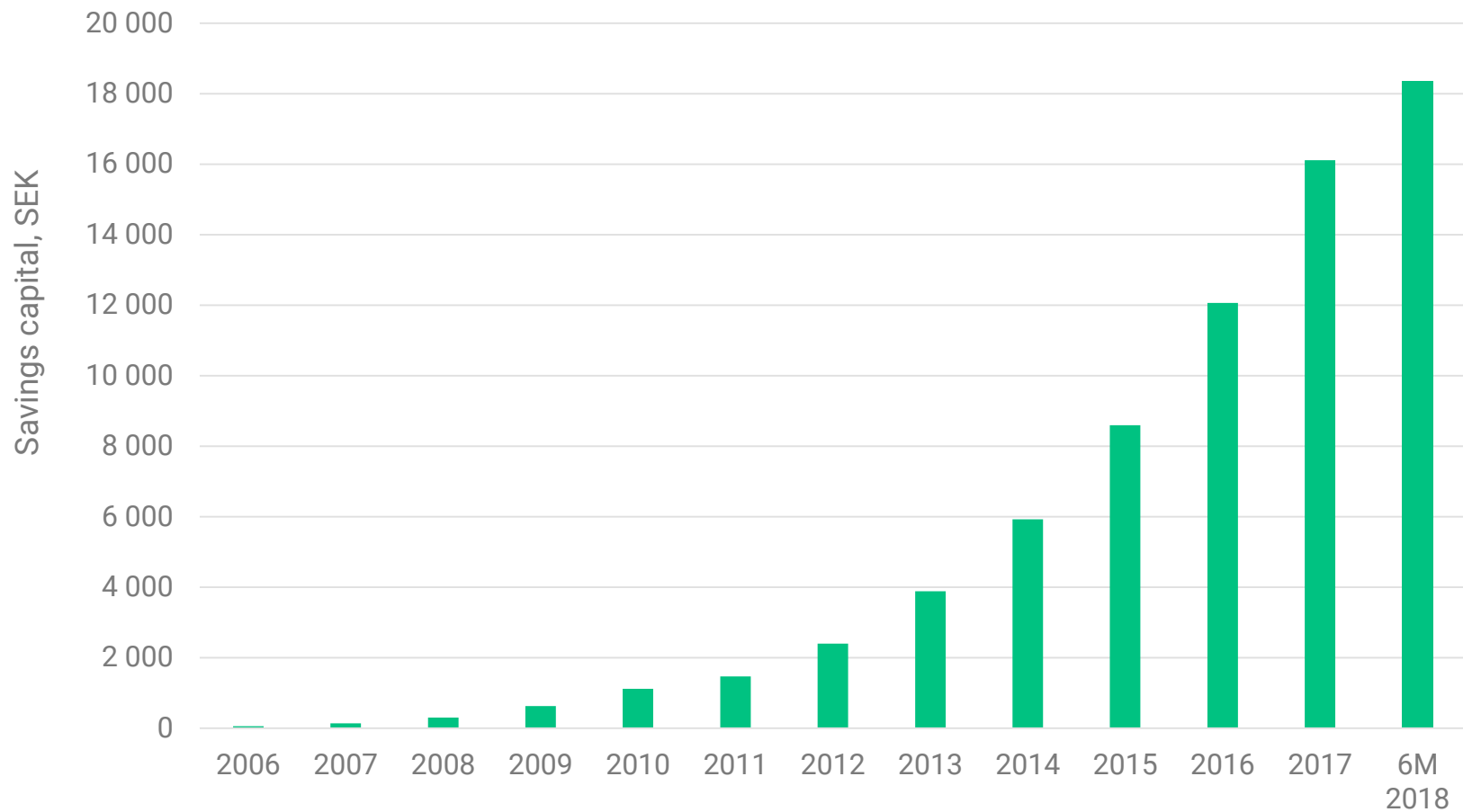
# Growth potential in broader customer groups



# Strategy for more recurring income



# Important is growth in occupational pension



# As always... key success factors for Avanza

- Customer satisfaction – keep the No 1 position
- Continuous growth in both number of customers and volume
- Create possibilities for continued strong innovation



**Employee engagement key**

# Appendix

Operations	14-19
Financials	20-29
Balance sheet data	30-31
Contact details	32

# Customer satisfaction and employee engagement create shareholder value over time



## Long-term targets

- Customer satisfaction & Employee engagement
  - Growth in customers and savings capital
    - Scalability and cost efficiencies



## Customer proposition

- Cheaper, better and simpler offering through scale, cost control and top modern IT platform
  - High user experience
- Information, education and decision-making tools



## Growth potential

- Occupational pension business
- Focus on broader customer groups
- Strong potential in existing customer base



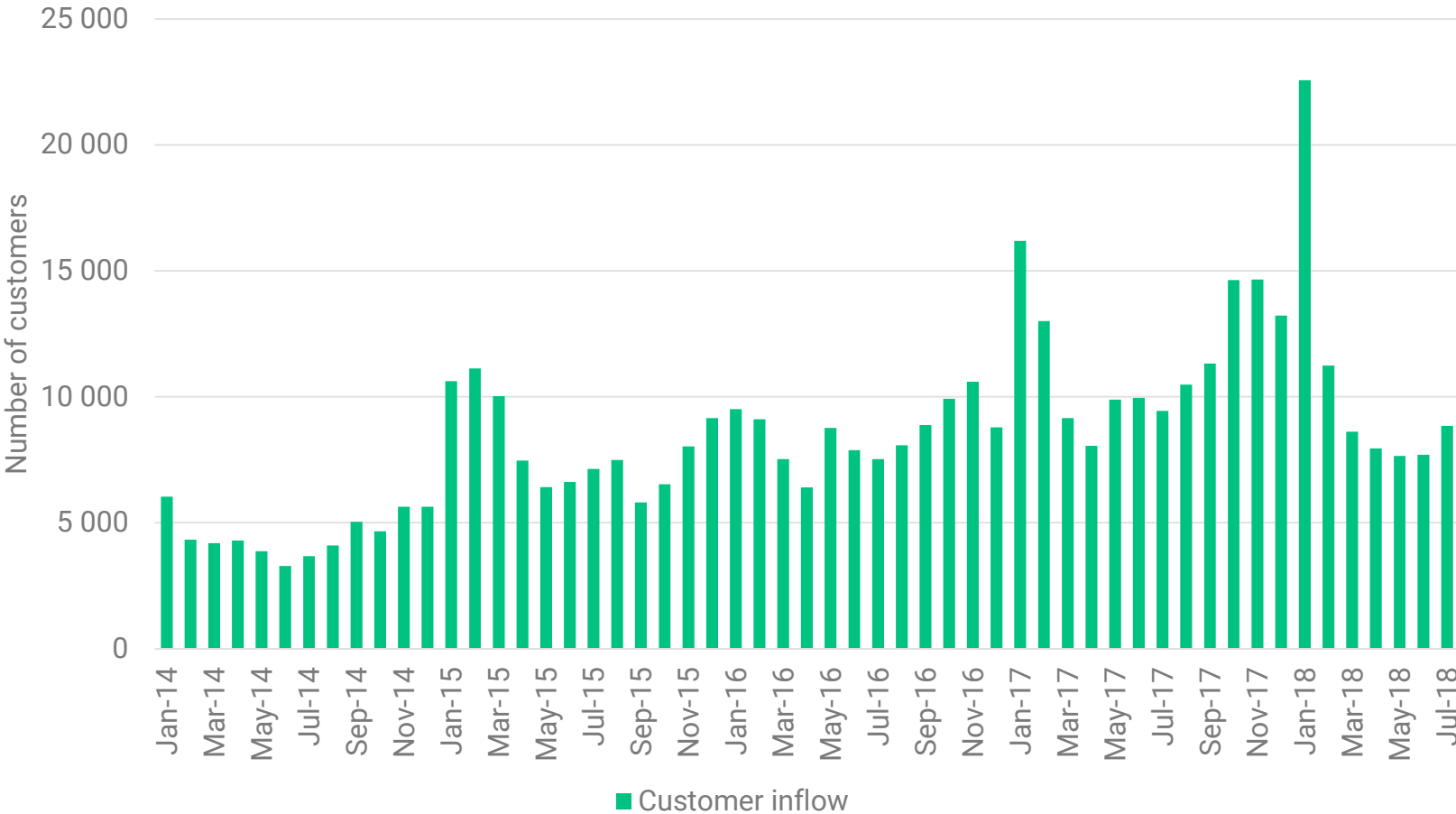
## Revenues and costs

- More stable revenues through funds and mortgages
  - High NII sensitivity
- Scalability and cost control vital

# Performance on targets 2017

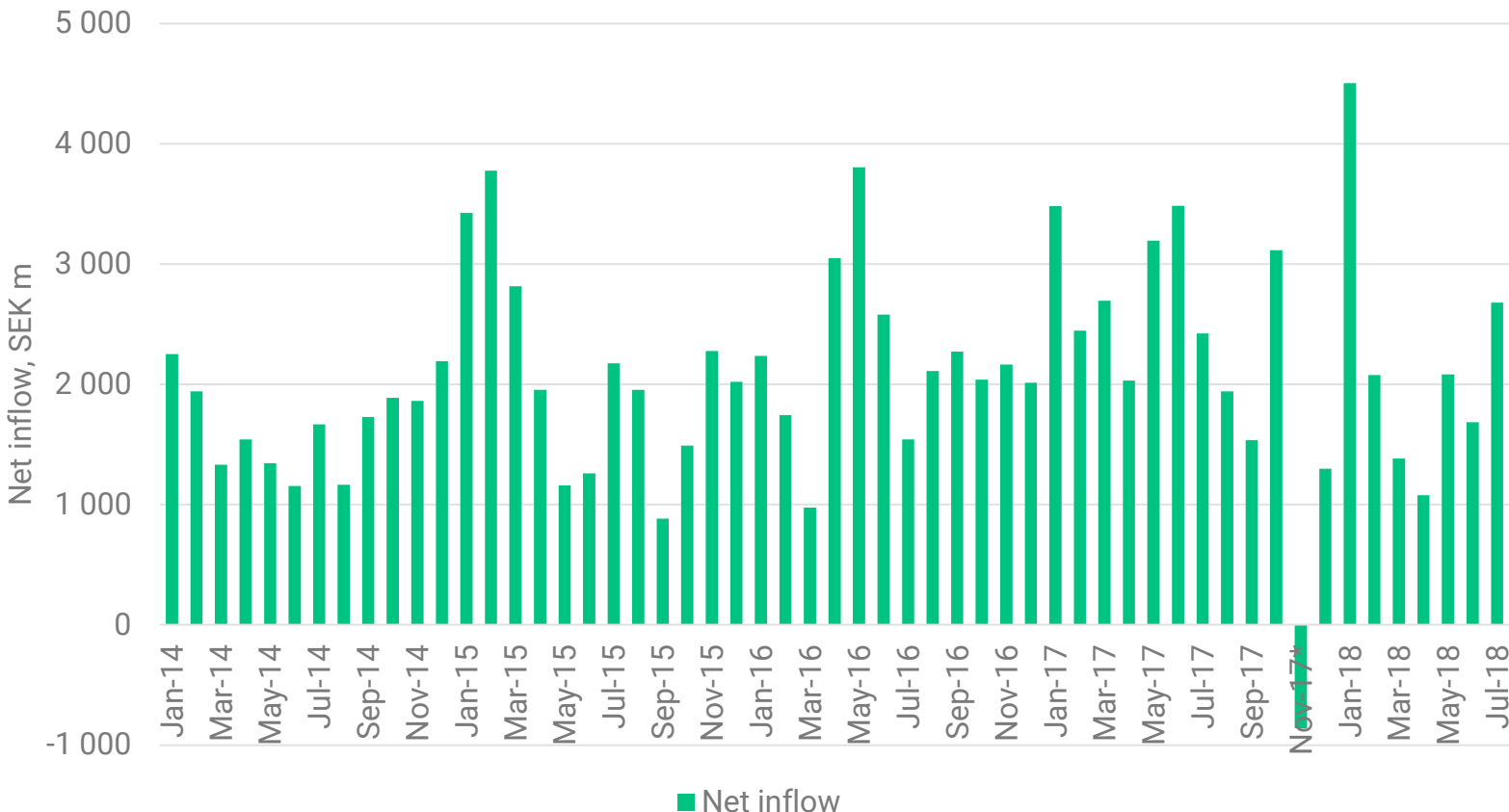
Long-term targets	Outcome 2017	Comments
Sweden's most satisfied savers according to Swedish Quality Index	√	Achieved in 2017 for the eighth consecutive year
Engaged employees, eNPS over 45	33	Continued strong ambassadorship, although lower than last year due to Avanza's strong growth, ongoing organisational changes and leadership
Market share of at least 9 per cent R 12M of the total net inflow to the Swedish savings market	11.8%	Adjusted upward to 10% as of 2018
1 million customers 2020	710,600	Well on track to achieve the target already in the beginning of 2020
Cost growth should not outpace income growth	—	Not achieved due to higher investments in future growth. Annual cost growth is expected to return to 8-10 per cent from 2018
Dividend of at least 70 per cent of net profit for the year	83%*	* Proposes dividend of SEK 10.50 per share

# Customer inflow of 74,600 in 2018 (-1% Y/Y)



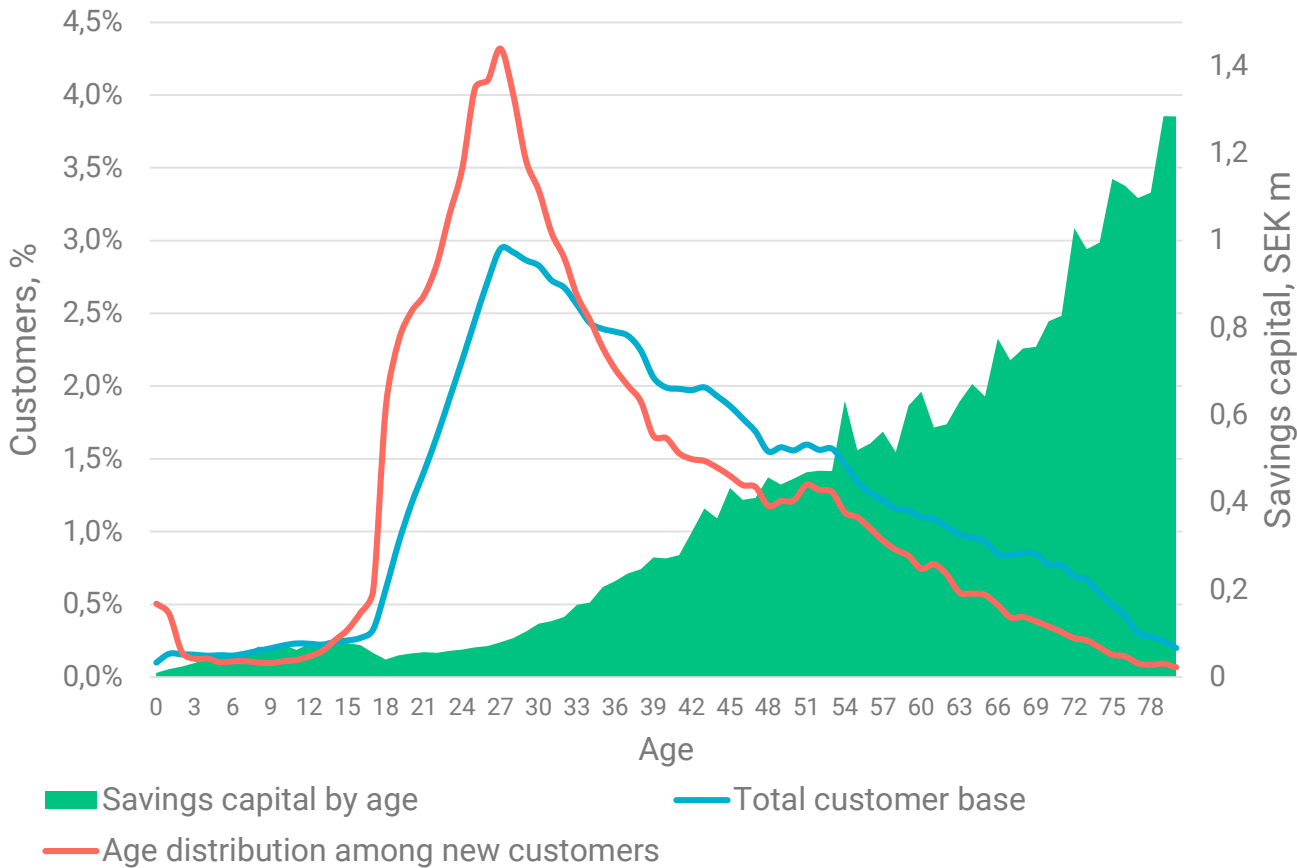


# Net inflow of SEK 15,500m in 2018 (-22% Y/Y)



\* Net outflow in November 2017 is explained by a few withdrawals amounting to SEK 2,200m, connected to customers' M&A activities.

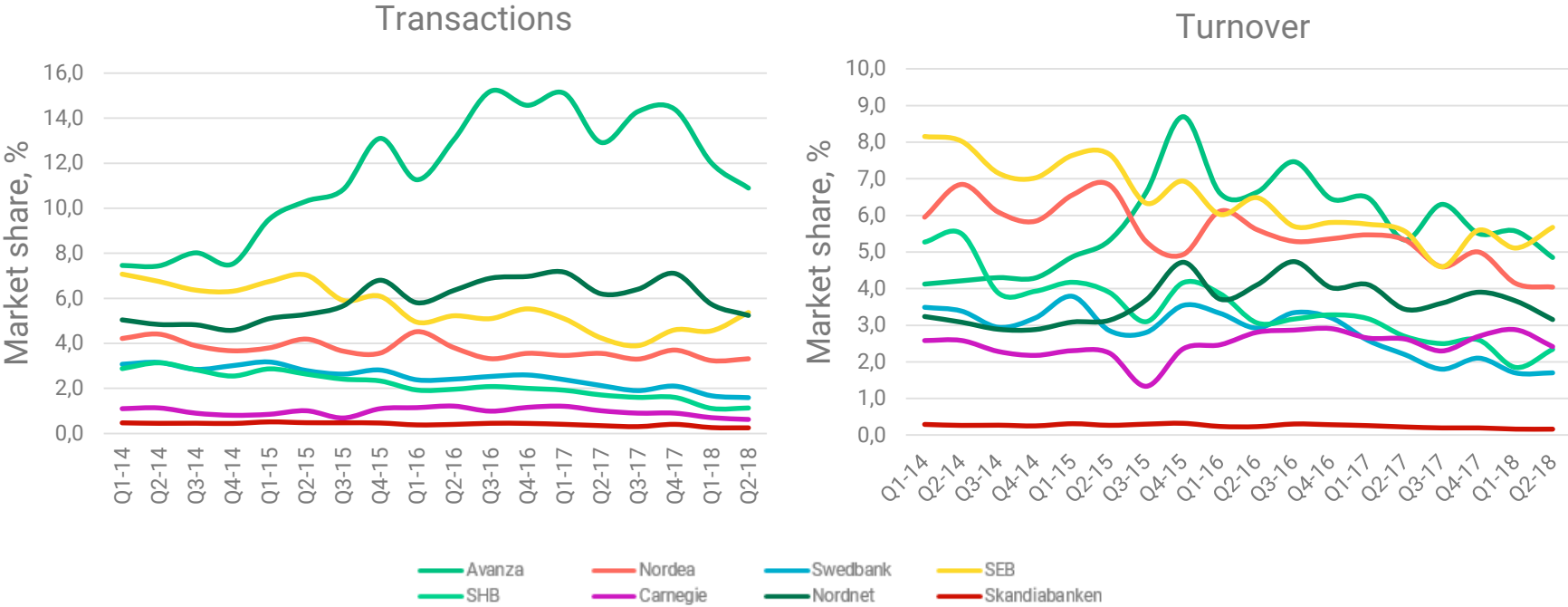
# Strong long-term potential in existing customer base



## Market penetration

- Total share of Swedish savings market: 3.7% as of Q1
- Total share of Swedish population: 6.6% as of 1 November 2017
  - ages 20-29: 10.8%
  - ages 30-39: 12.6%
  - ages 40-49: 9.5%
- Highest penetration in urban areas. Stockholm region, snapshot (Women/Men) as of 1 November 2017:
  - ages 20-29: 10%/19%
  - ages 30-39: 13%/23%
  - ages 40-49: 10%/18%
  - ages 50-59: 9%/13%
  - ages 60-69: 7%/10%

# Largest Swedish player in stock market transactions on Nasdaq OMX and First North

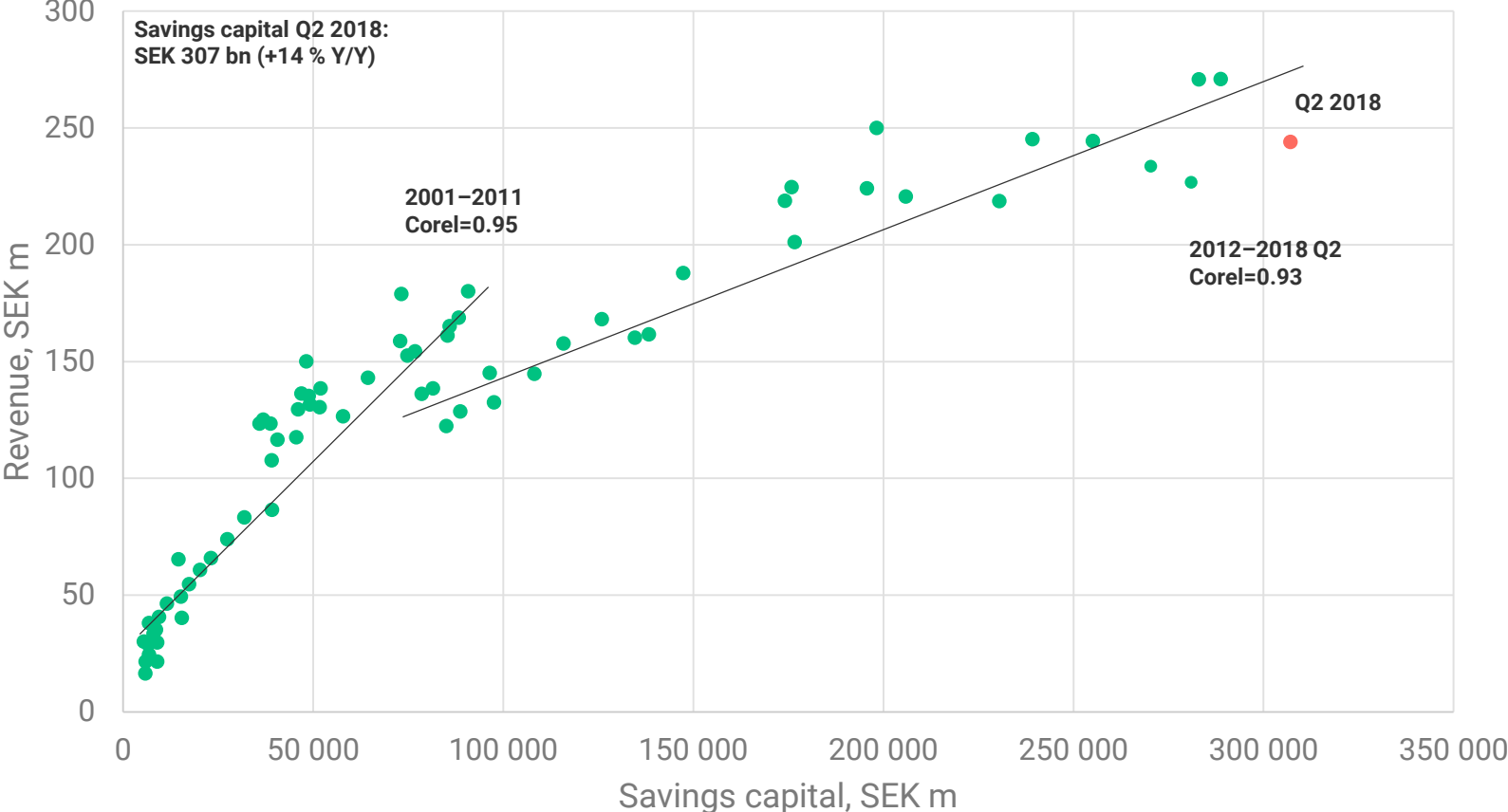


- Market share of 10.9% in terms of transactions and 4.8% in turnover in Q2 2018

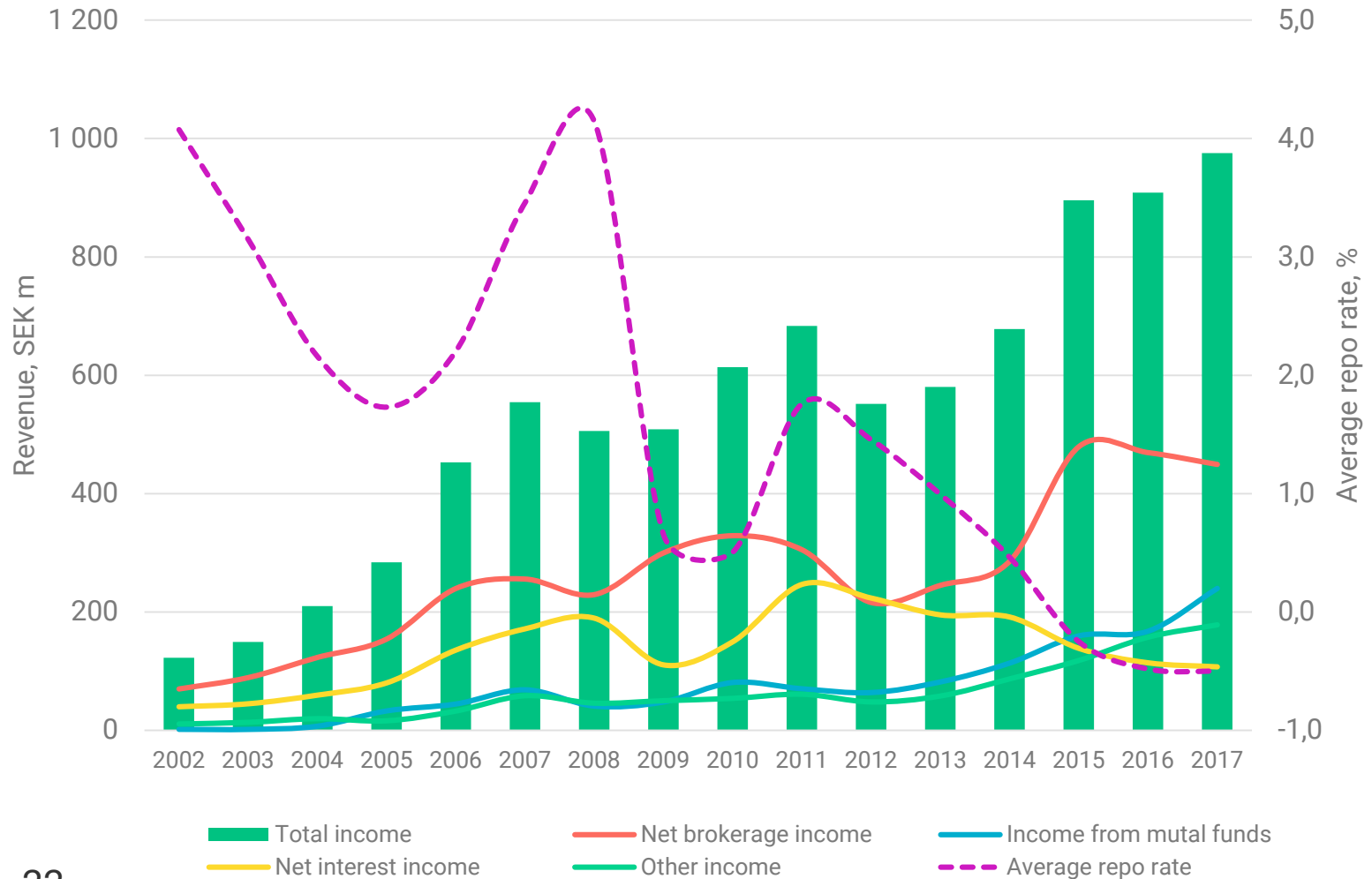
# Financial overview

	Q2 18	Q1 18	Δ %	Q2 17	Δ %
Operating income, SEK m	244	271	-10	234	4
Operating expenses, SEK m	-153	-152	1	-131	17
<b>Operating profit, SEK m</b>	<b>90</b>	<b>120</b>	<b>-25</b>	<b>103</b>	<b>-13</b>
Operating margin, %	37	44	-7	44	-7
EPS, SEK	2.64	3.45	-24	2.97	-11

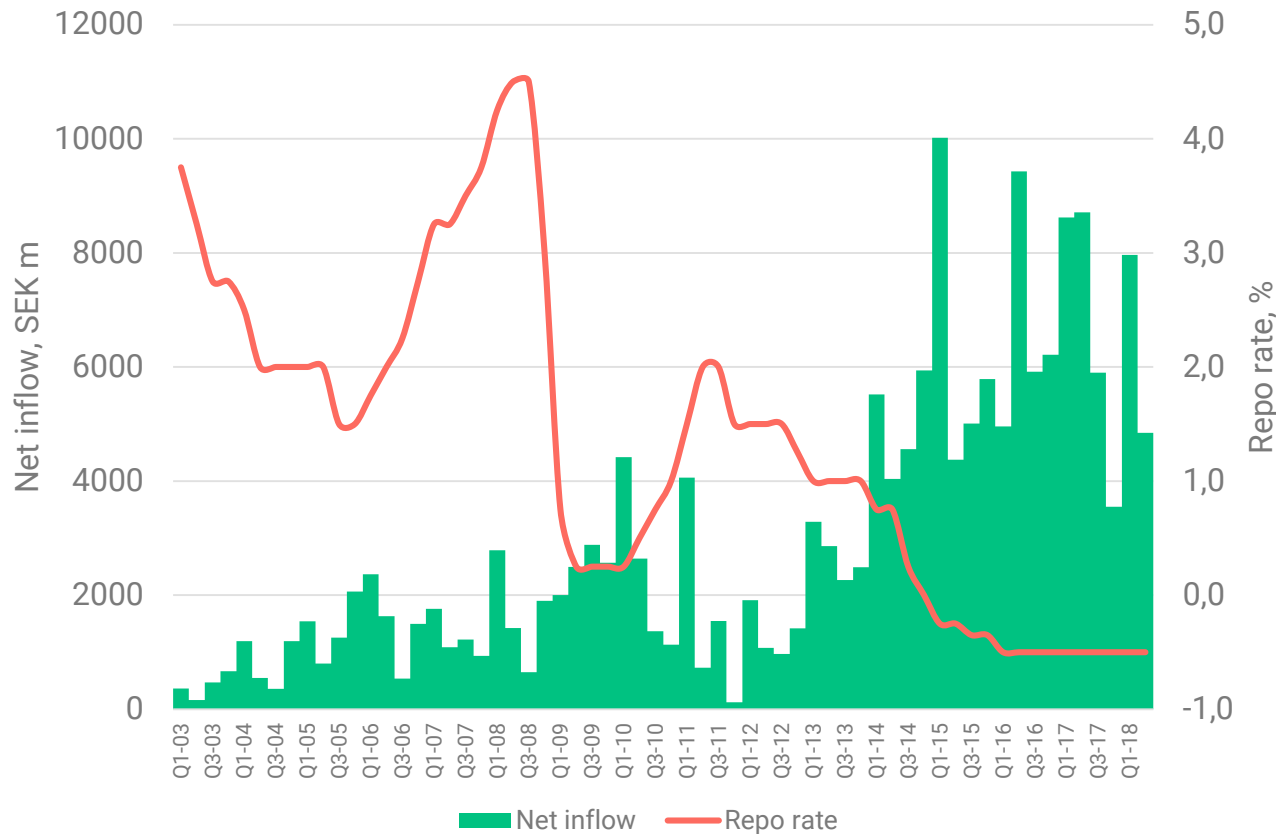
# Relationship between long-term savings capital growth and revenue growth



# Long-term revenue development

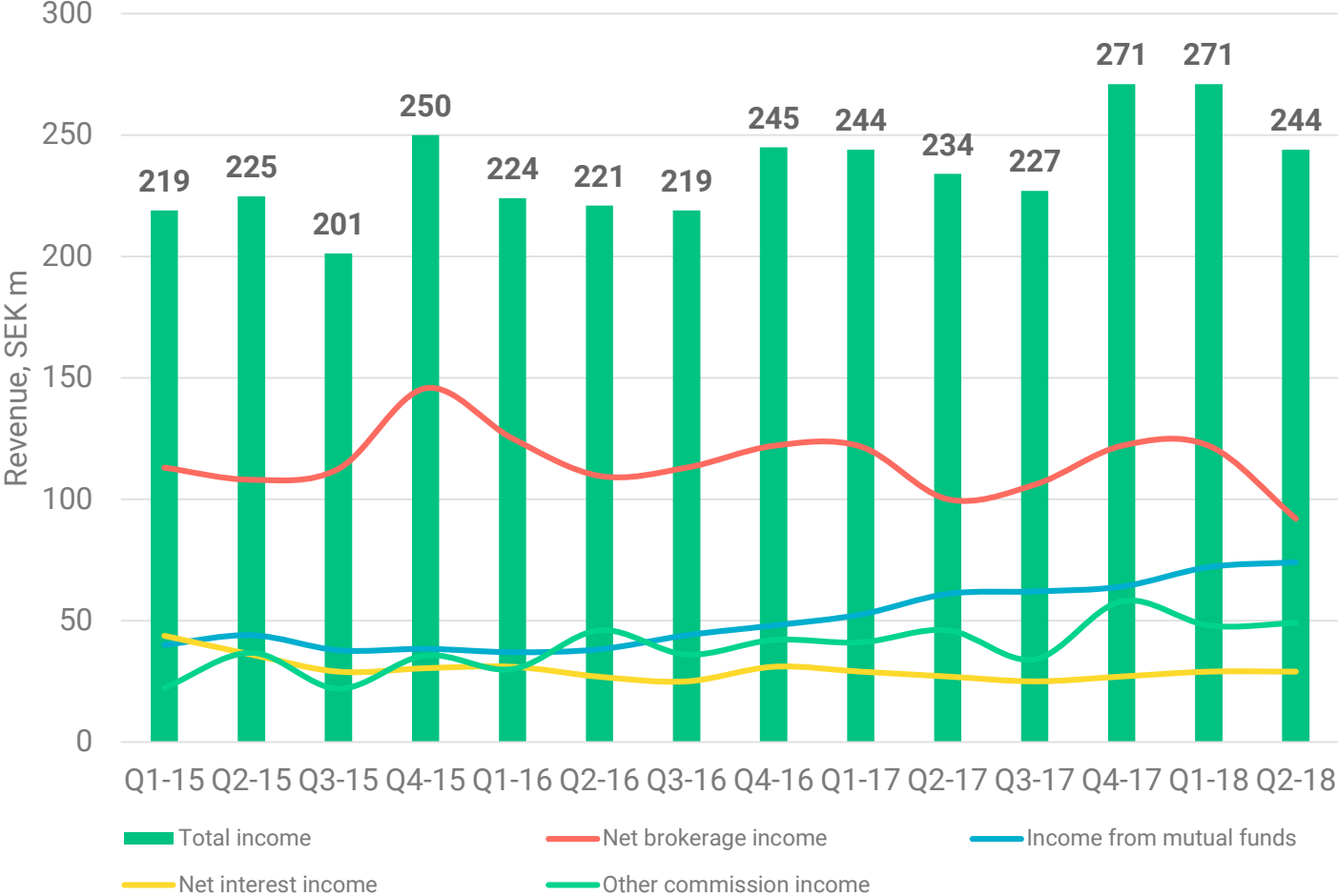


# Historical correlation between low market rates and growth



- Falling repo rate since Q3 2011 – historical negative rate since Q1 2015
- Low repo rate creates a good growth environment but puts pressure on NII (1% repo rate increase affects NII with over SEK 250 m)

# Revenue development





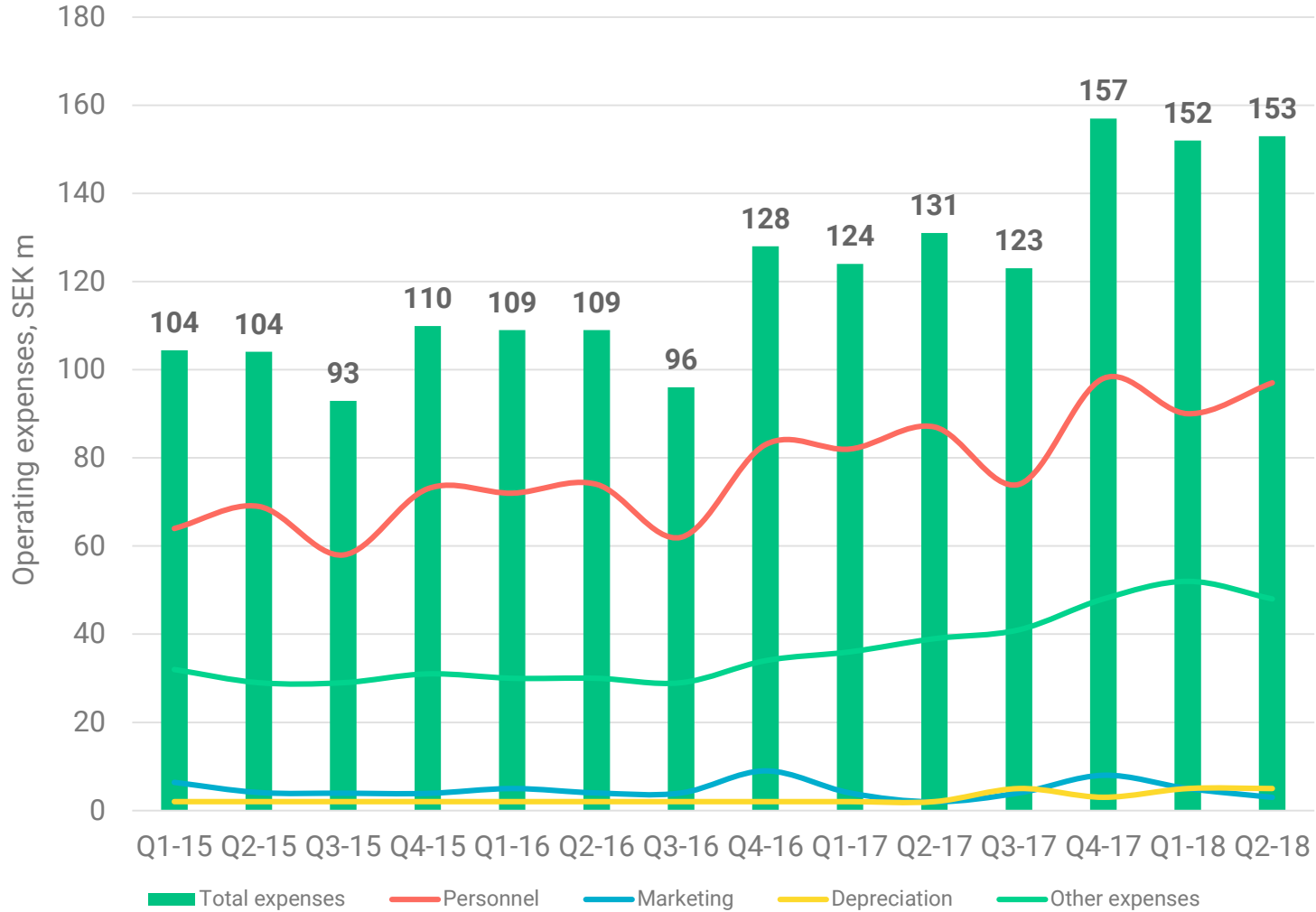
# Income split 6M 2018

	SEK m	% of income	% of specific savings capital	% of total savings capital
Shares, bonds, options (transactions)	213	41	0.26	0.14
Mutual funds	146	29	0.35	0.10
Net interest income	58	11	0.26*	0.04
Other**	97	19	-	0.07
<b>Total</b>	<b>515</b>	<b>100</b>	<b>0.35</b>	<b>0.35</b>

\* Based on lending

\*\* Corporate finance fees, foreign exchange, AZA Markets, subscription and advertising income, additional services

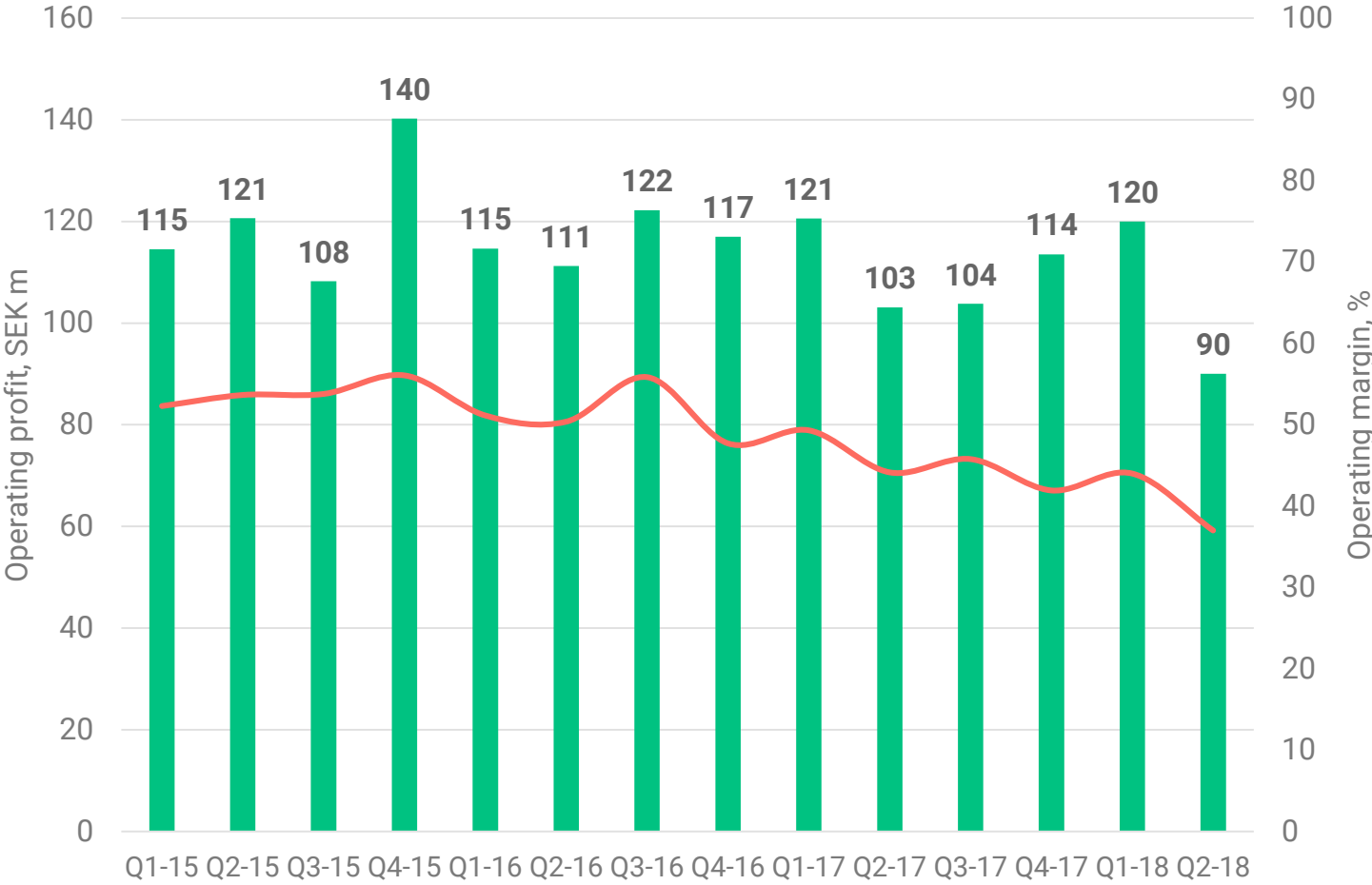
# Cost development



## Costs 6M 2018

	SEK m	% of total costs	% of total income
Personnel	-188	61	36
IT	-31	10	6
External services	-23	8	5
Marketing & Sales	-8	3	2
Depreciation	-10	3	2
Other	-45	15	9
<b>Total costs before credit losses</b>	<b>-305</b>	<b>100</b>	<b>59</b>
Credit losses, net	0	-	-
<b>Total costs after credit losses</b>	<b>-306</b>	<b>-</b>	<b>-</b>

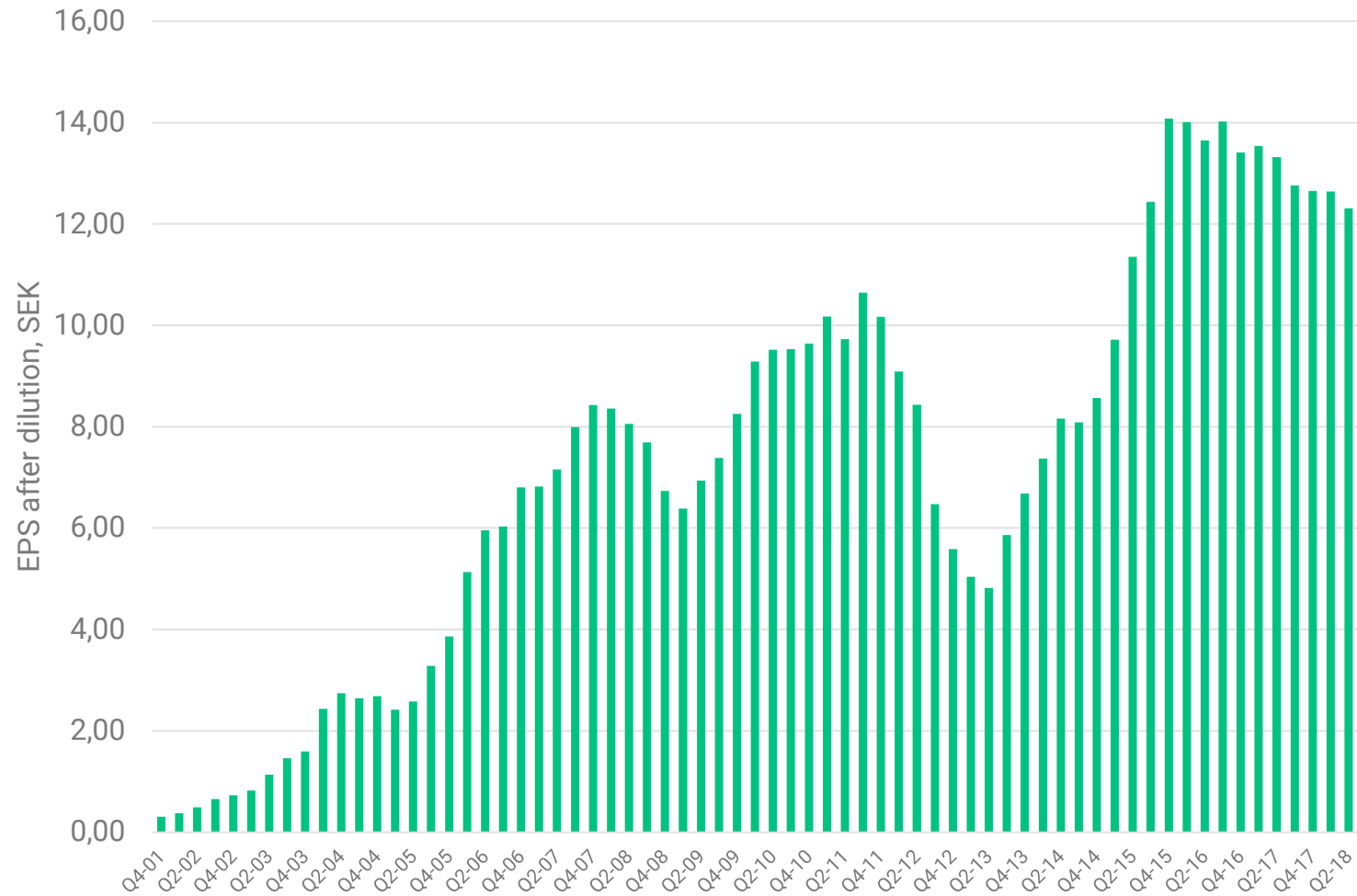
# Operating margin of 41% in 2018



Operating profit    Operating margin

# Earnings per share rolling 12M

CAGR 25% per year



# Balance sheet, 30 June 2018

Assets	SEK m	Liabilities & equity	SEK m
Loans to credit institutions	1,852	Deposits	29,793
Loans to the public	10,660	Liabilities in insurance operations	93,071
Bonds	15,362	Other liabilities	1,606
Assets in insurance operations	93,071	Subordinated liabilities	100
Other assets	4,938	Equity	1,314
<b>Total assets</b>	<b>125,883</b>	<b>Total liabilities and equity</b>	<b>125,883</b>

## Comments

- Mainly self-financed through shareholders' equity and customer deposits
- Over liquidity of SEK 18,420 m invested in covered bonds and O/N or with short duration with most stable Nordic banks (including SEK 1,206 m deposits in client fund accounts)

# Capital surplus for the Group

SEK m	30 June 2018
Shareholders' equity	1,314
Solvency capital	1,163
Less non-distributable solvency capital	-373
Subordinated bond	81
Intangible fixed assets and deferred tax receivables	-89
<b>Capital base before dividend adjustment</b>	<b>2,097</b>
Capital requirement Pillar 1	-1,266
Buffer requirement	-273
Capital requirement Pillar 2	-70
<b>Capital requirement</b>	<b>-1,609</b>
<b>Capital surplus before dividend</b>	<b>488</b>
<b>Capital surplus per share, SEK</b>	<b>16.25</b>
<b>Total capital ratio (consolidated situation), %</b>	<b>16.9</b>

# **Historical financial key data 2001- Q2 2018**

**is available in Excel at:**

**[avanza.se/keydata](http://avanza.se/keydata)**

**[sofia.svavar@avanza.se](mailto:sofia.svavar@avanza.se)  
+46 8-409 420 17**