Corporate Participants

Joakim Jansson
Group CEO

Mikael Meomuttel
Group CFO

Introduction

Moderator: Hello and welcome to today's broadcast with Avarda Bank. We are joined by Group CEO Joakim Jansson and Group CFO Mikael Meomuttel, who will be presenting the first report for 2026.

Following the presentation, we will open the floor for a Q&A session. Please ring in and press *9 to raise your hand, and *6 to switch on your microphone. You can also submit written questions via the form. And with that, I'll hand over to you. Please go ahead!

Management presentation

Thank you very much. Good morning, everyone.

We are now closing the first quarter of 2026 and, as you saw in the press release on 9 April, we are now operating as Avarda. We will spend some time in this presentation discussing the name change. By changing our name to Avarda, we are clarifying the shift in the company's operations. And for us, the name change is not merely a cosmetic change, but an expression of our strategic shift. For us, the name Avarda is closely associated with developing, broadening and expanding. This well reflects the company's forward-looking spirit. And for us, the name change signifies a clear direction forward: to be constantly available to our customers, with customised payment, savings and loan solutions, whenever customers need them. This does not alter our role as an investment opportunity. Our promise to our owners remains clear - we will combine high customer value with strong growth and sustainable profitability, and thereby create long-term value. This is, and has always been, the core of our strategy and it is also what will guide our development going forward.

Some additions in connection with this report. To clarify our strategic shift, we are focusing more on how value per customer is created over time. We are therefore supplementing our reporting with a number of new KPIs, as you can see in that image – such as the number of active customers and revenue per customer. Against this background, we are also changing our segment reporting, as outlined in the press release issued last week. We are moving from product-based reporting to a structure that better reflects how customers use our services. This entails a clearer division between the Everyday Finance segment, where we build long-term and ongoing relationships linked to the customer's everyday finances, and the Consumer Lending segment, which meets customers' credit needs on a specific occasion. And Everyday Finance comprises the former segments Credit Cards and Ecommerce Solutions.

The background to these two changes is as follows: We now have half a million active card customers and we continue to grow rapidly. This means that our app is becoming an increasingly important point of interaction with our customers, creating an opportunity for us to build a daily relationship with them. Within Everyday Finance, we are increasingly running our card and payments business on a shared technical platform. This strengthens our ability to be a daily presence in our customers' financial lives. And that is why we are also introducing key KPIs that underpin our overall financial objective: Return on equity.

And as you can see here in this image, we have around 3.4 million users. Of these, around 500,000 are users of our app, which currently equates to the number of active card customers. We are now developing the app into our primary touchpoint for end customers. Over the past year, we have seen a 28% increase in active cardholders, who also have access to our app. These KPIs demonstrate Avarda's reach, as well as the growth in our market position. And we believe that the number of app users specifically reflects our potential to broaden our customer relationships over time.

In the quarter, we have average revenue per customer of SEK 970 on an annualised basis. This demonstrates our ability to generate revenue from each growing customer base.

Looking at the business development in the first quarter, it is characterised by controlled growth, where we have succeeded in further strengthening our margins. The risk-adjusted margin is 8.9%, which is an increase of 30 basis points compared with the same period last year. And in a company like Avarda, which has enjoyed such strong growth for so long, it is precisely this high and stable risk-adjusted margin that testifies to the quality of that growth.

What, then, are the key takeaways of the quarter? As you have heard, we are launching a new company name, Avarda. This reflects the shift we have made since our IPO in 2016. It is part of our transition to becoming a European provider of payment, savings and loan solutions. We are moving towards building relationships with customers who use our services on a daily basis.

However, as I said earlier, this shift or change of company name is not a departure from our investor promise. Our overall goal and mindset remain unchanged. To find growth where profitability lies. Not being led astray by the desire to become big in a given market, but rather by the need to optimise our operations over time. The DNA remains, but the tools have changed somewhat. The first quarter of the year reflects precisely this.

Return on equity stands at 26.1%. With growth in local currency totalling 3%. The quarter demonstrates stable growth. Underlying performance in January and February was more subdued. Whereas March was, in several respects, a record month for our business development. And this also means that, with a strong March, we are now entering the second quarter as Avarda with an engine running at full throttle.

In the longer term, the loan portfolio has increased by 21% compared with the corresponding period last year. And we will return to how this compares with our set financial targets. Summing up the quarter's activities, we achieve a final operating profit of SEK 245 million. This is 30% better than the corresponding period last year. Revenues are growing faster than costs this quarter as well. We see an improved K/I ratio of around 35%, approximately 2 percentage points better than the corresponding period last year. And in this case, when we are growing so much, the conclusion regarding this scalability is particularly valuable. The capital ratio is strong. With a capital ratio of 16.3%, we exceed both external and internal guidelines by a wide margin.

Here we pause to look at the quarter's performance and how it compares with the financial targets set by Avarda's board for 2025. We can then note that progress is on track towards the target of 35 billion in lending volume by the end of 2027. And this is with a return on equity that comfortably exceeds 20% and is well within the set capital targets.

Here we show the growth in the loan portfolio per segment in local currencies. If we start with the overall picture, organic growth for the quarter was 3%. And 20% year-on-year. Everyday Finance, the bank's growth engine, grew by 4% during the quarter and 35% year-on-year. And the first quarter is, seasonally speaking, usually a weaker quarter. And so it was this year too. But as I pointed out earlier, growth picked up in March. Which, in many ways, was a record month for us. Consumer Lending decreased by 2% during the quarter in local currency. But increased by 2% year-on-year.

If we look by market, we can highlight Germany, which, geographically, is the core of the growing part of the bank's credit card business. We have seen continued strong demand for the bank's credit cards. As mentioned, March was a record month in many respects. And we expect continued strong growth in the coming quarters. Germany now accounts for over 40% of the bank's loan book. And as you know, we launched our e-commerce offering in the German market at the end of 2024. We are primarily targeting Nordic merchants, but we also have a number of local customers. In Germany, we also launched consumer loans in 2025. Naturally, the German market also has potential in this area. But as always when we enter new markets, as we have done here with the e-commerce offering and consumer loans, we do so with caution and perseverance.

Austria is also a very exciting market for us. We see that the credit card business is developing well. It is, of course, a smaller market than the German one, but the conditions for us to run a profitable business in Austria are good. And our profit growth is strong. We are also seeing positive development within the Norwegian market, and there too we are present with our full range of services. Everyday Finance, comprising the credit card business, is performing strongly alongside e-commerce solutions. We have launched a number of new merchants in recent quarters.

We'll now examine each segment in turn, starting with Everyday Finance. Here we can see that the loan portfolio in this segment exceeds 15 billion. The underlying business is growing by 35% compared with the same period last year. And it is precisely the markets in Germany and Austria that are driving growth in the segment. And looking at the underlying business, we continue to grow in terms of the number of newly issued cards. Momentum remains strong in the business, with 70,000 cards issued during the quarter. And this, of course, provides a strong foundation for increasing the number of active app users, i.e. active cards. We now have 429,000 active card users in Germany. An increase of 28% compared with the previous year. Transaction volume is also an important indicator for the segment, as this is partly converted into credit volume. And we can note that transaction volume for the quarter amounted to 10.5 billion. An increase of 34% compared with the same period last year. This indicates that the underlying business is growing well and that our customers are using our services daily, in line with the segment's objectives. And it is a good predictor of future growth in the loan book.

In the Consumer Lending segment, we have a loan portfolio exceeding 9 billion. An increase of 2% compared with the same quarter last year. The quarter was characterised by controlled new lending with a focus on defending margins. This is reflected in new lending, which amounted to 1.4 billion, a decrease of 4% compared with the same period last year. The segment is delivering strong returns, despite squeezed margins in several markets. The offering has been in place in the German and Danish markets since last year. Germany and Denmark are developing according to plan and can be expected to account for a large part of the segment's growth going forward. The plan is to continue operating under the TF Bank brand for the consumer loan business when we meet customers outside our own branches.

Now, Mikael. You take it from here.

Thank you. First we can have a look at our operating income. We can see that these amounted to 827 million in the first quarter, which is 24% higher than the corresponding quarter last year. This quarter, too, the main driver of growth in the loan portfolio is German credit cards. However, I would also like to mention that our funding costs fell slightly during Q1, which naturally had a positive impact on net interest income. It is also worth noting, as Joakim mentioned earlier, that loan book growth came late in Q1, and therefore operating income is affected somewhat negatively by this.

Looking further at our loan losses, these amounted to 290 million in the first quarter. The loan loss ratio stood at 4.8%, and this key figure is, as before, influenced by German credit cards becoming an increasingly significant part of the Group. And as this segment has both a higher loan loss ratio and a higher revenue margin, it is worth bearing in mind.

Moving on to our risk-adjusted margin, we see that it remained stable at 8.9% in Q1, and compared with the previous year, it has increased by 30 basis points.

Looking further at the bank's costs, operating costs, we can see that these increased by 17% to 292 million during the quarter. The Group's cost-to-income ratio, as Joakim mentioned, stood at 35%, which is 2 percentage points lower than in Q1 last year, which I think demonstrates good scalability in our business. And as you can see in the chart, the cost-to-income ratio for the Everyday Finance segment was 37% in the last quarter, and the positive trend in the cost-to-income ratio is primarily due to economies of scale in our growing credit card business, but also to the fact that we actually have a higher degree of increased automation. Looking further at the second segment, consumer lending, we see that the K/E ratio stood at 31% in Q1, which is roughly the same level as last year.

If we scroll down and look at our operating profit, as Joakim also mentioned, it increased by 30% to 245 million in the first quarter. The driving force behind the year-on-year profit growth is primarily the strong performance of our German credit cards. During the quarter, we also divested the remaining Rediem shares in accordance with the share transfer agreement we had with Myntro and Rediem. This resulted in a positive effect of approximately 22 million, meaning that profit before tax for the quarter amounted to 267 million and earnings per share for the quarter consequently increased by 47% YoY as a result.

Looking further at the bank's return on equity, it amounted to 26%. However, excluding one-off effects, the adjusted return on equity was 24%. Profitability has increased over the past year and is well in line with our financial profitability targets. Despite the fact that we have significantly more equity than the capital requirement. If we measure against a more normalised level of equity, we see a return excluding one-off effects of around 30% for the quarter.

We can now look further at the segments. Let's start with our new segment, Everyday Finance. Here we see that our operating profit increased to 167 million in Q1, which is a full 61% higher than the same quarter last year. This is primarily due to higher income from the growing loan portfolio in Germany, economies of scale, and, as I mentioned, a lower K/I ratio, as well as a increased risk-adjusted margin, which together contribute to the segment's return on loans to the public increasing to 3.5% in Q1. And if we convert this to normalised return on equity, it amounts to approximately 35% for the segment.

Let's take a brief look at the Consumer Lending segment. Here we see an operating profit of 77 million in Q1. This is 8% lower than the corresponding quarter last year. Here, the segment's loan loss ratio increased to 3.2% in Q1. And here I would just like to point out that the figures are affected somewhat negatively by the fact that we have had a relatively increased provisioning on old loans in Poland. That figure was approximately 5 million in this quarter. If we look at the return on the loan portfolio for the segment, it amounted to 2.6%, which corresponds to a normalised return on equity of around 24%, which is strong.

We can take a brief look at funding and liquidity. Here we see that household deposits in Germany remain by far our largest source of funding, with a deposit balance of SEK 18.8 billion at the end of Q1. The second-largest market for deposits is the Netherlands, with a balance of SEK 4.3 billion. And of the Group's total deposits, approximately 45% now consists of accounts with a fixed term and a fixed interest rate at the end of the quarter. I would also like to mention here that in December and January we had quite a large number of fixed-rate accounts maturing, which could be replaced with slightly cheaper funding, thereby positively impacting our funding costs in Q1. However, towards the end of the quarter, we have had to adjust some of our deposit rates upwards as a result of the conflict we have seen in the Middle East.

Looking at our available liquidity reserves, these amounted to 17% of the deposit balance at the end of Q1, which is roughly the same level as we saw in Q4. As in previous quarters, the majority of our liquidity is invested in treasury bills with a remaining maturity of up to 12 months, as well as in overnight accounts with several major Nordic banks.

If we take a brief look at our capital ratios, we can see that the core Tier 1 capital ratio stood at 13.2%. The Tier 1 capital ratio stood at 14.4% and the total capital ratio, as Joakim mentioned, stood at 16.3% at the end of the quarter. I would like to mention that capital ratios have increased during the quarter as a result of the sale of the remaining Rediem shares and also the repayment of a corporate loan of SEK 366 million, which relates to the first disposal of Rediem shares in December 2024.

I would also like to draw your attention to the fact that our capital ratios for Q1 are impacted by the fact that we are now making a deduction from the capital base for a projected dividend. The deduction amounts to approximately 50% of net profit for 2026. This level is based on the requirements under the capital adequacy regulations, which mean that we must apply our dividend payout ratio for 2025. In monetary terms, I can also mention that the deduction amounts to approximately SEK 100 million, which corresponds to roughly 0.5 percentage points on the bank's capital adequacy ratios. You can also see this in the dotted lines on the performance graph in the bars. However, even with this deduction, all our capital ratios remain well above the regulatory requirements, and we also have a comfortable margin to our capital target, which means we should be 2.5 percentage points above the regulatory capital requirement at all levels.

And with that, I'll hand the floor back to Joakim.

Thank you! And as we now look ahead, we do so as Avarda. And this is no departure from the norm that we intend to continue running the business with discipline, focusing on our financial targets. Our focus is pan-European, with Germany as our largest market. Also, as we look ahead, we see continued strong demand for our card offering. The majority of growth, as I said, will come from the German market. We see a number of other markets as very interesting. But if we look ahead to the coming quarters, Germany is absolutely crucial to our growth.

All our products are in place in Germany, and we have around 400–500,000 active card customers in Germany using our app. And now, as I've said before, having reached the halfway point to a million German customers, there may be reason to expand the core of our model. By seeking deeper relationships with existing customers. And so far, we have mainly done one thing, or had one solution for a customer. But now, as Avarda, we are setting out towards a new direction. We are now preparing for the next step.

So becoming Avarda has not simply been a matter of renaming an existing business. But is based on the connection to the business... which has been ongoing for a long time. Where customer relationships are becoming increasingly important to us. And with a large customer base that constantly carries our primary customer touchpoint with them, there is potential to become an even bigger part of the customer's daily financial life.

Against this backdrop, we have pooled the organisation's strengths in cards and payments. The aim is to create a shared technical platform that can deliver on our customer promise: to be constantly available to the customer, with our solutions whenever the customer wishes.

And, as I said, this change will not be decisive for this generation of financial targets. That is what we are doing now, quarter by quarter. But the change lays the foundation for the next generation. Where the ability to drive high profit growth through loan growth, as we have always done, is complemented by the ability to be accessible and adapt services to customers' daily financial lives.

And with that, we conclude this quarterly report and move on to Q&A.

Question & Answer

Moderator: Thank you for the presentation, Joakim and Mikael, and now it's time for Q&A. If you're calling in, press *9 to raise your hand and press *6 to turn on your microphone when you're given the floor. We'll start by giving the floor to **Patrik Brattelius** from **ABG**. Please go ahead, you have the floor.

Patrik Brattelius
Analyst, ABG Sundal Collier

Good morning. I have a few questions of my own. Things have been a bit uncertain on the macro front. Do you think this has any impact on your lending demand or on loan losses? We don't see much of that in the Q1 report here, but I'm wondering if it were to continue or worsen, do you think it could spill over to you as well? What are your thoughts on this?

Joakim Jansson
Group CEO, Avarda Bank AB

It is always difficult to predict the future, but one can look to history. And so, in previous quarters, and indeed this quarter too, we have observed that underlying household uncertainty is slightly higher than normal. This means that the appetite for investment is somewhat subdued and that the savings ratio is slightly higher than normal. And that, of course, means we have slightly subdued underlying growth. In terms of normal customer behaviour. And we continue to see that in this quarter as well.

But what we are seeing, and how we are managing the situation, is that we have still been able to build good growth. Both in terms of the number of active customers and in terms of achieving a positive trend in converting transaction volume into loan volume. In that way we have demonstrated our ability to maintain strong business momentum despite households experiencing uncertainty. It's difficult to say where the world is heading in the future, but so far we've managed to maintain momentum in the business effectively.

And when it comes to credit quality, we've seen elevated levels in both provisions and default rates this quarter. It's the usual seasonal pattern. Particularly in January and February. After Christmas, levels are often higher. And that has been evident here this year as well. And I think that mainly concerns the Nordic region. That's where it has been. But there is always a seasonal element to it. I wouldn't say it's worse than serious, then. Or abnormal. Rather, it's the normal seasonal variation that we've seen.

So that's how we view it when we look ahead from a macro perspective. Given that one cannot comment on the geopolitical uncertainty, we actually have a fairly positive outlook going forward. Underlying. But of course, one doesn't know what will happen with energy prices and so on. Supply chains and other factors that could be disrupted by what is currently happening.

Patrik Brattelius
Analyst, ABG Sundal Collier

Great, thanks for the answer.

In February's monthly statistics, you wrote that you reduced a corporate loan of 366 million. Can you elaborate on what this was? Are there any other similar loans that you'll be repaying in the short term or further down the line?

Mikael Meomuttel
Group CFO, Avarda Bank AB

Hi Patrik, Mikael here. I can answer that. No, that was a one-off item. It was a transaction that arose when we sold the company Rediem. So it was a loan we had extended to them, which, according to the shareholders' agreement, was to be repaid in that manner. And there are no other exposures to companies. Nor do we intend to start with corporate exposures. So it was a one-off effect, so to speak. That loan has been repaid.

Patrik Brattelius
Analyst, ABG Sundal Collier

Good to hear. That's what I suspected, but I didn't want to guess.

Then we got some new KPIs in today's presentation. You've set out some targets for what you want to achieve further down the line, for example regarding the number of customers or revenue per customer. Are there any such targets we can refer to?

Joakim Jansson
Group CEO, Avarda Bank AB

Regarding the number of customers, and specifically the number of active card customers who have our app. That's our primary key performance indicator in that regard, and I think we need to take a step back and look at how we've managed to develop the card business. Ultimately, it's about the value you can create once you have the customer in the app. That's revenue per customer. And I would rather say that it is the product of the number of customers and revenue per customer that is the key performance indicator for us. Of course.

I don't think there is a single target for each of them. Rather, it's something you might have in the longer term. But you have to be opportunistic there too and ensure you keep the acquisition cost for new customers low. And then look at the opportunities based on the customers you have. To upsell the customer additional revenue-generating services. So no specific target has been set. Well, that's the short answer.

Patrik Brattelius
Analyst, ABG Sundal Collier

Right, thank you very much. That's all from me.

Moderator: We'll move on and then we have **Björn Olsson** from **SEB**. Please go ahead, you have the floor instead.

Björn Olsson
Analyst, SEB

Thank you very much. First, you... touched on this a little earlier, regarding the consumer loan segment, where loan losses are still up 20% year-on-year. We talked a bit about that, seasonal effects and so on, Joakim. But the portfolio has only grown by around 3%. How should we view this – as a one-off, or can we expect weaker sentiment in this area, meaning we should anticipate slightly higher loan losses in the coming quarters as well?

Joakim Jansson
Group CEO, Avarda Bank AB

There is a seasonal element to this, which has been a factor particularly in the Nordic market. We have no, we have no view going forward that this will continue at a higher level. Rather, our best outlook is that... that the level of loan losses will come down slightly. But it is always difficult to predict the whole picture. However, January and February have been... have been difficult months for households, as we see it in the Nordic markets.

Björn Olsson
Analyst, SEB

Is there any particular country that stands out, or is it all of them?

Joakim Jansson
Group CEO, Avarda Bank AB

No, it's consistent across the board. But you have to bear in mind that in our portfolio, our largest market is Norway, followed by Finland and then Sweden. So that's the average of those. But the Norwegian economy is usually fairly robust. It's mainly in Sweden, of course. But even in Norway, there has been a bit more activity than usual.

Björn Olsson
Analyst, SEB

OK, thank you.

And then you're talking here about Everyday Finance and the app and so on, and you want to deepen the relationship. Should we take that to mean you want to launch things like salary accounts, account solutions and savings products as well, or how should we view this expanded offering?

Joakim Jansson
Group CEO, Avarda Bank AB

Exactly. You can think of it in terms of new products, but you can also think of it in terms of existing products being broken down into their constituent parts. In other words, a credit card is actually an account, a card and a credit facility. With the possibility of positive and negative balances on the account.

So that's part of the whole picture. And one can envisage several dimensions regarding the opportunity of having one's own customer touchpoint. It is nothing unique. It is common to all banks that it is linked, of course, to activation costs, which are lower in one's own channel. In the longer term, it may also be linked to the fact that small variations in having the direct channel can enable one to reduce deposit costs.

So there are many dimensions to consider: revenue streams, potentially lower funding costs, and potentially lower customer acquisition costs. Without speculating on future products and working methods, I just want to emphasise that with a strong direct channel – which is certainly nothing new – this improves the conditions for working with a broader range of services for existing customers and creating more ways to increase your risk-adjusted margin.

Björn Olsson
Analyst, SEB

And the final question then... Through this consolidation of segments, you have now... essentially not mentioned Ecommerce at all during the presentation. How should we view this? You also mentioned that you had some new agreements a few quarters ago.

So I take it that you haven't had any major new agreements this quarter either. How should we view that aspect, so to speak, within the segment going forward?

Joakim Jansson
Group CEO, Avarda Bank AB

Yes, it is, of course, a very important part of the business, as it is a partner-driven business that serves as an incredibly important customer activation channel for us. It also provides significant breadth to the business in terms of customer activation specifically. It gives us access to data and so on. And a partnership with other partners who have a large retail network. That it is a priority business.

However, it is not, and has not been, decisive for our financial performance. Quarter on quarter. And that it is a smaller part of the bank's results, and the balance sheet is smaller. But on the other hand, for our way of working, our technical expertise and our network, it is incredibly important. It is the very core of Avarda.

Björn Olsson
Analyst, SEB

Thank you very much.

Moderator: Thank you. We'll try to hand the floor back to Emil Jonsson from DNB Carnegie, and a friendly reminder to press *6 to activate your phone. Go ahead, Emil, you have the floor.

Emil Jonsson
Analyst, DNB Carnegie

Right then, I hope the technology is on our side now.

Great, good morning. I was going to ask: the number of employees was up by about 12% in the quarter compared with last year. Do you expect roughly the same rate of increase in the future, or is there any reason to believe it should be higher than that, or lower than that? What are your thoughts?

Joakim Jansson
Group CEO, Avarda Bank AB

Well, it's... If you're going to analyse how many employees we have, you also need to keep track of a few different things. For example, the extent to which we choose to outsource services in our operational activities, as opposed to doing it ourselves. The same applies to all our IT development and business development.

And in that regard, we've long had a strategy of trying to do more in-house. And that means we have a natural increase in staff numbers alongside our business growth, because we're choosing to do more ourselves.

And when it comes specifically to staff numbers, business processes and IT development, it's very difficult to predict the future. We know, of course, that efficiency per employee will continue to increase with the help of new tools. We're trying to absorb as much knowledge as we can in that area. And trying to build human capital with efficient employees. Who can do more with the help of tools and so on. It's harder than ever to predict what that plan will actually look like going forward.

Emil Jonsson
Analyst, DNB Carnegie

OK, but can you say anything about which functions within the bank have seen the biggest increase in staffing, so to speak?

Joakim Jansson
Group CEO, Avarda Bank AB

Yes, insourcing, if we're talking about that. So in insourcing, we're doing more of the operational side of things. We're basically doing almost everything in-house now, unlike a few years ago. Our IT development has come a long way when it comes to insourcing. We're actually moving from a largely outsourced operation to an insourced one, but we still have work to do there too.

And just to add to that, that was one of the main reasons why we had that increase in staff. You don't really see it in the cost increase because we're simply insourcing staff who appear on a different line item. So that was probably the main reason why there were relatively more people than usual coming in and becoming FTEs.

Emil Jonsson
Analyst, DNB Carnegie

OK, that sounds logical.

I was also going to ask, continuing on Ecommerce. If one were to look at the previous segment report and break out the Ecommerce segment. If you work backwards, net interest income there would have been roughly unchanged year-on-year, despite transaction volumes being roughly 30% higher than last year. Could you provide a more detailed explanation of why this is the case, given that we've had three quarters of strong growth in transaction volumes? What is it that means this doesn't seem to be reflected much in revenue?

Mikael Meomuttel
Group CFO, Avarda Bank AB

I can answer that. We now have a segment where we've combined what we previously had: credit cards and Ecommerce. We won't be answering those specific questions. But I can say that your assumption is probably not entirely accurate if you actually look at the interest income margin in that very segment.

But generally speaking, you have to look at transaction volumes; now that we're reporting transaction volumes for the entire segment, you should assume that if we grow transaction volumes year-on-year by around 30%, the balance will also grow by around 30% year-on-year. That is essentially what we are seeing. And what we can also guide on is that transaction volume will account for somewhere between 75–80% of the new balance. I am now talking about transaction volumes for the entire Everyday Finance segment. There you have a forward-looking guidance.

Joakim Jansson
Group CEO, Avarda Bank AB

Generally speaking, when it comes to the payments market in the Nordics – there are several things happening. Firstly, as we've said before – there are differences between different merchants. How customers use different payment methods, but also how they work with different credit solutions.

Then there's also the fact that payments in the Nordic markets are changing too, not just in Europe, but across the whole of Europe when it comes to account-to-account payments. So there is a shift in the market. This means, of course, that conversion rates are not constant over time.

Furthermore, credit solutions are being integrated into these payment solutions – these new payment solutions. There is no constant here; instead, it will continue to evolve... constantly within the payments market. But customer needs remain the same. At certain times, linking credit to a payment. Wanting credit at the point of purchase. And that is where we want to be present. It will always vary, of course.

Emil Jonsson
Analyst, DNB Carnegie

OK, thank you. One final question. Could you provide an update on the status in the UK and what the immediate plan is there?

Joakim Jansson
Group CEO, Avarda Bank AB

Yes, we're now entering a normal market launch and, as always, we'll be starting on a small scale. And then it's a matter of testing the market. It's a more standard process that's kicking in now. That's always the case when we launch.

What has been unusual is that we've needed our own company with its own licence. What also sets the UK apart is that they don't have EU regulations. This means that, on the operational side, we need to implement some bespoke solutions. These will be UK-specific within our platform.

But we are well prepared and we are looking forward to starting to test the product in the market later this year.

Emil Jonsson
Analyst, DNB Carnegie

Those were all the questions I had from my side, but thank you very much.

Joakim Jansson and Mikael Meomuttel
Group management, Avarda Bank AB

Thank you, Emil.

Moderator: Thank you for that, and that concludes today's Q&A session. I'll hand over to you, Joakim, for a few closing remarks.

Joakim Jansson
Group CEO, Avarda Bank AB

I would like to thank you for your attention and wish you an exciting reporting season. Thank you very much!